



和泰集團
與美好台灣同行



和泰集團
Hotai Group

和泰汽車股份有限公司
Hotai Motor Co., Ltd.

2021 Sustainability Report

CONTENTS



Words Of The Operator 001

Sustainable Management 002

- History of Hotai Motor 002
- Group Operations 003
- 70 Years of Rich History 003
- Vision, Mission and Operational Objectives 005
- Sales Network and Services 007
- 2021 Sustainability Highlights 008

Sustainable Management 009

- 1.1 Corporate Sustainability Policies 010
- 1.2 Sustainable Development Committee 011
- 1.3 Sustainability Milestones and 2021 Sustainability Objectives 011
- 1.4 Materiality Analysis 013
- 1.5 External Engagement 023
- 1.6 2021 Awards and Honors 023

Customer Services 024

- 2.1 "Happiness at TOYOTA" Service Culture 025
- 2.2 Customer Relationship Management 026
- 2.3 Product Design and Manufacturing 032

Best Partner 036

- 3.1 Dealers Management 037
- 3.2 Hotai Motor's Supplier Management System 049



Corporate Governance 052

- 4.1 Board Structure and Functions 053
- 4.2 Compliance 055
- 4.3 Information Disclosures 058
- 4.4 Risk Management 058
- 4.5 Information Security and Customer Data Protection 061
- 4.6 Financial Performance 064

Environment 065

- 5.1 Climate Change Management 066
- 5.2 Green Operations 070
- 5.3 Environmental Sustainability Vision 077
- 5.4 Eco-Friendly Product Design 081

Employee Care 085

- 6.1 Career Development and Training 086
- 6.2 Benefits and Employee Well-being 090
- 6.3 Occupational Health and Safety Management 095

Community Service 099

- 7.1 Core Commitment Area: People 101
- 7.2 Core Commitment Area: Cars 105
- 7.3 Core Commitment Area: Environment 107

Appendix 109

- About This Report 109
- GRI Content Index 110
- SASB Reference Table 111
- Verification Statement 112

- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

While pursuing growth for our investors and stakeholders, Hotai Motor continues its efforts to become a benchmark for sustainability in the automotive industry in fulfilling its responsibilities as a corporate citizen. As the global automotive industry shifts to providing mobility services to customers, we explore groundbreaking, innovative ideas and approaches to ensure that corporate responsibility is integrated into the core value of our operations. Our vision is "**Think Amazing**". The "t" is stylized as the symbol "+", which means "to level up", and the letter "i" represents each and every one of our employees, challenging employees to continuously excel themselves and encouraging them to think outside the box. As we rise to every challenge that comes our way, we firmly believe that only we can surpass ourselves.



Leadership Message



As we enter 2022, our operational objective is to "Keep Alert, Keep Leading, and Keep Doing Amazing", which translates to anticipating the future and staying vigilant, striving for progress to maintain competitive advantages, and pursuing innovation to gain future business opportunities. With the rise of mobility trends in the industry, we've launched accessible and diverse mobility services including yoxi and iRent, and taken part in the government's sustainable transportation project to provide convenient, sustainable mobility solutions to the public and to achieve "Mobility for All".

With the support of Toyota Motor Corporation ("TMC"), we launched all-new vehicle models TOYOTA GR YARIS and LEXUS UX 300e, redesigned models TOYOTA VIOS, YARIS, CAMRY, SIENNA, GR SUPRA, PRIUS PHV, COROLLA SPORT, PRADO, HILUX, COROLLA CROSS, RAV4, and LEXUS LS, ES, NX series in 2021. We also became the first among commercial vehicle brands to introduce brand new HINO Class 6 commercial trucks that meet the government's environmental and vehicle safety regulations.

By the joint effort of our commercial vehicle and passenger car dealers, the total number of registered vehicles in 2021 reached 156 thousand units, putting us at the top among automakers in Taiwan in 20 consecutive years. In addition, TOYOTA continued to be the winner in both domestic and imported vehicles. LEXUS had over 20,000 units of registered vehicles and remained the bestseller among luxury SUVs, and our commercial vehicles that are 3.49 tons and above had 9,422 registered vehicles, accounting for 33.2% of the market share, setting fresh records for our commercial vehicle sales in Taiwan

as the top player in the segment.

Our commitment as a corporation has always been to actively build our business around sustainable development. We became the first in the industry to establish a Corporate Social Responsibility Committee, a functional committee under our Board of Directors, and added a Human Resource Development Committee in 2021 to enhance and optimize talent development of the Group. We are also actively working to increase levels of governance and information transparency, which is reflected in the high rankings we received in the Corporate Governance Evaluation in the last few years. Our sustainability efforts are recognized by the various awards we received—we won the Top 50 Corporate Sustainability Award for several consecutive years, the Taiwan Corporate Sustainability Award in the Social Inclusion category for six consecutive years, and the Excellence in Corporate Social Responsibility Award hosted by CommonWealth Magazine for seven consecutive years, as well as another top-10 nomination in 2021.

At Hotai, we have made a long-term investment in the communities as we understand the importance and value of giving back. We combined resources from within and outside the Group and worked with stakeholders to develop three focus areas of community engagement and volunteer programs involving cars, people, and the environment, and actively host events that benefit the welfare of the public. We've also developed short, medium, and long-term objectives for these three focus areas and continue to invest and promote the causes to create more positive impact on society. Philanthropic investment in road safety is one of our long-term

commitments. As of 2021, we have donated over 110,000 sets of crossing guard equipment to public elementary schools across Taiwan, maintaining road safety for local students and campuses. We aspire to be part of the collaborative efforts in developing young talent. To that end, we provide free vehicle teaching aids and parts to help vocational students develop their skills. We even took a step further and launch the Campus Recruiting Program, matching soon-to-be graduates from high schools, vocational schools, universities and technical colleges with our service centers across Taiwan so that they have the opportunity to experience career life through internships and gain technical skills. Another example is the Public Welfare Dreamer where contestants are matched with experts from nonprofit organizations in the industry and receive one-on-one coaching and mentoring to allow the seeds of change take root and grow through these public interest projects. The contest helps these young adults move closer to achieving their philanthropic dreams, thereby enhancing the CSR x USR collaboration and amplifying the impact we create. To encourage blood donation among citizens, we have donated 12 full size HINO bloodmobiles to blood centers. As the enterprise that has donated the most mobile blood buses, our bloodmobiles currently account for 17% of all the mobile blood buses donated in the country. It is our hope that the public will respond positively to meet the blood supply needs. In terms of our environmental efforts, over 273 metric tons of pre-loved toys have been collected, cleaned and given new life through our "TOYOTA Toy Sharing" program as of the end of 2021. As we enter into the 4th year of our "One Tree for Every TOYOTA"

campaign, over 540,000 trees have been planted spanning over 180 acres and 13 cities and counties along the coast, reducing approximately 13,000 metric tons of carbon emissions. And our work doesn't stop here. We launched the Wildlife Conservation Program as part of our efforts to protect the animals native to Taiwan and preserve the ecosystem. Through the program, we've donated a TOYOTA RAV4 4WD to aid the rescue of native animals and fund the training expenses for the release of rescued leopard cats into the wild.

In TMC's short to long-term strategies and action plans, TMC set a short-term reduction goal of 15% by 2025 (we challenge ourselves to achieve 18%) and medium-term reduction goal of 32% by 2030 (we challenge ourselves to achieve 33%) against a 2019 baseline. In adopting the 2025 target, TMC also conducted a review on the material topics in the environmental aspect. With a view to pass our legacy of environmental sustainability to the next generation and integrate it into every aspect of our business strategies, we have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework developed by the Financial Stability Board (FSB) in our management and disclosure of climate change risks, and conduct risk analysis based on different scenarios. TMC requires every member in the TOYOTA family, including manufacturers, suppliers, dealers, distributors, and sales locations, to meet the net-zero carbon emissions challenges by 2050, including zero CO2 emissions from new vehicle and vehicle life cycle to plant, minimizing and optimizing water usage, building a recycling-based society, and establishing a future society in harmony with nature as we become the most sustainable brand in the industry.

Hotai Motor Chairman



黃志如

Hotai Motor President



蔡純興

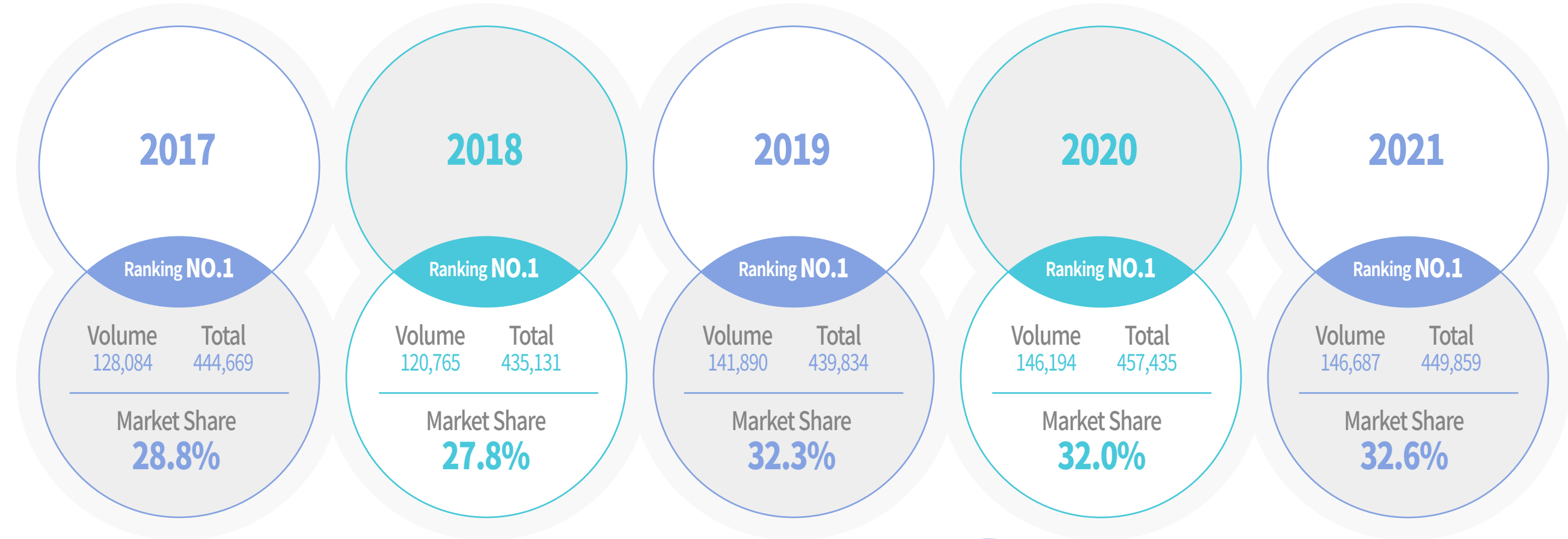
0.1 History of Hotai Motor

Founded in 1947, Hotai Motor started as a trading business and eventually acquired authorization to distribute TOYOTA, HINO and Lexus vehicles as the first overseas distributor for TMC. In 1997, Hotai Motor became listed on the Taiwan Stock Exchange (Stock Code: 2207).

In response to issues surrounding sustainable operations such as fuel shortage and rising oil price, we began introducing TOYOTA hybrid vehicles with cutting-edge energy efficient technologies starting in 2006. After years of promoting their environmental benefits, these hybrids are now widely accepted by consumers which, in turn, results in a demand for domestic hybrids. Meanwhile, the Lexus import luxury vehicles, TOYOTA passenger vehicles and TOYOTA/HINO full size vehicles that we distribute are known for their high quality and aftersales support and have remained the bestselling vehicles in the market for 20 consecutive years.



TOYOTA/Lexus Passenger Vehicles



Our Core Values

Professionalism

With our expertise and extensive experience, we dedicate ourselves to building premium quality and highly efficient service, demonstrating our resiliency and continued commitment to our business.

Excellence

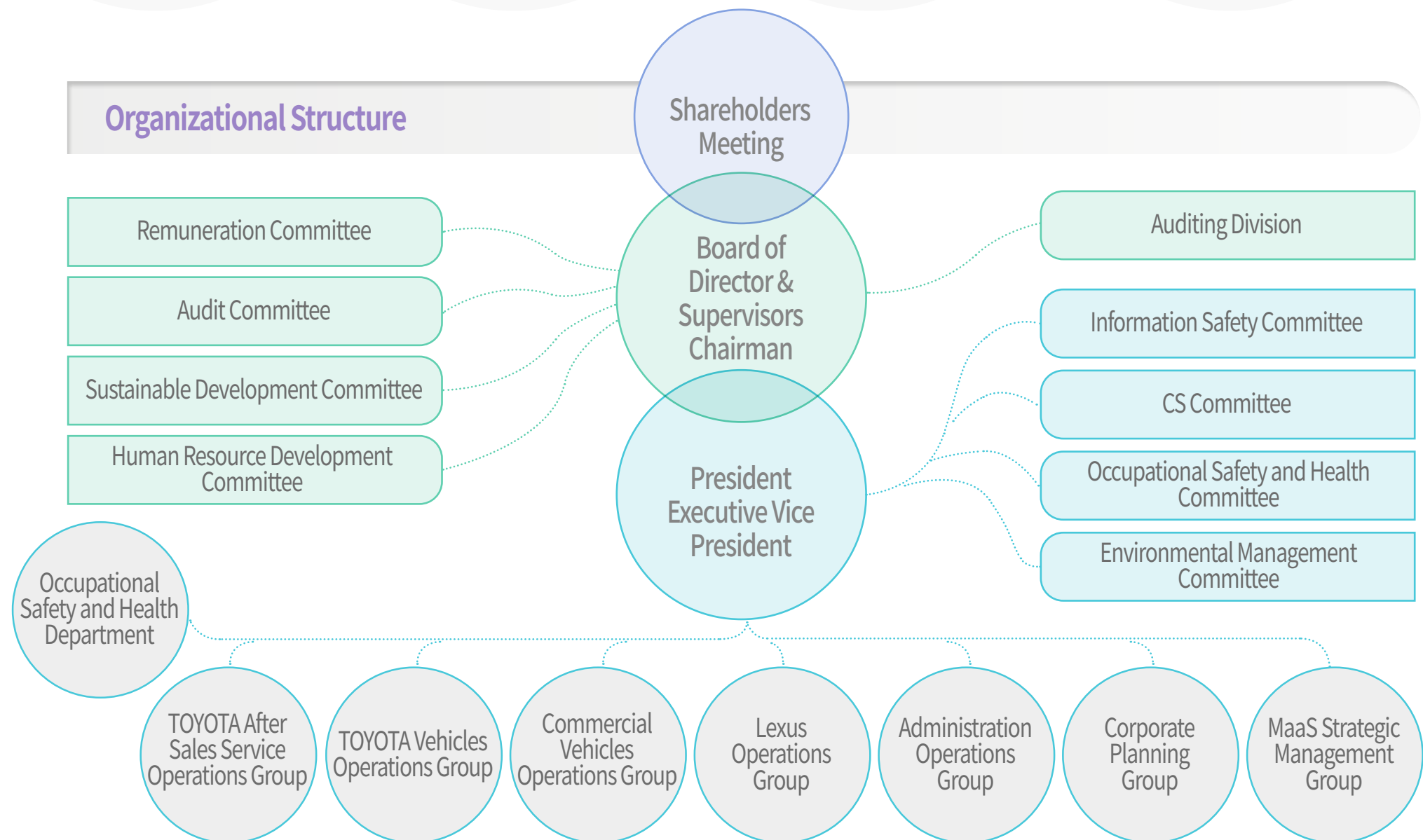
With the goals to surpass ourselves, the status quo and industry peers, we aspire to stand up to the challenges and create a bold path forward.

Innovation

With continuous innovation, we vigorously break new ground to elevate operational efficiency.

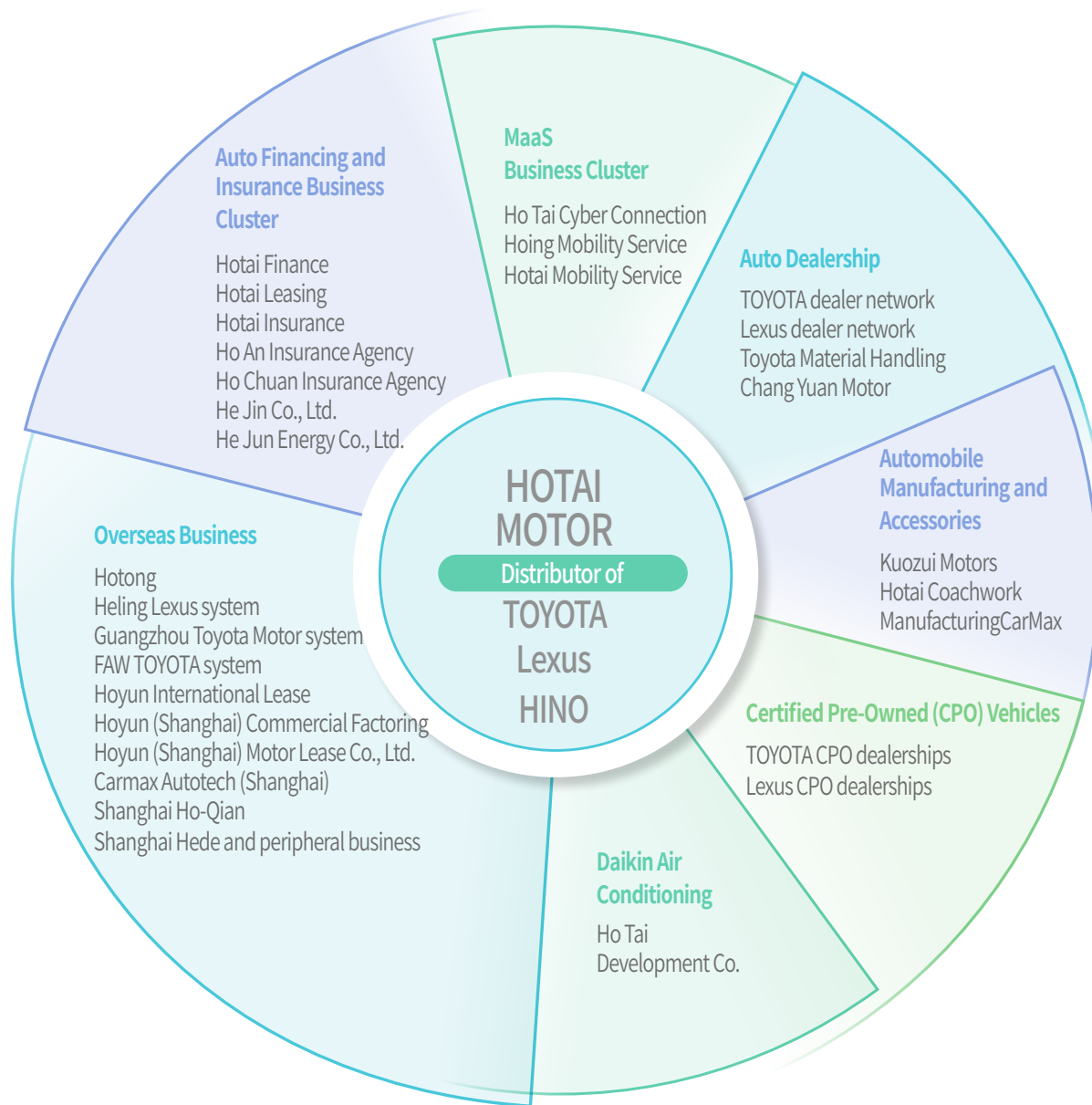


Organizational Structure



0.2 Group Operations

Hotai Group's ongoing efforts to develop and expand affiliated businesses enable us to deliver comprehensive solutions to our customers. From auto dealership, car leasing, financing, insurance and manufacturing, to certified pre-owned (CPO) vehicles, e-commerce, car accessories/boutiques and overseas operations, each affiliated company within the Group is seamlessly and closely interconnected. Together, we can break through limitations and maximize the efficiency of our operations through a robust value chain.



0.3 70 Years of Rich History

70



2021~

- 2021.12** Hotai Motor remains the top auto brand in Taiwan in 20 consecutive years, recording a total of 156,000 units of TOYOTA, Lexus and HINO vehicle sales in 2021, with TOYOTA COROLLA CROSS being the bestselling model; HINO ranks top in sales in the commercial vehicle category.
 - All-new redesigned Lexus NX launches
 - Hotai donates the 12th mobile blood bus; over 1.5 million bags of blood donations have been collected in the last eleven years.
 - Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 6 consecutive years
- 2021.10** October marks the 11th year of Hotai Motor's commitment in donating crossing guard equipment. A cumulative of over 110,000 sets of crossing guard equipment has been donated.
 - Hotai Leasing honored with the Gold Award in the car rental category in The Best Service in Taiwan for the third time
 - For the 8th consecutive year, Hotai Leasing is honored with the Gold Award in The Best Service in Taiwan by Commercial Times.
 - Receives CommonWealth Magazine's Sustainability Citizen Award for the 7th consecutive year
- 2021.09** Hotai officially launches Hotai Pay, Hotai Points and Hotai CTCB Credit Card
 - All-new Lexus UX300e debuts
 - One Tree for Every Toyota campaign achieves 500,000 trees planted
- 2021.08** All-new TOYOTA GR YARIS debuts
- 2021.05** Ranked top 5% in the Corporate Governance Evaluation among listed companies for the fourth time
- 2021.04** Hosing International Automotive Co., Ltd. is renamed Hotai Coachwork Manufacturing Co., Ltd.
 - Donates NT\$24 million to the pandemic relief fund
- 2021.03** All-new TOYOTA SIENNA debuts
 - One Tree for Every TOYOTA campaign launches in Kinmen
 - All-new HINO 200 series 3.49-ton truck launches
- 2021.01** Hotai Motor acquires iRent and incorporate the yoxi app as part of its efforts to actively develop business in the MaaS market

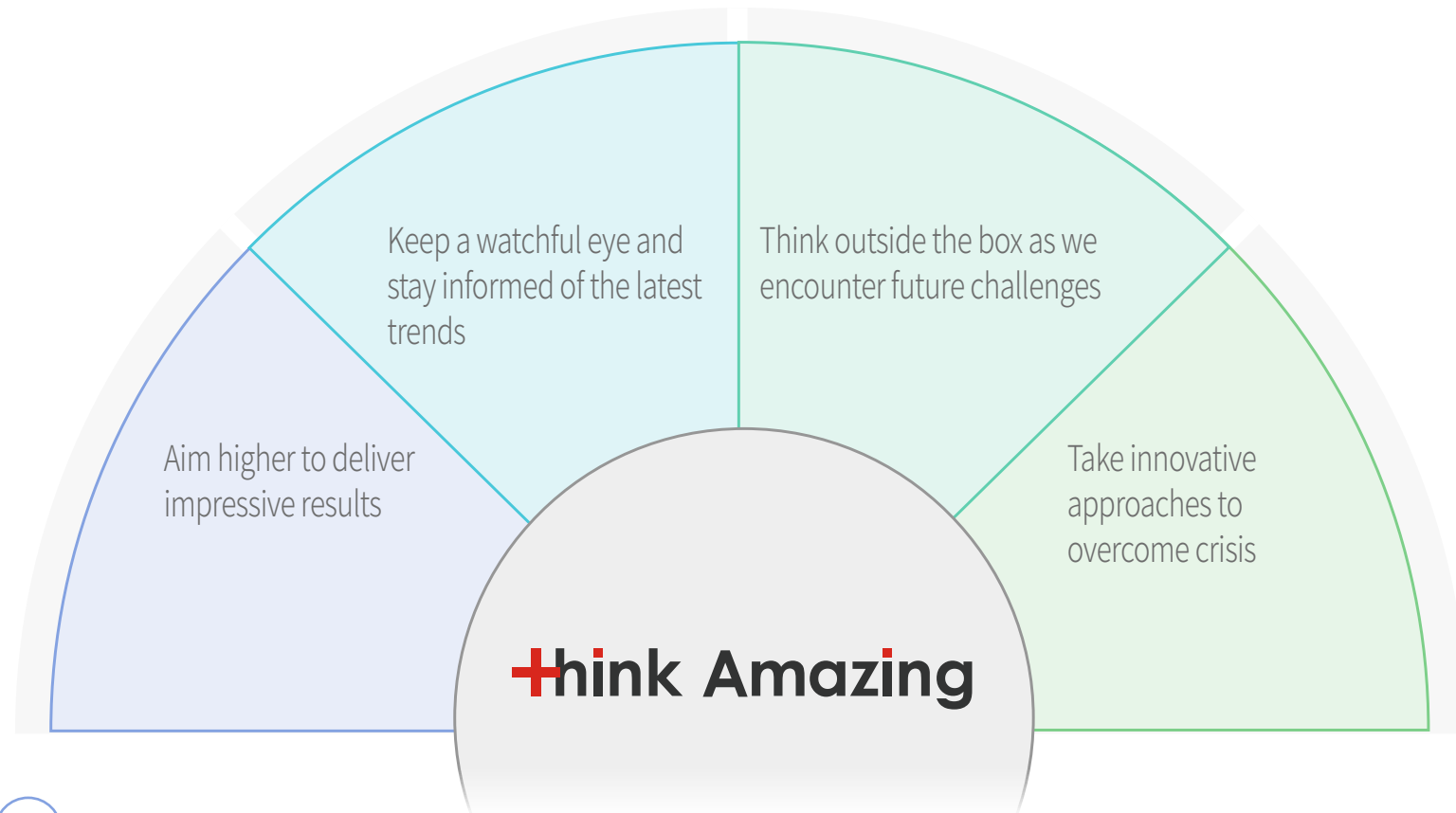
1947~2020

- 2020.12** TOYOTA remains the top selling auto brand in Taiwan in 19 consecutive years, recording a total of 146,194 TOYOTA and Lexus vehicle sales in 2020, and TOYOTA RAV4 has been our bestselling model. Meanwhile, HINO continues to rank top in the full-size commercial vehicle category for the 11th consecutive year.
 - One Tree for Every TOYOTA campaign achieves a milestone of 400,000 tree planted
 - Hotai Motor donates the 11th bloodmobile to local blood center and over 280 million c.c. of blood supply has been collected from donors
 - All new SIENTA CROSSOVER debuts
 - Lexus is ranked top as the Favorite Brand of Consumers in the auto category
- 2020.11** yoxi, a mobile app that offers ride dispatch service launches.
 - Hotai Motor receives the "Taiwan Enterprise Sustainability Award" for the fifth consecutive year
- 2020.10** TOYOTA Group's beach cleanup activity to reduce plastics was attended by tens of thousands of volunteers (the event was cancelled in 2021)
 - All new domestic SUV TOYOTA COROLLA CROSS debuts
- 2020.09** This September marks the 10th anniversary since Hotai began donating crossing guard equipment to schools across Taiwan. We have now completed the second round of donation, and an accumulated 97,000 sets of crossing guard equipment have been donated nationwide.
 - Hotai Leasing Co., Ltd. recognized as the "Top Ten Outstanding Enterprises" at the Golden Peak Award (we did not submit an application for this award in 2021)
 - Receives the "Commonwealth Magazine CSR Corporate Citizenship Award" for the sixth consecutive year and moved up to eighth place among large companies.

2020.08	Toyota Material Handling Taiwan Ltd. renames the company in Chinese All new Lexus LC CONVERTIBLE debuts Hotai Motor receives the honor as the only business that won "Top 500 Companies by Financial Performance" and "Top 100 Companies by Revenues" for 30 consecutive years (we were not notified of having received the award in 2021) Hotai Motor passes a resolution to invest and partner with Hosing International Automotive Co., Ltd. to develop coachwork business
2020.07	All new redesigned TOYOTA HILUX debuts Lexus honored with the gold award by Commercial Times in the Best Service in Taiwan 2020 Hotai Leasing receives the gold award in the auto leasing category at Commercial Times' Best Service in Taiwan 2020 for consecutive years
2020.05	Lexus reaches 200,000 units of sales in Taiwan.
2020.04	All new TOYOTA COROLLA ALTIS GR SPORT makes global debut
2020.03	Hotai's TOYOTA is ranked top in the auto category as the "Most Trusted Brand Voted by Common Health Magazine Readers" in 2020
2020.01	Hotai Motor acquires iRent and incorporates the yoxi app as part of its efforts to actively develop business in the MaaS market One Tree for Every TOYOTA campaign achieves a milestone of 300,000 tree planted Due to Hotai Motor's commitment to blood-donation causes, 200 million c.c. of blood supply has been collected through the 9 bloodmobiles donated by Hotai Motor. Hotai Motor's affiliate Hotai Leasing Co., Ltd. invests in the incorporation of Hoing Mobility Service Co., Ltd.
2019.12	Hotai Motor donates the "Hotai [®] " bloodmobile, reaching a total of 10 bloodmobile donation across the island as the top corporate benefactor that has donated the most bloodmobiles in Taiwan. Hotai Finance becomes a listed company on the Taiwan Stock Exchange. All new Lexus LM debuts. TOYOTA and Lexus remain the top auto brands in Taiwan in 18 consecutive years, recording a total of 141,891 units in sales. Among which, COROLLA ALTIS has been the bestselling model for 19 consecutive years and RAV4 remains the No.1 vehicle in Taiwan's SUV market. Meanwhile, HINO continues to be the number one full-size commercial vehicle for the 10th consecutive year.
2019.11	Hotai Motor receives the "Taiwan Enterprise Sustainability Award" from the Taiwan Enterprise Sustainability Training Center (TCSA) for four consecutive years.
2019.10	Kuozui receives the "Outstanding Foreign Corporation Contribution Award" from the Ministry of Economic Affairs
2019.09	All-new TOYOTA GR SUPRA debuts TOYOTA Group's beach cleanup activity to reduce plastics was attended by tens of thousands of volunteers Donates 12,000 sets of crossing guard equipment to schools in New Taipei City, Keelung City, Yilan County, Hsinchu City, Hsinchu County, Miaoli County, Hualien County, and Pingtung County. A total of 85,000 sets have been donated around the island.
2019.07	All-new TOYOTA HILUX launches
2019.06	For the six consecutive year, Hotai Motor receives the gold award from Commercial Times in the Best Service in Taiwan 2019.
2019.05	All-new TOYOTA GRANVIA debuts Hotai Motor ranks in the top 5% for the third time among TWSE listed companies in the Corporate Governance Evaluation results released and receives the "Workplace Safety Award" from the Taipei City government.
2019.04	One Tree for Every TOYOTA campaign achieves a milestone of 200,000 trees planted
2019.03	All-new TOYOTA RAV 4 and COROLLA ALTIS hit the sales floor
2018.10	Hotai Finance Co., Ltd. becomes a listed company on the Taipei Exchange
2018.06	The Board of Hotai passes a resolution to invest NT\$6 billion in the shares of TMC Hotai Yangmei Logistic Center installs over ten thousand ping of solar panels
2017.09	Hotai Motor celebrates its 70th anniversary
2017.03	Acquires Zurich Insurance (Taiwan) Ltd. and renames it Hotai Insurance Co., Ltd.
2016.12	TOYOTA City Driver app hits two million downloads.
2016.08	Hotai Motor's Customer Service Center becomes the first in the automotive industry to have received the ISO 10002 certification (Quality Management – Customer Satisfaction – Guidelines for Complaints Handling in Organizations)

2014.12	Becomes equity owners of all of our dealers nationwide.
2014.06	Hotai Leasing Co., Ltd. becomes the first in the industry to provide a 24-hour self-service car rental in Taiwan
2011.09	TOYOTA in Taiwan reaches two million units in sales
2008.04	Increases its shareholding in Kuozui Motors Ltd. to 30%
2003.01	Chang Yuan Motor Co., Ltd. and Toyota Material Handling Taiwan Ltd. established
2001.01	TOYOTA brand certified pre-owned vehicles officially introduced into the market
1999.06	Hotai Finance Co., Ltd. and Hotai Leasing Co., Ltd. established
1997.11	Grand opening of the first sales location in China, Shanghai Hoyu
1997.09	Hotai Motor celebrates its 50th year anniversary Hotai Motor officially launches and distributes luxury vehicle Lexus in Taiwan
1997.02	Hotai Motor begins trading its shares on the Taiwan Stock Exchange
1996.12	Hotai Motor is the distributor of Hino heavy-duty trucks, large buses, TOYOTA mid-size trucks, passenger vehicles, industrial vehicles, and has the largest market shares across segments.
1994.12	Hotai Motor hits its first 100,000-unit annual sales record to set the foundation for a distribution network that achieves a minimum of 100,000 units of sales per year.
1989.05	Domestically made TOYOTA CORONA launched in Taiwan
1988.05	Hotai Motor signs the very first dealership agreement for TOYOTA vehicles with the top 8 vehicle dealers in Taiwan
1987.04	TOYOTA launches a new business line, kicking off the manufacturing and sales of light commercial vehicles and passenger vehicles
1986.01	The Investment Commission of the Ministry of Economic Affairs approves TMC's investment in Kuozui Motors Ltd.
1984.03	Hotai Motor invested in Kuozui Motors Ltd., which is founded in April; the Zhongli facilities begins manufacturing in mid-November.
1983.06	The Investment Commission of the Ministry of Economic Affairs approves TMC's investment project to build a manufacturing plant (also known as an automotive manufacturing plant project)
1974.09	Hotai Motor, together with Wei Chuan Foods Corporation and affiliates Ho Tai Development Co., Ltd. and Formosa Flexible Packaging Corp., collectively contributes NT\$25 million to establish the Chun Ching Social Welfare Foundation.
1973.02	Hotai Motor discontinues as a distributor for Ford Lio Ho Motor Company
1970.02	TMC and Ford Lio Ho Motor Company enter into a technical collaboration to manufacture COROLLA compact cars with Hotai Motor as the distributor
1969.04	Hotai Motor imports the first batch of TOYOTA passenger vehicles from Japan under a special project with the Central Trust of China, which accounts for 31% of the market share
1968.01	Restructures as Hotai Motor Co., Ltd.
1966.10	Completes construction of Xinzhaung facilities, which spans over 8,000 ping
1955.04	Restructures as Hotai Trading Co., Ltd., having 30 employees
1952	Hotai signs a distribution agreement with Hino Motors Ltd. as the exclusive distributor for the Taiwan region
1949.08	Hotai signs a distribution agreement with TMC and Yokohama Tire as the exclusive distributor for the Taiwan region
1947.09	Hotai Automobile Co. is founded with NT\$810 thousand registered capital and 10 employees. The office is located on the roadside to the right of Taipei Main Station

0.4 Vision, Mission and Operational Objectives



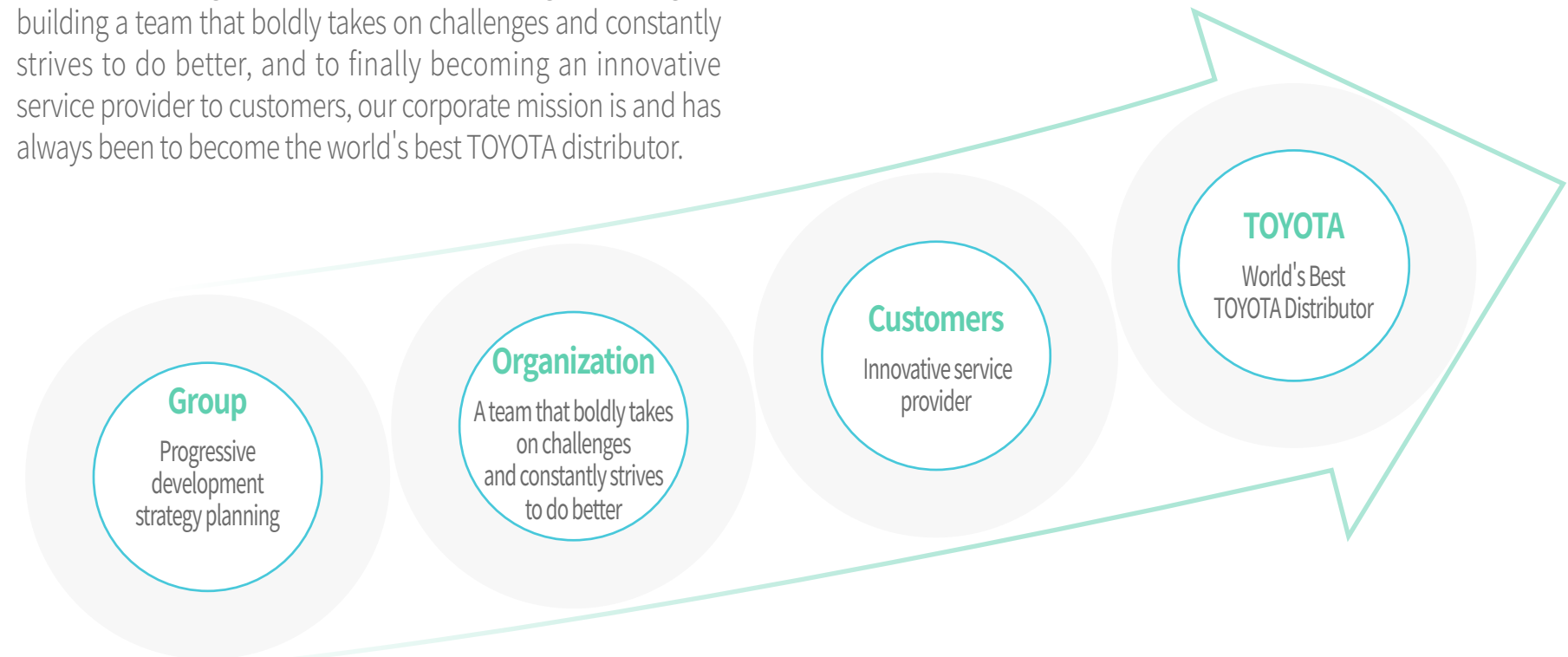
"With our out-of-the-box thinking and transcending innovation and excellence, we believe that only we can surpass ourselves and beyond. We strive for progress and let every challenge become an opportunity for breakthroughs. This unchanging commitment to unconventional approaches is where our value lies."



At Hotai, we firmly believe that there is no "best" but only "better", and it is what drives our continuous growth in a matured and competitive automotive industry. Our vision, "+hink Amazing", conveys a message that not only are we humbled to be recognized as the leader in the industry, but we continue to boldly pursue, experiment and explore groundbreaking, innovative ideas and approaches to deliver impressive results. The "t" from "+hink Amazing" is stylized as the symbol "+", which means "to level up", and the letter "i" represents each and every one of our employees, challenging employees to continuously excel themselves. One of the ways we do this is through hosting the "Amazing Innovative Ideas Contest" within the company to inspire amazing ideas. Participants consist of employees from different functions and job grades, breaking the barricade of existing organizational structure to encourage cross-functional collaboration. All the proposals submitted will be evaluated and a short list of proposals will then be selected for implementation. Based on the outcome, employees from the winning team and the department carrying out the proposal will be awarded with a fixed percentage of cash prizes. The intention behind the contest is to encourage employees to think outside the box and rise to every challenge that comes their way with the confidence that only we can surpass ourselves.

The Mission of Hotai Motor—World's Best TOYOTA Distributor

From our progressive development strategy planning, to building a team that boldly takes on challenges and constantly strives to do better, and to finally becoming an innovative service provider to customers, our corporate mission is and has always been to become the world's best TOYOTA distributor.



2018–2022 Development Goals





Based on this mission, we have formulated our development goals for 2018-2022. Through building a robust automotive service value chain, we offer customers vehicle related services and products to meet their needs. It is our aspiration to build Hotai Motor and the various brands we represent as the most attractive, premium leading brands on the market. The strategy to reinforce auto sales, aftersales service, organization, and talent is centered around our ability to identify trends as well as our commitment to excellence, thereby fueling our capacity to innovate future services. Each year, we develop an operational objective and assess whether the objective has been achieved through setting, modifying, and reviewing the operational strategies and their goals and approaches.

2022 Operational Objectives

The COVID-19 pandemic continues to impact the global economy, and economic recovery in each country is largely dominated by fresh treats of COVID variants and vaccine coverage. For Taiwan's automotive market, 2022 poses new challenges as the Corporate Average Fuel Economy Standards (CAFE) goes into effect, chip shortage constrains supply stability, and the company is also facing increasingly intense competition. In response to this development, we actively work towards delivering premium and innovative sales and service options and fully support TMC's global electrification strategy by introducing electric vehicles to achieve a leading advantage and utilizing big data to explore blue ocean opportunities for the Group.

Looking ahead to 2022, our operational objective is to "Keep Alert, Keep Leading, and Keep Doing Amazing", which translates to anticipating the future and staying vigilant, striving for progress to maintain competitive advantages, and pursuing innovation to gain future business opportunities. By focusing on the objective, we are confident that we can secure our leading position in the automotive industry and be well-positioned to set new sales records.

Operational Objective of the Group: Keep Alert, Keep Leading, and Keep Doing Amazing

Operational Strategies	Goals/Approaches
<p>Be proactive and maintain advantages and momentum</p> 	<p>Vehicle TOYOTA anticipate new trends to make gains in dominant market leadership position Lexus 25 Years of Lexus—spearhead the industry revolution and develop a blueprint for the new era Commercial vehicle Commercial vehicle: transcend 70 years of history to recreate momentum Service TOYOTA upgrade service capabilities to become the top provider of comprehensive automotive services Lexus 25 and Beyond—innovate and transform to create AI-powered customer experience Commercial vehicle Refine services to push beyond the limits</p>
<p>Anticipate changing market conditions and develop new business opportunities for the Group</p> 	<p>Hotai Finance tap into new business areas and regions to obtain a commanding leadership position in the market Hotai Leasing diversify leasing services to fulfill the needs of customers in every scenario CarMax optimize IoV solutions and develop new AI products to streamline with future mobility services Chang Yuan Motor accelerate the establishment of new business locations to ramp up sales and service capabilities Toyota Material Handling Taiwan proactively develop car leasing, used cars and logistics business to deliver high profits. Hotong intentionally invest in talent transformation to adapt to the changing business environment and expand peripheral business to divert operational risks Hotai Insurance enhance organizational structure and corporate image across the board and treat customers fairly to achieve customer satisfaction Hotai Cyber Connection increase mobility service capabilities, refine the online business platform, and develop new e-commerce business using precision marketing and rewards programs Hotai Coachwork Manufacturing brand new coachwork factory begins production to draw a sea of opportunities in the auto body business</p>
<p>Innovation reimagined to inspire a fresh outlook</p> 	<ul style="list-style-type: none"> Expand on the corporate vision of "Think Amazing" by developing top talents to drive business growth for the Group Strengthen the Group's cybersecurity defense to be the pillars of our data environment Upgrade data-driven MaaS (Mobility as a Service) business and integrate the value chain to build a digital service ecosystem to gain dominant market presence in the subscription economy
<p>Facilitate sustainable development of Hotai</p> 	<ul style="list-style-type: none"> Move towards becoming carbon neutral by implementing supplier environmental sustainability policies and reducing energy consumption and carbon footprints Fulfill our corporate social responsibility by actively engaging in ESG practices and building Hotai Group's image in social engagement Perfect corporate governance and improve compliance culture to create a blueprint 3.0 for our corporate governance



0.5 Sales Network and Services



Hotai Motor has dedicated significant resources to offer customers premium service. From a highly saturated and comprehensive vehicle sales network to the largest automotive complex in Southeast Asia, and a high-quality, high-capacity logistics center, we have a complete service network in place to serve our customers.



At Hotai, we put customers at the center of everything we do. "Only for YOU", a customer service campaign we launched continues to be the driving force to provide outstanding service for our customers. We have an extensive service network that spans across Taiwan, including 157 dealerships and 181 service

centers, which consist of 109 TOYOTA dealerships and 153 service centers, 25 Lexus dealerships and 26 service centers, 18 HINO dealerships and 19 service centers, and six Toyota Material Handling dealerships.

Our Sales Network

Passenger vehicles

Kuotu Motor Co., Ltd., Taipei Toyota Motor Co., Ltd., Tau Miao Motor Co., Ltd., Central Motor Co., Ltd., Nandu Motor Co., Ltd., Kau Du Automobile Co., Ltd., Lang Yang Toyota Motor Co., Ltd. and Eastern Motor Co., Ltd are our top eight dealers.

Commercial vehicles

Chang Yuan Motors Co., Ltd. is our main dealership in Western Taiwan, while Lang Yang Toyota Motor and Eastern Motors are our main dealerships in Eastern Taiwan.

The Largest Automotive Complex

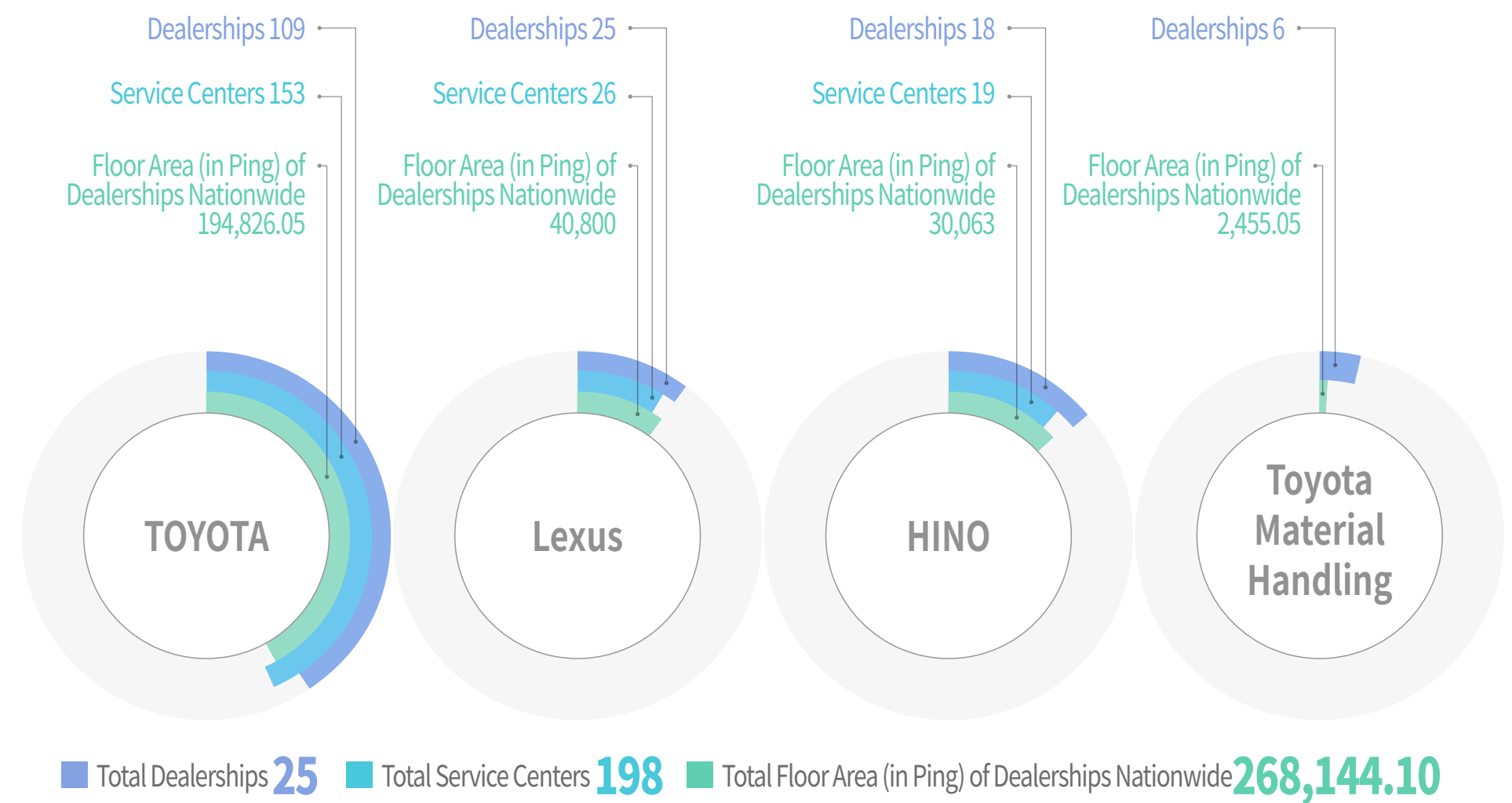
The three main areas of the Xinzhuang Automotive Complex include the "Passenger Vehicle Repair Building", "Chang Yuan Motor's Xinzhuang Facilities", and the "Research and Learning Building".

The complex features cutting-edge, high-performance learning equipment and skill labs, providing auto repair technicians and first-line sales representatives a variety of training facilities and space. Facilities include a quiet employee-only dormitory, dining hall, recreation and common space. Thousands of employees attend training and conferences at the Complex each year.

Highly efficient logistics center

The Yangmei Logistics Center is used as a warehouse to store automotive parts (total floor area: 10,713 ping), which supplies the demand of automotive parts for vehicle repairs across the island. Our centralized logistics allows us to deliver parts to all the service locations in Taiwan through partnering with professional third-party logistics providers.

The Center is equipped with a variety of training facilities, including training center and dojo for the development of talent for automotive parts management positions, with a fully-equipped, professional space for employees to learn.



0.6 2021 Sustainability Highlights



Economic

29.68 NT\$
Earnings per share in 2021

32.6 %
Maintained the largest market share in the automotive market for 20th consecutive years

100 %
All the new employees have completed anti-bribery training

increase
7.32 %
Percentage increase of local sourcing in 2021 compared to 2021

Environmental

92.3 %
percent of rebuilt power steering pumps usage

55 metric tons
The amount of VOC emissions (volatile organic compounds) reduced in 2021 by using environmentally friendly waterborne paint

31,980 metric tons
We reduced 31,980 metric tons of CO2 emissions by recycling 24.6 metric tons of R134a refrigerant in 2021

Social and Employee Related

100 %
All our vehicles meet the following regulations and standards: carbon emissions, CO2 emissions, noise control, and fuel consumption

43.74 million bottles
We reduced 43.74 million motor oil bottles by adopting Central Oil Tank Supply System

100 %
The rate of employees returning from unpaid parental leave in 2021 is 100%

2.23 %
The average employee turnover rate has been decreasing in the last three years

11 million sets
Donated an accumulative of nearly 110,000 sets of crossing guard equipment as of 2021

12 units
We have the highest bloodmobile donation among other companies in Taiwan, with an accumulation of 12 bloodmobiles.

5,536 million NT\$
Donated an accumulated total of over NT\$5,536 million hi-tech automotive teaching aids and materials

273 metric tons
An accumulated total of over 273 metric tons of pre-loved toys were recycled and given new life as at the end of 2021.

54 million tree
Over 540,000 trees have been planted from our "One Tree for Every TOYOTA" campaign, reducing approximately 13,000 metric tons of carbon emissions.



01

Sustainable Management



Our Guiding Principle

Using our competitive advantage as a starting point—a commitment to build strong corporate responsibility

2021

The CSR Committee was renamed the **Sustainable Development Committee**

9 GRI Topics

Identifying **9 GRI** topics that align with our material and prioritized issues

4 Sustainable Development Goals

Management guidelines for material issues and the United Nations Sustainable Development Goals

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

Our Corporate Social Responsibility (CSR) Committee was renamed the Sustainable Development Committee in 2021, which acts as a cross-functional platform of communication, integrating corporate resources, overseeing and implementing environmental, social and governance (ESG) practices as part of our sustainability efforts and to keep pace with global developments. We regularly address topics that are high priority to stakeholders and continuously align our work with the United Nations Sustainable Development Goals. By incorporating corporate sustainability into our operational strategies, we work towards making a positive impact and creating value for our stakeholders and the sustainability of the environment and society.



1.1 Corporate Sustainability Policies

As part of our efforts to realize the vision of sustainable operations, the Board-approved Hotai Motors Sustainable Development Best Practices require all the operational activities of Hotai Motor and our corporate Group to comply with internationally recognized environmental, social and governance development frameworks. It reiterates our commitment to setting a benchmark as a responsible corporate citizen by increasing our contribution to the economy in the country and improving the quality of life of our employees, local communities and society as a whole. To that end, we will use our competitive advantage as a starting point—a commitment to build strong corporate sustainability.

We continue to align our work with the United Nations Sustainable Development Goals (SDGs) and core elements of relevant global initiatives. With an emphasis on the following four key areas—implementing a robust corporate governance structure, building a sustainable planet, advocating for social justice and inclusion and engaging with communities, enhancing corporate sustainability reporting, we formulated a set of guidelines for our day-to-day operations. Through effective governance and execution, we can incorporate CSR actions with operations strategies, which provide as the foundation of our development and business strategies and enable us to work together with our employees to make positive impact on the sustainable development of society.

Our Corporate Sustainability Guidelines

Implementing a Robust Corporate Governance Structure

- Avoid unfair competitive behaviors
- Fulfill our tax obligations
- Anti-bribery and anti-corruption
- Charitable donations should comply with internal policies and procedures

Building a Sustainable Planet

- Reduce resources and energy used for conversion to products and services
- Proper disposal of waste
- Increase product and service performance
- Maximize the use of renewable resources to achieve sustainability, e.g., recycling and reuse of high energy consumption supplies
- Responsible and sustainable water use
- Pursue carbon neutrality for Hotai Group and TOYOTA dealers

Advocating for Social Justice and Inclusion and Engaging with Communities

- Non-discrimination
- Provide a safe and healthy work environment for employees
- Create effective career development training programs to build skills
- Hold regular conversations with employees
- Commitment to product responsibility and marketing ethics to ensure the interests of customers
- Zero-tolerance against any deceptive, misleading, fraudulent conduct, or any other behaviors that compromise the trust or adversely affect the interests of customers
- Respect and protect customer privacy
- Assess the environmental and social impact of our procurement on the local community, and work together with suppliers to increase our corporate sustainability efforts

Enhancing Corporate Social Responsibility Disclosures

- Board-approved corporate sustainability governance mechanisms, strategies, policies, and management guidelines
- Risks and impacts on the company's operations and financial strength as a result of implementing a robust corporate governance structure, building a sustainable planet, and advocating for social justice and inclusion.
- Objectives and measures developed by the company to achieve corporate sustainability
- Measure corporate sustainability performance

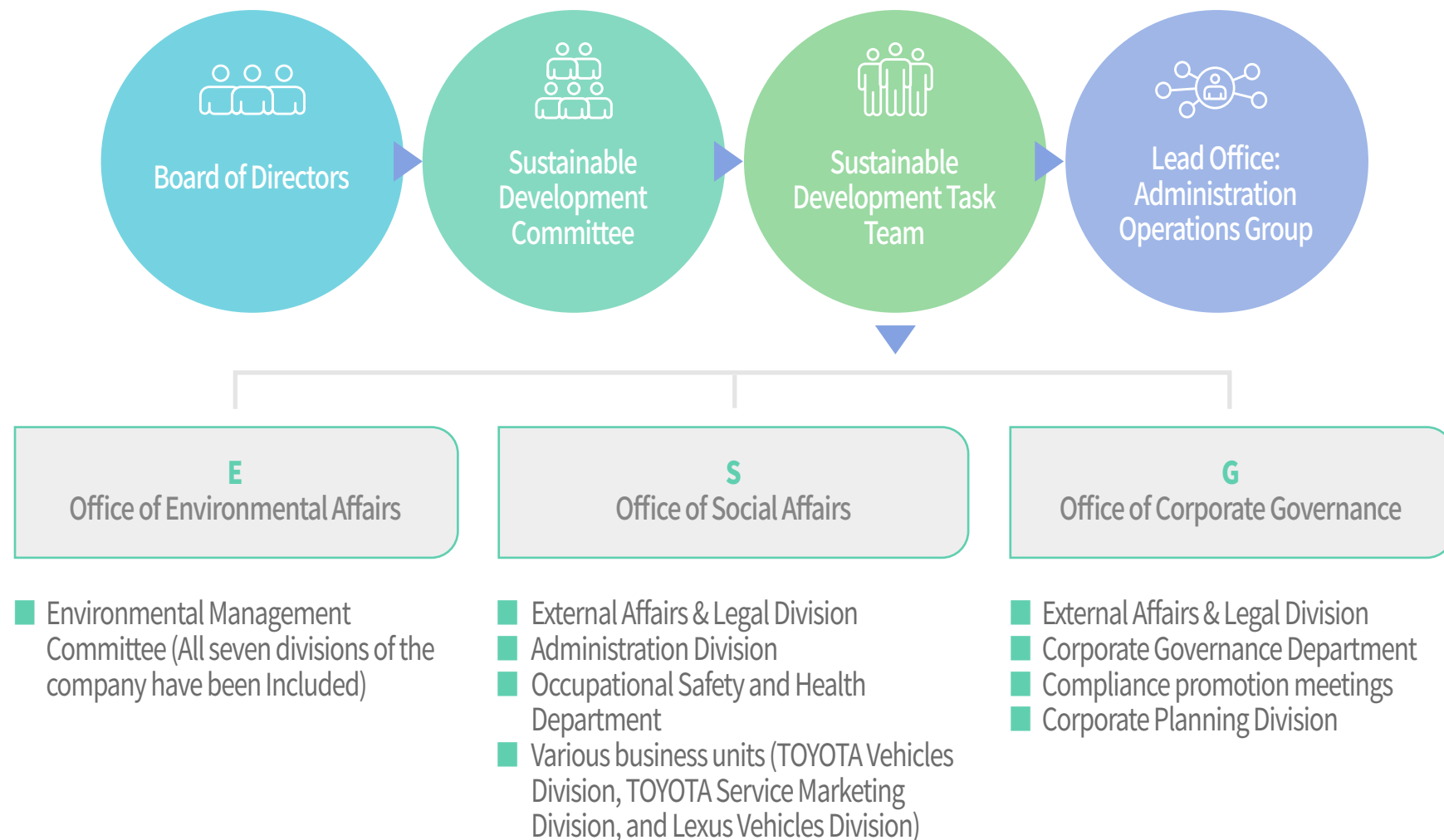


1.2 Sustainable Development Committee

Hotai Motor established the Corporate Social Responsibility Committee in 2018—which was renamed the Sustainable Development Committee in December 2021—as a functional committee under the Board to pursue corporate sustainability, implement and oversee related policies and sustainable development strategies. The Committee meets at least twice a year and is charged with adopting annual sustainability policies and reviewing the implementation of each ESG topic area through regular meetings. Our 2021 ESG performance was presented to the Board in December last year and is now available on our corporate website.

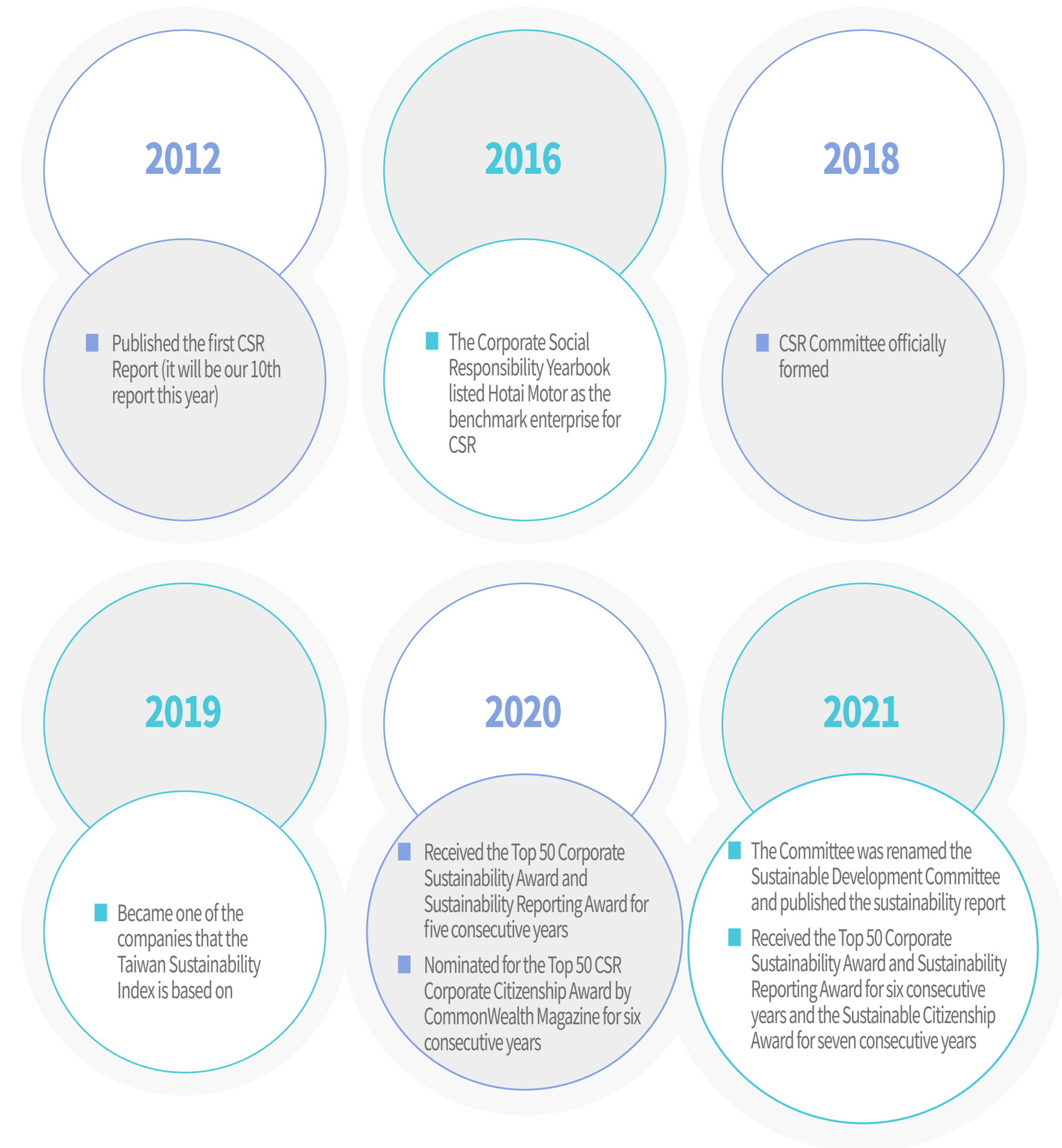
The Office of Environmental Affairs, Office of Social Affairs, and Office of Corporate Governance are business functions established under the Sustainable Development Committee to promote and implement sustainability practices, which support the organization by optimizing the use of Group resources and incorporating various ESG topics into our daily business operations. The offices are charged with the responsibilities to devise and implement ESG project objectives. Each year, they review the policies in July and come together in December to give a briefing on the progress and results of their operations and key implementations for the following year, which will then be compiled and reported to the Sustainable Development Committee. Members under the offices include delegates from the Environmental Management Committee, TOYOTA Vehicles Division, Lexus Vehicles Division, TOYOTA Service Marketing Division, External Affairs & Legal Division. In particular, the Administration Operations Group is assigned as the lead office for our sustainable development efforts. Its primary responsibilities include calling Sustainable Development Committee meetings and facilitating cross-functional communications, identifying and reporting on material issues annually, collecting performance outcomes of sustainability topics, preparing the sustainability report of the company, and presenting ESG progress and results to the Board of Directors twice a year.

Organizational Structure of Hotai Motor's Sustainable Development Committee



1.3 Sustainability Milestones and 2021 Sustainability Objectives

Hotai Motor has made a long-term investment in corporate sustainability and dedicates significant resources in promoting sustainability activities. As a responsible corporate citizen, we understand the importance and value of giving back to the society, and our efforts received numerous commendations and recognitions from both within and outside the organization.

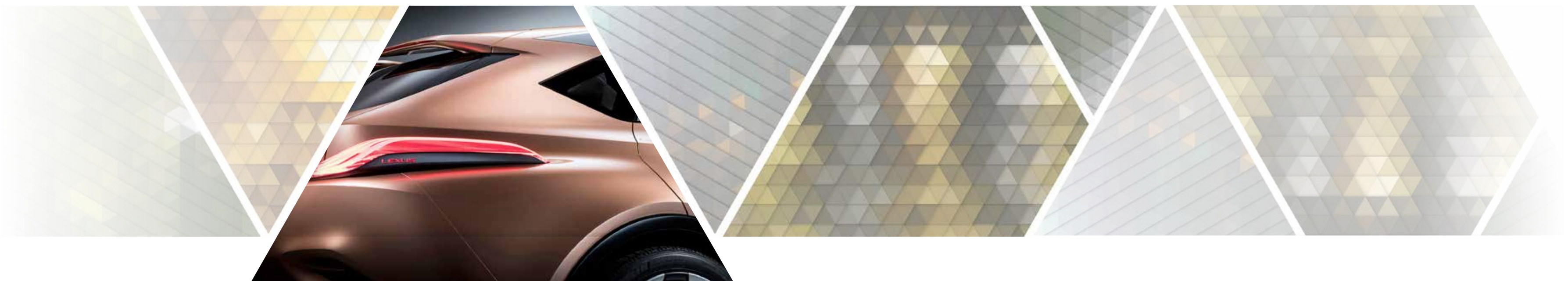


To amplify our sustainability efforts and results, the three offices have developed the 2022 sustainability objectives and measures based on environmental (E), social (S) and governance (G) aspects, which is another step toward our goal of sustainable operations.



2022 Sustainability Objectives and Measures

	2022 Objectives	Measures
Environmental (E)	Environmental Assessment System (2025 Asia-Pacific Target)	Implement Supplier Environmental Assessment System (EAS)*, Eco Dealership and ISO 14001 assessment (EAS: Hotai Motor; Eco Dealership: dealers)
	Create an environmentally friendly workplace to achieve low-carbon, plastic-free and fun living	Create data modules for the work environment and expand solar plants to achieve environmental management targets
	Generate influence to create a more sustainable life cycle	Promote various environmental campaigns (One Tree for Every TOYOTA, Toy Sharing, Environment Month, beach cleanups) to amplify the influence of our environmental initiatives
Social (S)	Fulfill corporate social responsibility	Build a corporate image that boasts in CSR and integrate the Group's public interest initiatives (e.g., Public Welfare Dreamer, Wildlife Conservation Program, and Free Mobility Service Campaign) Build brand preference on campus
	Invest in arts and cultural development	Dream Car Art Contest Lexus Short Film Contest
Governance (G)	Implement corporate governance 3.0	Use a review mechanism to promote dealer compliance
	Zero-tolerance policy and compliance review to safeguard intellectual property	Create an intellectual property management system to increase compliance awareness of Group companies Develop intellectual property management policies for the Group (e.g., regulations governing intellectual property and trademark management)





1.4 Materiality Analysis



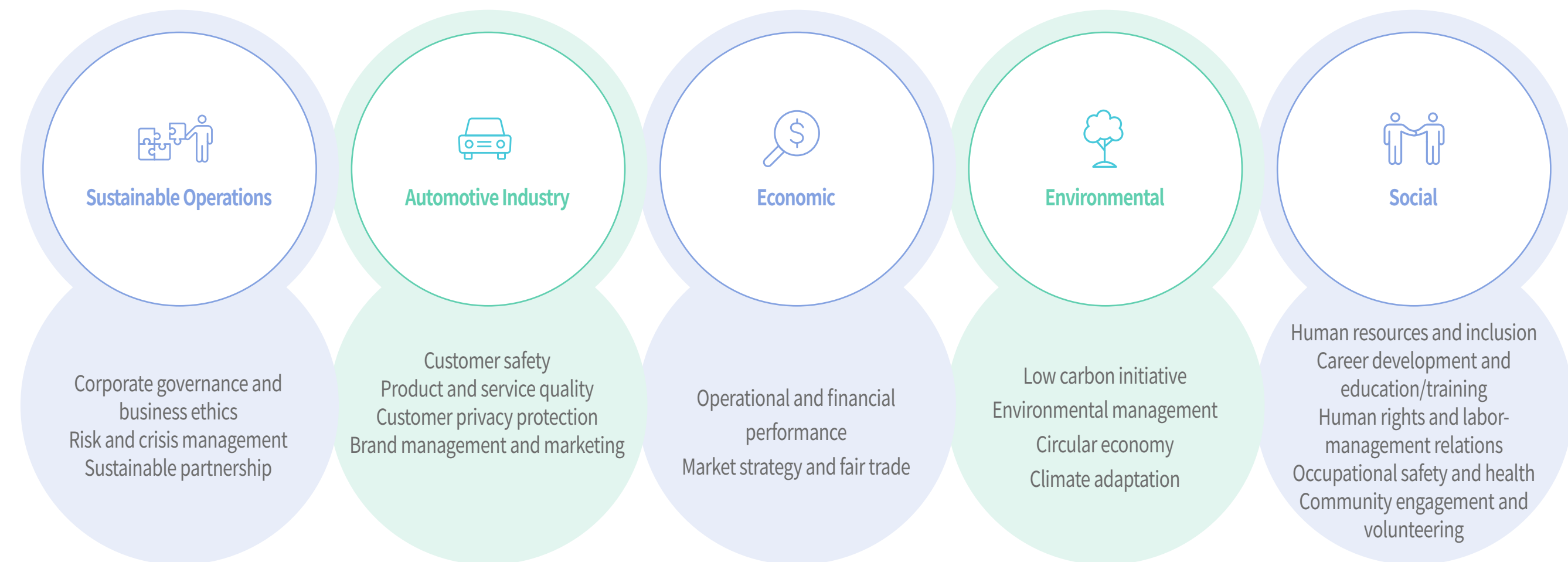
Step 1 Identifying Sustainability Topics

As the automotive industry is undergoing the greatest transformation, we will be required to make better-informed decisions and increase our operational efficiency. Stakeholders who consider environmental (E), social (S) and governance (G) issues to be of paramount importance now have increasingly higher expectations of the company's non-financial performance. We are working towards incorporating each of the aspects into the organization's long-term strategies, risks and opportunities to create value for our stakeholders. Sustainable growth and stability is what we believe to be the key to enhancing the company's value, which is why we continue to offer products and services that meet the

customers' needs as a way to address these top priority topics. At the core of corporate social responsibility is the ability to serve the interests of our stakeholders, which is a management approach we use to achieve sustainable development and to maintain and develop open and effective communication channels.

As part of the preparation of this report, we follow the recommendations of the GRI Standards in the context of sustainability and principle of materiality analysis when identifying sustainability topics. In addition to using relevant Taiwan and international reporting guidelines as references, including the Global Reporting Initiative (GRI), United Nations

Global Compact (UNGC), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), International Labour Organization (ILO) Conventions and Recommendations, Sustainable Development Goals (SDGs) and ISO 26000, we go beyond existing frameworks to consider topics related to the risks and opportunities of global sustainability development, feedback from our stakeholders, trends that are specific to the automotive industry and the recommendations from external experts. To which we identified 18 sustainability topics from five categories pertinent to our operations.



Step 2 Stakeholder Identification and Engagement

We have dedicated departments engaging in regular conversations with key stakeholders, which include the exchange of our core values to facilitate a greater understanding of each other's positions. Apart from that, we also maintain an open dialogue with external experts to ensure that we are heading to the right direction with our sustainable development measures. The task team preparing this report used the quantitative method from the Accountability 1000 Stakeholder Engagement Standard: 2015 (AA 1000 SES: 2015) to assess 13 indicators that demonstrate the relevancy of stakeholders and our operations based on the five principles (dependency, responsibility, influence, diverse perspectives, tension). According to their assessment, six key stakeholder groups are identified: dealers, shareholders, employees, customers, suppliers, and media, listed in the order of level of engagement measured based on quantitative indicators. To reiterate our commitment to responding to the expectations and needs of key stakeholders, we established a diverse communication mechanism to listen to their feedback; the solutions co-created from our discussions with stakeholders are included as part of this report. The feedback received from stakeholders also helps accelerate growth of our financial performance. As we continue to facilitate meaningful and constructive dialogue with stakeholders and meet public expectations, we will also incorporate their feedback into our future planning.





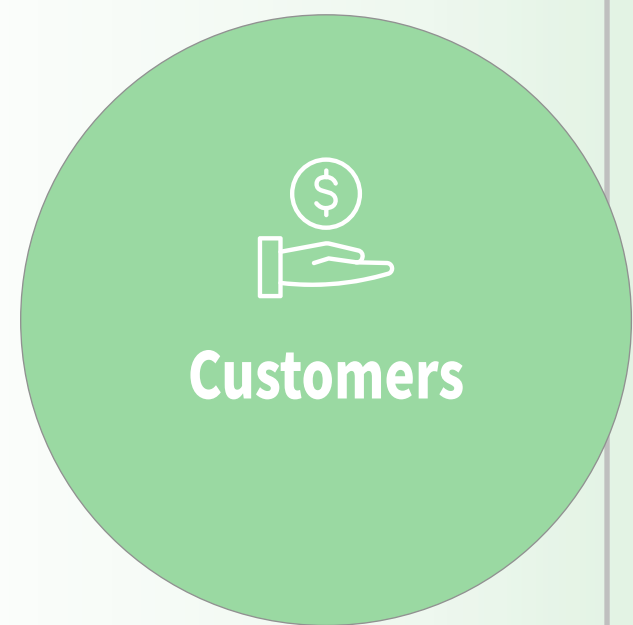
Significance or Importance to Our Sustainable Development	Topic of Interest	Channels of Engagement	Frequency of Engagement	Our Response	Discussion Outcome
<ul style="list-style-type: none"> Advancing our annual sales target through vehicle reservations/sales promotions Maintaining our relationship with dealers and resolving issues relating to customers' vehicles Sharing knowledge and experience with new employees and developing top talent to aid sales Through due diligence conducted based on a comprehensive compliance system, we can control and mitigate legal risks To achieve corporate governance in the area of compliance and fulfill our corporate social responsibility 	Occupational safety and health	Social media posts	Periodically	<ul style="list-style-type: none"> Occupational safety and health policy briefing Disclose occupational safety and health policy implementation results Occupational Safety and Health Committee progress report 	Ensure the occupational safety and health at individual dealerships
	Customer privacy protection	Annual report, sustainability report, and social media posts	Once a year	<ul style="list-style-type: none"> Privacy policy briefing Disclose customer relationship management activities and results Information Security Committee progress report 	Provide full disclosure of our customer management and privacy protection policy
	Customer safety	Supplier business meetings, product training, onsite audit, online training, and recalls	Periodically	<ul style="list-style-type: none"> Supplier business meetings, product training, onsite audit, online training, and recalls 	Fully disclose and communicate safety issues relating to our products and services



Significance or Importance to Our Sustainable Development	Topic of Interest	Channels of Engagement	Frequency of Engagement	Our Response	Discussion Outcome
<ul style="list-style-type: none"> Maximization of shareholder value Full disclosure of anti-competitive behavior to protect the interests of the company and our shareholders 	Operational and financial performance	Annual report, sustainability report, annual shareholders meeting, investor conferences, and Investor Relations section on our website	Once a year, four times a year, or periodically	<ul style="list-style-type: none"> Report to shareholders on the latest operations and dividend policy Report to shareholders on the operational overview and future prospect of the company based on quarterly financial results Promptly disclose important financial and business information of the company 	<ul style="list-style-type: none"> Maintain a reasonable stock price Respond to investor needs as appropriate to build a long-lasting relationship
	Corporate governance and business ethics				
	Customer privacy protection	Annual report, sustainability report and our website	Once a year; periodically	<ul style="list-style-type: none"> Privacy policy briefing Disclose customer relationship management activities and results Information Security Committee progress report 	Provide full disclosure of our customer management and privacy protection policy



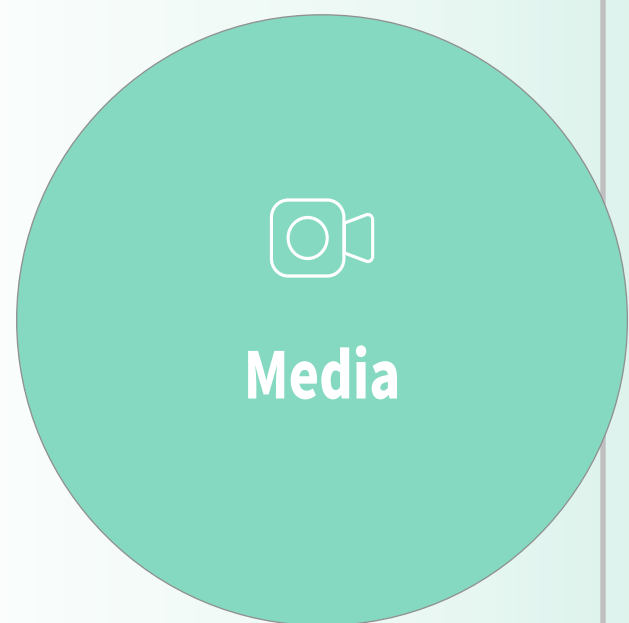
Significance or Importance to Our Sustainable Development	Topic of Interest	Channels of Engagement	Frequency of Engagement	Our Response	Discussion Outcome
<ul style="list-style-type: none"> Improving employee communication and enhancing employee engagement Gender equality and diversity Training programs for each job grade Enhancing public image of the company Collaborative efforts of the company and our employees to give back enable us to build our brand through community engagement 	Customer privacy protection	Annual report and sustainability report	Once a year	<ul style="list-style-type: none"> Privacy policy briefing Disclose customer relationship management activities and results Information Security Committee progress report 	Provide full disclosure of our customer management and privacy protection policy
	Product and service quality	TV/print advertising/press release, Hotai newsletters, emails, and meetings	Periodically	<ul style="list-style-type: none"> Regularly communicate product information with employees Regularly conduct training and reviews on service personnel 	Communicate complete product information and ensure product and service quality
	Human rights and labor-management relations	Employee suggestion box, employee satisfaction survey, labor-management meeting, and posts on social media	Once every two years; once every quarter	<ul style="list-style-type: none"> Evaluate employee proposals Set up meetings with employees to discuss areas that receive low satisfaction scores and make improvement accordingly Run awareness campaigns to educate employees on the latest regulatory updates 	Maintain open communication and engage with employees, promote labor-management harmony to increase employee satisfaction



Significance or Importance to Our Sustainable Development	Topic of Interest	Channels of Engagement	Frequency of Engagement	Our Response	Discussion Outcome
<ul style="list-style-type: none"> Our potential and existing customers directly impact the brand's revenues and profits We value customers' voice and make customer satisfaction as our top priority 	Customer safety	Survey, toll-free customer hotline, mobile apps and emails	Periodically	Provide the best solutions to customer requests, and relay customer feedback to appropriate departments so that improvements can be made	Minimize customer dissatisfaction and increase customer retention
	Product and service quality	TV/print advertising/press release, survey, toll-free customer hotline, mobile apps, and emails	Periodically	Provide the best solutions to customers' requests, and funnel customer feedback to appropriate departments so that improvements can be made	Minimize customer dissatisfaction and increase customer retention
	Customer privacy protection	Annual report, sustainability report, and our website	Once a year	<ul style="list-style-type: none"> Privacy policy briefing Disclose customer relationship management activities and results Information Security Committee progress report 	Provide full disclosure of our customer management and privacy protection policy



Significance or Importance to Our Sustainable Development	Topic of Interest	Channels of Engagement	Frequency of Engagement	Our Response	Discussion Outcome
<ul style="list-style-type: none"> Authorized Hotai to distribute TOYOTA, Lexus and HINO vehicles Provide adequate supply of domestic vehicles to meet market demand Conduct audit on the parts operations of TOYOTA's distributors in Asia Deliver eco-friendly products to minimize our environmental impact 	<ul style="list-style-type: none"> Corporate governance and business ethics 	<ul style="list-style-type: none"> Annual report, sustainability report, annual shareholders meeting, investor conference, and the Investor Relations section on our website 	<ul style="list-style-type: none"> Once a year, four times a year, or periodically 	<ul style="list-style-type: none"> Timely disclosure of important financial and operational information Regular presentation of our business performance to the public 	<ul style="list-style-type: none"> Maintain a long-lasting relationship with suppliers
	<ul style="list-style-type: none"> Risk and crisis management 	<ul style="list-style-type: none"> Annual report and sustainability report 	<ul style="list-style-type: none"> Once a year 	<ul style="list-style-type: none"> Disclose risk and crisis management policy 	<ul style="list-style-type: none"> Provide full disclosure of our risk and crisis management policy
	<ul style="list-style-type: none"> Sustainable partnership 	<ul style="list-style-type: none"> Contract clauses, three-way conferences between Hotai and our suppliers and dealers, emails 	<ul style="list-style-type: none"> Periodically, once a month, or once a year 	<ul style="list-style-type: none"> Optimize production efficiency of selected vehicle models Facilitate monthly discussions on production volume to ensure that the demand in distribution and production can both be met Conduct onsite audit to help dealers improve their parts operations (DPOK): real-time supply rate, months of supply, SOPH (BO materials management and procurement board) and warehouse management. 	<ul style="list-style-type: none"> Maintain a long-lasting relationship with suppliers Ensure the monthly production volume meets market demand/annual target Enhance dealer inventory management in order to deliver premium parts supply service to customers

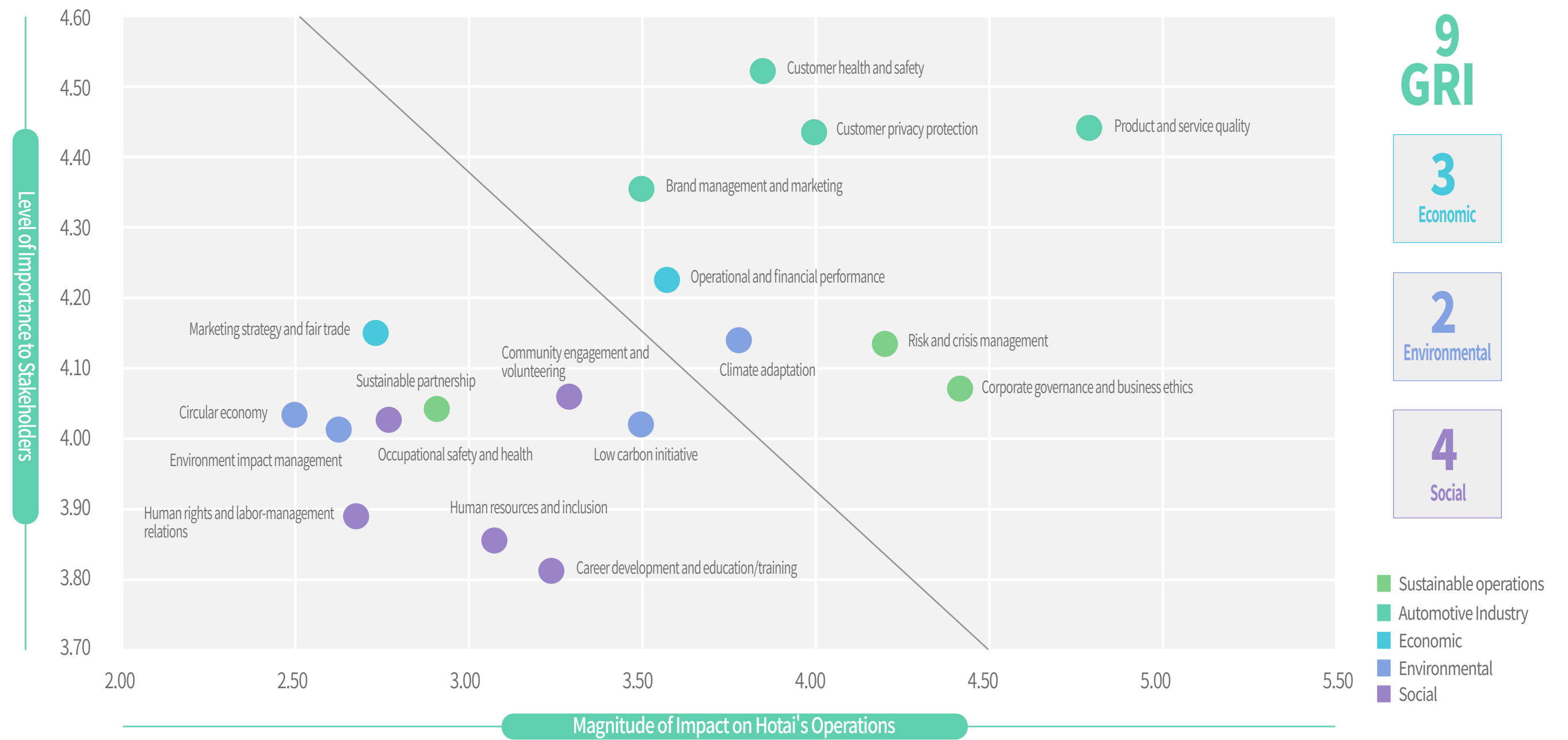


Significance or Importance to Our Sustainable Development	Topic of Interest	Channels of Engagement	Frequency of Engagement	Our Response	Discussion Outcome
<ul style="list-style-type: none"> Disseminating information about new vehicle launch and events to create topics An important role to connect us and the brand to the public 	<ul style="list-style-type: none"> Corporate governance and business ethics 	<ul style="list-style-type: none"> Annual report, sustainability report, annual shareholders meeting, investor conference, and the Investor Relations section on our website 	<ul style="list-style-type: none"> Once a year, four times a year, or periodically 	<ul style="list-style-type: none"> Timely disclosure of important financial and operational information 	<ul style="list-style-type: none"> Maintain a good relationship with the media
	<ul style="list-style-type: none"> Risk and crisis management 	<ul style="list-style-type: none"> Annual report, sustainability report, our website, and annual shareholders meeting 	<ul style="list-style-type: none"> Once a year Periodically 	<ul style="list-style-type: none"> Disclose risk and crisis management policy 	<ul style="list-style-type: none"> Provide full disclosure of our risk and crisis management policy
	<ul style="list-style-type: none"> Sustainable partnership 	<ul style="list-style-type: none"> Sustainability report and our website 	<ul style="list-style-type: none"> Once a year Periodically 	<ul style="list-style-type: none"> Disclose sustainable partnerships 	<ul style="list-style-type: none"> Provide full disclosure of our sustainable partnerships

Step 3 Identification of Material Topics and Topic Boundaries of Disclosure

Every year we use an online survey to determine which sustainability topics stakeholders consider to be important. Each sustainability topic is rated using a five-level importance scale question from "very important" to "not at all important", which is to be answered by the respondent based on their stakeholder group. From January 2021 to February 2022, we collected a total of 318 valid survey responses. In light of our decision to include "level of importance to the stakeholder" and "magnitude of impact to our operations" in the material topics we disclose, the task team preparing this report also needs to determine the magnitude of impact each sustainability topic has on our operations in addition to its level of importance to the stakeholders. The magnitude of impact of each topic is rated on a scale from 1 to 5. The task team is divided into six groups based on their functions, and each group is to assess the impact of the risks each topic has on the company's sustainable operations on a broader scale.

Based on these two quantifiable data, we have created a materiality matrix, including eight material topics for Hotai in 2021. The material topics correspond to nine GRI topics, including three economic, two environmental and four social topics. These eight material topics are further evaluated by the task team members based on the following seven factors to establish relevancy to our operations: increasing revenues, reducing costs, enhancing customer loyalty, creating new business opportunities, mitigating goodwill risks, boosting employee engagement and creating social impact. Once relevancy is established, we then identify potential risks and opportunities through formulating management approaches to minimize the adverse impact from the risks and utilize the opportunities to boost business performance.



9 GRI

3 Economic

2 Environmental

4 Social

- Sustainable operations
- Automotive Industry
- Economic
- Environmental
- Social

	Material Topics	Corresponding GRI Standards	Impact on Our Operations						
			A	B	C	D	E	F	G
Sustainable Operations	Corporate governance and business ethics	Anti-corruption 205 、 Anti-competitive Behavior 206					●	▲	
	Risk and crisis management	Anti-corruption 205 、 Socioeconomic Compliance 419		●	▲		●		
Automotive Industry	Customer safety	Customer Health and Safety 416 、 Marketing and Labeling 417 Customer Privacy 418 、 Socioeconomic Compliance 419	▲		●		▲		▲
	Product and service quality		●		●		▲		
	Customer privacy protection				●		●		
	Brand management and marketing		●		●	●	▲		
Economic	Operational and financial performance	Economic Performance 201	●	●				▲	
Environmental	Climate adaptation	Energy 302 、 Emissions 305 、 Economic Performance 201			●	●			▲

- A Increase product sales and revenues
 - B Improve efficiency or lower expenses, which reduces operational costs
 - C Enhance brand trust and customer loyalty
 - D Create business opportunities to expand market reach of our sales and services
 - E Minimize the operational risks due to the impairment of goodwill
 - F Boost employee engagement and increase operational efficiency
 - G Create positive impact on society and foster harmony and inclusion Hotai
- High Relevance
▲ Medium Relevance

Members of the task team preparing this report have reviewed each of the eight material topics against the corresponding nine GRI Standards and identified where we have the most opportunity for impact within the organization

(i.e., Hotai Motor and our subsidiaries) and along our value chain (i.e., suppliers, contractors, customers), as well as the level of involvement under each topic area. This report also details the management approaches, actions taken and results

in each chapter with regards to impacts on the company; impacts that occur in the subsidiaries within the organization and entities along the value chain are primarily described in the management approach for the topics.

- Hotai Motor's Involvement
- Directly Linked
 - ▲ Caused or Contributed to
 - ◆ Business Relationship

Material Topic	Entity Name	Entities Within the Organization				Entities Outside the Organization								
	Material Topic	Hotai Motor	Subsidiary				Main Supplier			Dealer				User
			Hotai Finance	Hotai Leasing	Hozan Investment	Hotai Insurance	Kuozui Motors	Toyota	Hino	Toyota Dealers	Lexus Dealers	Chang Yuan Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	Car Owner
Economic	Economic Performance	●			●			▲				◆		
	Anti-Corruption	●										◆		
	Anti-Competitive Behavior	●			●							◆		
Environmental	Energy											◆		◆
	Emissions											◆		◆
Social	Customer Health and Safety	●			●			▲				◆		◆
	Marketing and Labeling	●			●			▲				◆		◆
	Customer Privacy	●			●			▲				◆		◆
	Socioeconomic Compliance	●			●			▲				◆		◆

Step 4 Management Approach for Material Topics and Alignment with UNSDGs

Achieving the United Nations Sustainable Development Goals requires the collective efforts of businesses and governments. As part of our efforts to move towards this common goal, we continue to align our sustainability reporting with GRI standards, corporate sustainability, and SDGs. In managing material topics and setting goals, we follow the five steps—understanding the SDGs, defining priorities, setting goals, integrating, reporting and communicating—in the SDG Compass developed by the UN Global Compact (UNGC), World Business Council for Sustainable Development (WBCSD)

and GRI to define relevancy. So far, we have identified four relevant sustainability goals including SDGs 8, 12, 13 and 16 that align with our work. In the process of defining these topics, we have also discovered that the higher a SDG’s risk has on our operations, the more opportunities it could potentially bring, indicating a positive correlation between the two factors. To that end, we have committed to incorporate SDGs that align with our work into the core development strategies of our corporate social responsibility and vision, minimizing the risks and turning them into opportunities.

Aspects	Material Topics	Policy Commitments	Action Plans		Effectiveness			Communication	SDGs	
		Management Approach, Policies, and Public Commitment	Actions Taken to Manage the Topic to Enhance Positive Impacts	Actions Taken to Mitigate, Prevent, or Remediate Potential Negative Impacts	Performance Indicator	Short, Medium, and Long-term Objectives	2021 Progress	Target Stakeholders the Company is Seeking to Communicate With		How the Objectives and Action Plans are Communicated to Stakeholders
Sustainable Operations	Corporate Governance and Business Ethics	<ul style="list-style-type: none"> Conduct Board company-wide training 	<ol style="list-style-type: none"> Remain at the top 5% in the corporate governance ranking Regularly host investor conferences 	<ul style="list-style-type: none"> Conduct Board/ Company-wide training 	<ul style="list-style-type: none"> Remain at the top 5% in the corporate governance ranking 	<ul style="list-style-type: none"> Becoming the benchmark enterprise for corporate governance 	<ul style="list-style-type: none"> We ranked top 6-20% among listed companies in the 8th Corporate Governance Evaluation. Going forward, we will continue to enhance our corporate governance practices in the following areas: <ol style="list-style-type: none"> Interim report will require the approval of the Audit Committee and the Board of Directors Once a year, an internal evaluation will be conducted on the performance of functional committees (i.e., Remuneration Committee and Audit Committee) Upload and file an English version of the sustainability report Report information regarding the governance and risk management of climate risks and opportunities to the TCFD framework 	<ul style="list-style-type: none"> Shareholders/ investors and regulatory authorities 	<ol style="list-style-type: none"> Annual shareholders meeting Investor conferences Investor Relations section on our website 	
	Risk and Crisis Management	<ul style="list-style-type: none"> Regularly conduct risk assessment 	<ul style="list-style-type: none"> Regularly conduct risk assessment 	<ul style="list-style-type: none"> Anticipate and prevent risks 	<ul style="list-style-type: none"> Zero critical incidents 	<ul style="list-style-type: none"> Conduct risk assessment annually and achieve zero critical incidents 	<ul style="list-style-type: none"> Shareholders/investors, regulatory authorities, and suppliers 	<ul style="list-style-type: none"> Shareholders/ investors, regulatory authorities, and suppliers 	<ol style="list-style-type: none"> Annual report Sustainability report Announcement of material information 	

Aspects	Material Topics	Policy Commitments	Action Plans		Effectiveness			Communication		SDGs
		Management Approach, Policies, and Public Commitment	Actions Taken to Manage the Topic to Enhance Positive Impacts	Actions Taken to Mitigate, Prevent, or Remediate Potential Negative Impacts	Performance Indicator	Short, Medium, and Long-term Objectives	2021 Progress	Target Stakeholders the Company is Seeking to Communicate With	How the Objectives and Action Plans are Communicated to Stakeholders	
Automotive Industry	Customer Safety	<ol style="list-style-type: none"> Product certification Environmental health and safety management system 	<ul style="list-style-type: none"> Strictly comply with relevant laws and regulations 	<ol style="list-style-type: none"> Product recalls Submit an improvement plan based on the recommendations given to improve the deficiencies found during due diligence 	<ul style="list-style-type: none"> No major product quality incident 	<ul style="list-style-type: none"> No major product quality incident 	<ul style="list-style-type: none"> No major product quality incident 	<ul style="list-style-type: none"> Customers and dealers 	<ol style="list-style-type: none"> Product manuals Product advertising materials Internal communications 	
	Product and Service Quality	<ol style="list-style-type: none"> Product management system Customer service system Regularly monitor market conditions and relay the information to dealers and suppliers 	<ol style="list-style-type: none"> Product certification Dealer rating system 	<ol style="list-style-type: none"> Product recalls Submit an improvement plan based on the recommendations given to improve the deficiencies found during the audit 	<ul style="list-style-type: none"> No major product quality incident 	<ul style="list-style-type: none"> Maintain the largest market share 	<ul style="list-style-type: none"> No major product quality incident 	<ul style="list-style-type: none"> Customers, dealers, and suppliers 	<ol style="list-style-type: none"> Product manuals Product advertising materials Supplier management guidelines Advertising channels 	
	Customer Privacy Protection	<ol style="list-style-type: none"> Privacy policy briefing Disclose customer relationship management activities and results Information Security Committee progress report 	<ol style="list-style-type: none"> Strictly comply with applicable privacy laws and regulations Communicate privacy policy to stakeholders Disclose customer relationship management activities and results Information Security Committee progress report 	<ul style="list-style-type: none"> Provide the best solutions to meet the needs and expectations of customers and funnel customer concerns and suggestions to appropriate departments for actions of improvement 	<ul style="list-style-type: none"> No major breaches of customer privacy 	<ul style="list-style-type: none"> No major breaches of customer privacy 	<ul style="list-style-type: none"> No major breaches of customer privacy 	<ul style="list-style-type: none"> Customers and dealers 	<ol style="list-style-type: none"> Annual report Sustainability report 	
	Brand Management and Marketing	<ol style="list-style-type: none"> reate an annual brand marketing plan Communicate the latest news from within and outside the organization to employees through press release and Hotai newsletter that's regularly published Host new vehicle test drive event for the press so that they can gain firsthand experience and increase their understanding of our products 	<ol style="list-style-type: none"> Organize a variety of events based on the themes of our community engagement and encourage employee participation of volunteering Disseminate information about our community engagement activities 	<ol style="list-style-type: none"> Product recalls Establish a crisis management protocol 	<ol style="list-style-type: none"> No major product quality incident Achieve annual and interim sales targets Disclose important company information regularly and on a timely basis 	<ul style="list-style-type: none"> Maintain the largest market share 	<ol style="list-style-type: none"> No major product quality incident Achieved annual and interim sales targets Disclosed important company information regularly and on a timely basis 	<ul style="list-style-type: none"> Customers and dealers 	<ol style="list-style-type: none"> Sales meetings with dealers Customer events, product launch event/ test drive event TV/print advertising/ press release Hotai newsletters Social media posts and emails 	

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner



Corporate Governance

Environment

Employee Care

Community Service

Appendix

Aspects	Material Topics	Policy Commitments	Action Plans		Effectiveness			Communication	SDGs	
		Management Approach, Policies, and Public Commitment	Actions Taken to Manage the Topic to Enhance Positive Impacts	Actions Taken to Mitigate, Prevent, or Remediate Potential Negative Impacts	Performance Indicator	Short, Medium, and Long-term Objectives	2021 Progress	Target Stakeholders the Company is Seeking to Communicate With		How the Objectives and Action Plans are Communicated to Stakeholders
Economic	Operational and Financial Performance	<ul style="list-style-type: none"> 1.Regular presentation of our business performance to the public 2.Timely disclosure of important financial and operational information 3.Discuss and confirm the annual targets with each dealer and brief them on the annual sales focus 	<ul style="list-style-type: none"> 1.Regular presentation of our business performance to the public 2.Timely disclosure of important financial and operational information 3.Discuss and confirm the annual targets with each dealer and brief them on the annual sales focus 	<ul style="list-style-type: none"> Submit an improvement plan based on the recommendations given to improve the deficiencies found during due diligence 	<ul style="list-style-type: none"> Complete the disclosure of all financial and operational information according to regulatory requirements 	<ul style="list-style-type: none"> Maintain the largest market share 	<ul style="list-style-type: none"> No.1 market share 	<ul style="list-style-type: none"> Shareholders/ investors and regulatory authorities 	<ul style="list-style-type: none"> 1.Announcement of monthly revenues 2.Quarterly financial report 3.Annual financial report 4.Investor Relations section on our website 	
		<ul style="list-style-type: none"> TOYOTA Environmental Management System, ISO14001, and ISO14064 	<ul style="list-style-type: none"> Annual target to reduce carbon emissions by 3% 	<ul style="list-style-type: none"> Annual target to reduce carbon emissions by 3% 	<ul style="list-style-type: none"> Annual target to reduce carbon emissions by 3% 	<ul style="list-style-type: none"> Reduce carbon emissions by 18% from a 2019 baseline by 2025 	<ul style="list-style-type: none"> Reduced carbon emissions by 9% from a 2019 baseline 	<ul style="list-style-type: none"> Shareholders/ investors/TOYOTA dealers/third-party verification organizations, and regulatory authorities 	<ul style="list-style-type: none"> 1.Annual report 2.Campaign videos 3.Social media platforms 	
Environmental	Climate Adaptation									



1.5 External Engagement

Name of Organization	Title
Third Wednesday Club	Member
Commerce Development Research Institute	Director
The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Director
Importers and Exporters Association of Taipei	Member
Taiwan Japan Association for Business Communication	Director
The Japanese Chamber of Commerce & Industry Taipei	Member
Taiwan Corporate Governance Association	Member
Taiwan Stock Affairs Association	Member
Taipei Automobile Distributor Association	Member
Taiwan Transportation Vehicle Manufacturers Association	Member
Taiwan Automobile Repair Industry Association	Member
Chinese East Asia Economic Association	Member
Taiwan Institute of Directors	Member
Center for Corporate Sustainability	Director

1.6 2021 Awards and Honors

Awards

8th Annual Corporate Governance Evaluation Ranking Among the Top 6-20%

Description

Ranks in the top **5%** among TWSE listed companies in the last **4** years

Organization Giving the Award




Awards

2021 TCSA Taiwan Enterprise Sustainability Award

Description

6th consecutive year

Organization Giving the Award




Awards

#10 in the 2021 Commonwealth Magazine CSR Corporate Citizenship Award

Description

7th consecutive year and a second-time nomination as top **10** finalists in 2021

Organization Giving the Award




Awards

Gold award in The Best Service in Taiwan 2021

Description

6th consecutive year

Organization Giving the Award




Awards

#1 Most Trusted Brand Voted by Common Health Magazine Readers in the auto category in 2021

Description

4th consecutive year

Organization Giving the Award






97.7%

Average supply rate of automotive parts in the last three years

1.1million

Number of users signed up for **Hotai Pay** in two months

20 consecutive years

as the number one company in Taiwan's automotive industry

Over 97%

2021 customer satisfaction score

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

Our people-first culture is what enables us to maintain a leading position in Taiwan's automotive industry for 20 consecutive years. From car viewing and sales, to aftersales support and maintenance, we consistently provide high-quality, trusted services. Customer feedback and expectations are what drive us to continuously progress. By keeping people at the heart of every decision we make, we are creating a driving experience that exceeds customers' expectations.



2.1 "Happiness at TOYOTA" Service Culture

At Hotai Motor, we put people at the center of everything we do. We are deeply invested in both customer experience and employees' job satisfaction. Our vision is to work together to create a happy workplace for employees—a fun and enjoyable working environment at TOYOTA. We believe that increased employee satisfaction leads to stronger performance in customer satisfaction and thereby build customer loyalty over time.

Hotai Motor and our TOYOTA dealers periodically review the work environment and work-life balance of employees, sales staff, and customer representatives for aftersales support, and offer benefits based on the needs of employees, including wellness programs, work environment and facility upgrade, family events for employees, on-the-job training, and a wide range of incentives. By ensuring that our employees are well taken care of, we are better positioned to deliver a more personal service to customers through our expertise. (More information can be found in the Employee Care section in this report.)

We also commit significant resources to delivering personalized solutions—personalized customer experiences that exceed their expectations. Some of these efforts include incorporating local cultures into our service procedures, creating a desirable atmosphere and design for the customer lounge, offering a variety of family and interactive activities, introducing brand new digital service, and inviting local communities to our events—all of which are aimed to appeal to owners as a brand with a personal touch.

The "Happiness at TOYOTA" Concept

- Working together to create a happy workplace for our employees—a fun and enjoyable working environment at TOYOTA
- TOYOTA, the **Best in Town**
- Dedicated efforts to delivering personalized services for our customers as part of their "Happiness at TOYOTA" experience as car owners

Hotai Motor's Chairman, President, Executive Vice President and Heads of our Business Groups collectively making a statement expressing our commitment to a corporate culture of customer satisfaction; a message from the President encouraging everyone in the Hotai Motor family.

Routinely hosting cross-functional CS Committee meetings and dealers presentations of financial results, as well as getting together with dealers monthly to review results

TOYOTA SSI/CSI

Offering customer satisfaction training courses each year and introduce group-wide online CS training, inspiring employees to reimagine the customer service experience.

Creating a Culture that Prioritizes Employee Satisfaction and Customer Satisfaction

Our commitment to the "Happiness at TOYOTA" service culture will continue to be the driving force behind our efforts to increase employee satisfaction and customer satisfaction. We aspire to create an enjoyable working environment by enhancing employee engagement and boosting morale, and providing a place where employees can play to their strengths and be creative, thereby delivering a personalized service experience for our customers beyond their expectations.



At a Glance: A History of Our Service Culture and Strategies

2016

A team that works together to deliver personalized services

2015

A trusted team that demonstrates care to our customers

2014

"High 5", a high-performance team

2016	2017~2021	
<h4 style="color: #008080;">Only for YOU The Key to Activate Service Culture</h4> <ul style="list-style-type: none"> ▶ Reinforcing the customer service (CS) culture ▶ Encouraging new ideas, refining policies, activating key components, and making work enjoyable ▶ Employee satisfaction leads to customer satisfaction (talent development) 	<h4 style="color: #008080;">Happiness at TOYOTA</h4> <ul style="list-style-type: none"> ▶ TOYOTA, the happiness culture ▶ Creating a workplace culture where employees find enjoyable ▶ Delivering an enjoyable driving experience for TOYOTA owners ▶ Involvement and support of dealers ▶ Developing services that are tailored to the local communities at our dealerships and sales locations ▶ Knowledge exchange and presentations of financial results 	<h4 style="color: #008080;">Happiness at TOYOTA</h4> <ul style="list-style-type: none"> ▶ Talent Spark: encourage employees to incorporate proposals to support marginalized groups into their innovative projects ▶ Custom mascot to boost morale: partner with dealers to organize surprise activities for employees who receive recognition for their outstanding performance ▶ Best service center contest: select the best service center based on their ES/CS performance ranking ▶ Cross-industry customer experience events: host digital customer experience events that offer free access to magazines, movies, and music



2.2 Customer Relationship Management

We Listen Intently to Customers' Needs

2.2.1

The "Happiness at TOYOTA" service culture serves as a foundation for our commitment to putting customers first. By having the needs of customers at the heart of everything we do, we aspire to create personalized experience with a human touch for each customer interaction with TOYOTA.

The comments and feedback of our customers are the driving force for the progress of our business. In 1990, Hotai Motor established a customer service center and a 0800 toll-free hotline to receive and handle inquiries and complaints from customers through a unified system. The standardized management mechanism allows us to thoroughly review the feedback of each customer and make improvements accordingly. In 2005, we were the first in the industry to develop a professional customer service information system, which syncs data from the dealers' platforms to ours and enables us to effectively track the progress of customer complaint handling. In 2016, TOYOTA customer service center became ISO 10002 certified. In 2017, we went on to introduce several mechanisms to improve overall service quality and customer relationship including 0800 Post-Call Customer Satisfaction Survey, VOC (Voice of Customer) information sharing program, and complaint receipt and resolution SMS notification to customers. Through these systematic management procedures, we continue to improve our customer service quality and strengthen customer relationship.

In light of customers' increasing needs of Internet access we introduced the TOYOTA customer service chatbot, an AI-powered service, in 2019, which provides real-time responses to customers and enhances customer experience. In 2020, we continued to improve our service chatbot capabilities by expanding our FAQ database. In addition to existing sales/service topics, we expanded the question datasets to include video and audio accessories, brand activities, mobile apps, and survey sweepstakes. We added topics related to our affiliate businesses, including loans, boutique, insurance, and used cars. In the meantime, we also set up an owners section on our website, providing car owners the convenience of businesses an one-stop shop for customized services. In 2021, TOYOTA customer service chatbot was steadily upgraded to become the main source of VOC handling, responsible for over 60% of the incoming customer inquiries. The chatbot allowed us to successfully divide customer service into different channels, and transform our customer service interactions. In 2020, Lexus introduced a customer service chatbot as well.

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

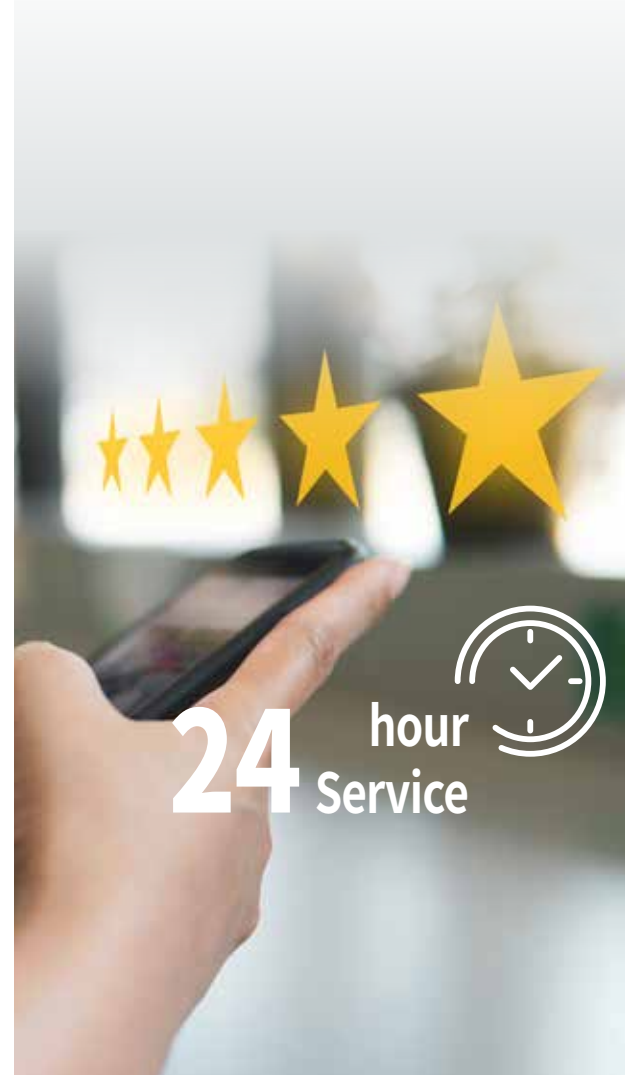
Employee Care

Community Service

Appendix

Customer Feedback Channels

Harnessing customer input and feedback has remained one of our top priorities. We maintain open communication with owners of our vehicles through multiple channels, including a 24-hour toll-free hotline, customer service hotline, our corporate website with an AI-powered customer service chatbot, customer satisfaction survey (e.g. phone interview, paper survey, online survey), and mobile apps. By fostering an environment where customer voices are heard and valued, we turn customer feedback into opportunities to deliver quality service.

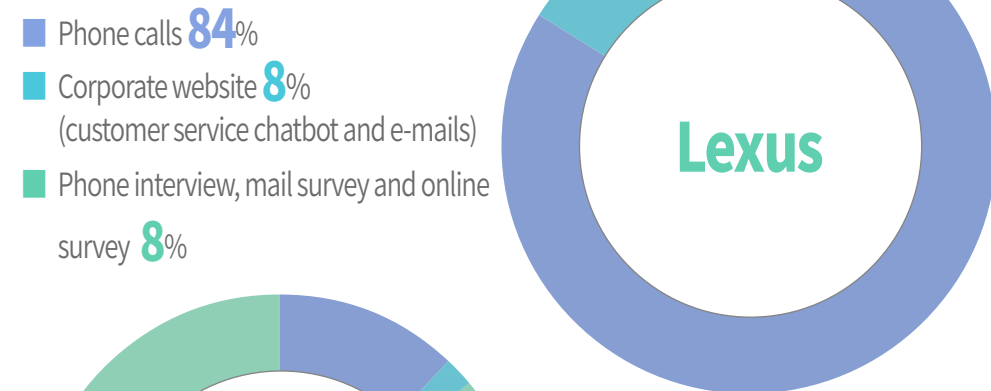
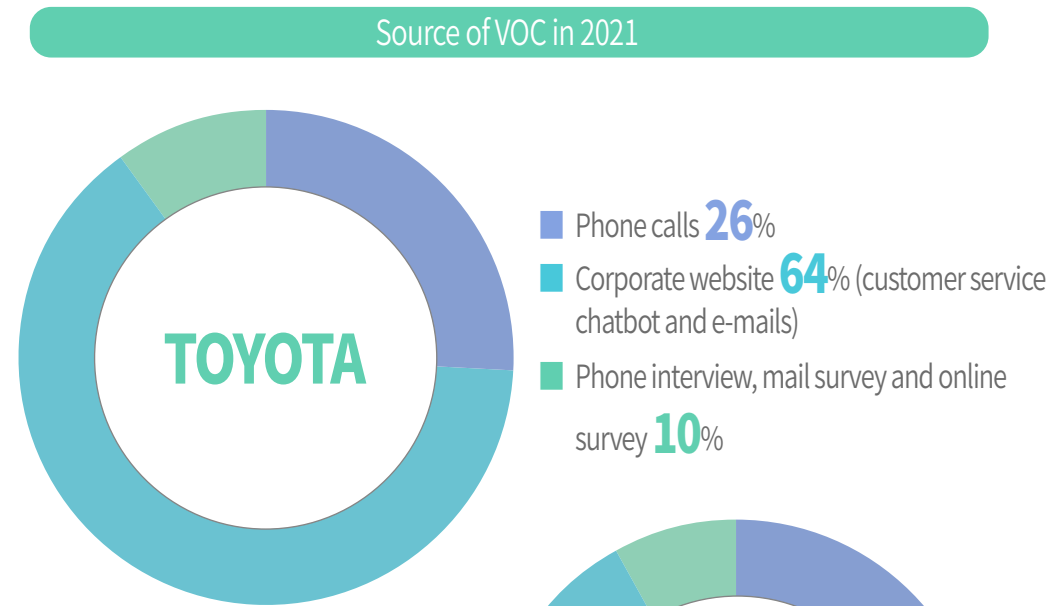


	TOYOTA	Lexus	HINO
24-hour Customer Service Hotline	0800-221-345 (02) 5599-7299	0800-036-036	0800-522-567
Corporate Website	www.toyota.com.tw	www.lexus.com.tw	www.hino.com.tw
Phone Interview	<ul style="list-style-type: none"> ■ Calls are made to all customers ■ SSI respondents: owners first sent out to owners whose new car delivery were carried out more than seven days ago; ■ CSI respondents: a text message is first sent out to owners who have picked up their cars from the shop for more than three days after being serviced; if the message remains unresponded, a follow-up call will be made to the car owner after seven days. 	<ul style="list-style-type: none"> ■ Calls are made to all customers ■ SSI respondents: a text message is first sent out to owners whose new car delivery were carried out more than seven days ago; if the message remains unresponded, a follow-up call will be made to the car owner. ■ CSI respondents: a text message is first sent out to owners who have picked up their cars from the shop for more than three days after being serviced; if the message remains unresponded, a follow-up call will be made to the car owner. 	<ul style="list-style-type: none"> ■ CSI respondents: a LINE survey is first sent out to owners who have picked up their cars from the shop after being serviced; if the survey remains unresponded, a follow-up call will be made to the car owner. ■ Monthly random sampling ■ SSI respondents: owners who have registered their plates in a given month (sample size: 80 respondents) ■ CSI respondents: owners who have brought their cars in for service in a given month (sample size: 80 respondents)
Paper and Online Survey	<ul style="list-style-type: none"> ■ Monthly random sampling by sending paper and online surveys to assess the level of customer satisfaction ■ Owners who have taken delivery of their new cars (sample size: 8,000 respondents per quarter) ■ Owners who have brought their cars in for service (sample size: 15,000 respondents per quarter) 	<ul style="list-style-type: none"> ■ Monthly random sampling by sending paper or online survey to assess the level of customer satisfaction. In 2022, a follow-up question was added in the survey using skip logic regarding long-term underperforming service categories to find out the root cause of low customer satisfaction. ■ SSI respondents: owners who have taken delivery of their new cars within three months (sample size: 1,000 respondents) ■ CSI respondents: owners who have picked up their cars from the shop within three months after being serviced (sample size: 2,000 respondents) 	<ul style="list-style-type: none"> ■ Online survey are sent to customers who registered their plates or brought their cars in for service to assess the level of customer satisfaction ■ SSI respondents: a QR code/LINE link to the SSI survey is provided to owners who have registered their plates when they take delivery of their new cars ■ CSI respondents: owners who have brought their cars in for service will receive a LINE message the following day with a link to the survey (sample size: 800 respondents per month)
Mobile App	<ul style="list-style-type: none"> ■ All-in-one lifestyle mobile app, My Toyota ■ https://www.toyota.com.tw/app/citydriver/ 	<ul style="list-style-type: none"> ■ All-in-one lifestyle mobile app, Lexus Plus ■ https://www.lexus.com.tw/app/lexusplus/ 	<ul style="list-style-type: none"> ■ LINE@HINO Commercial Vehicles ■ https://page.line.me/hino_tw

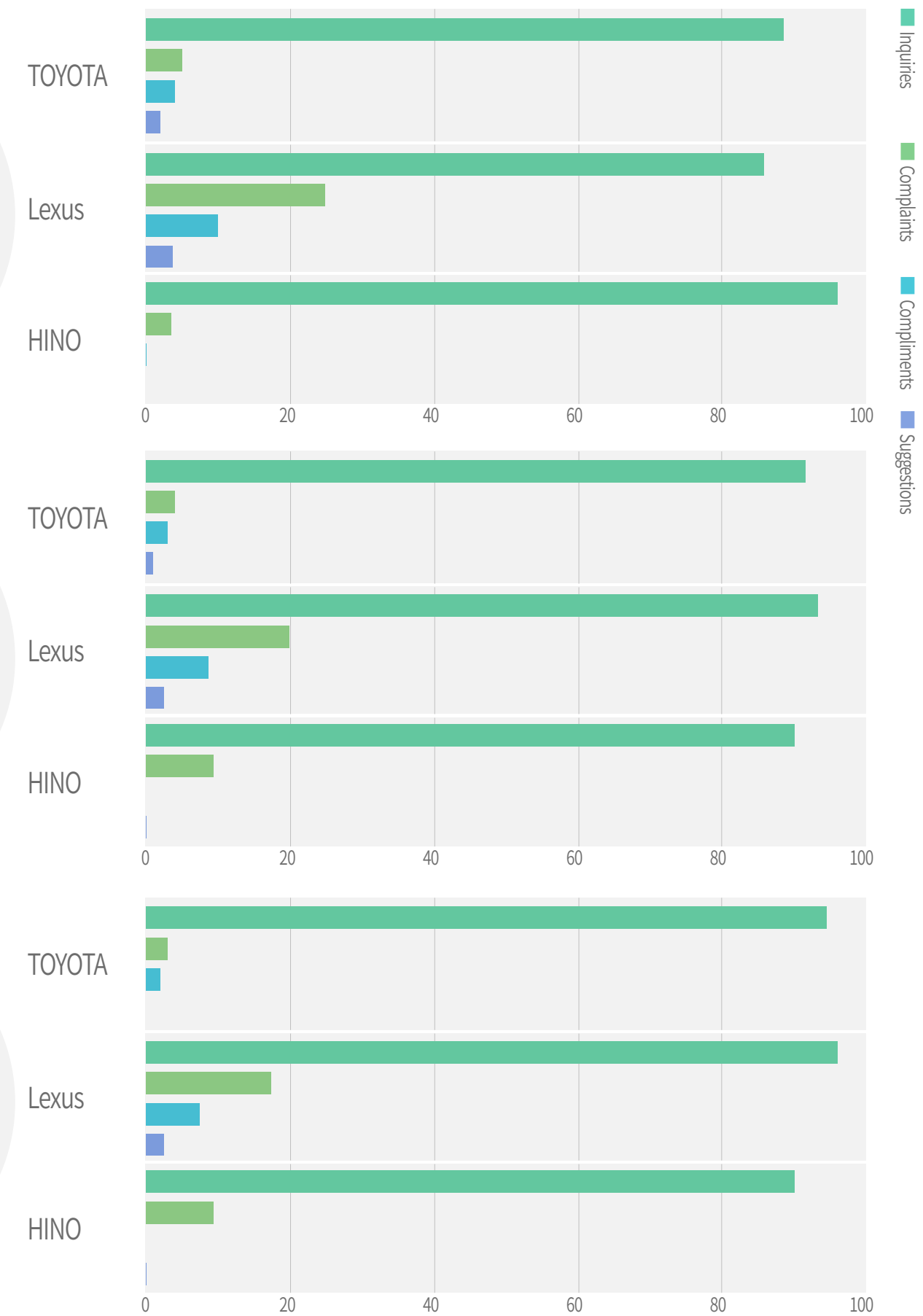
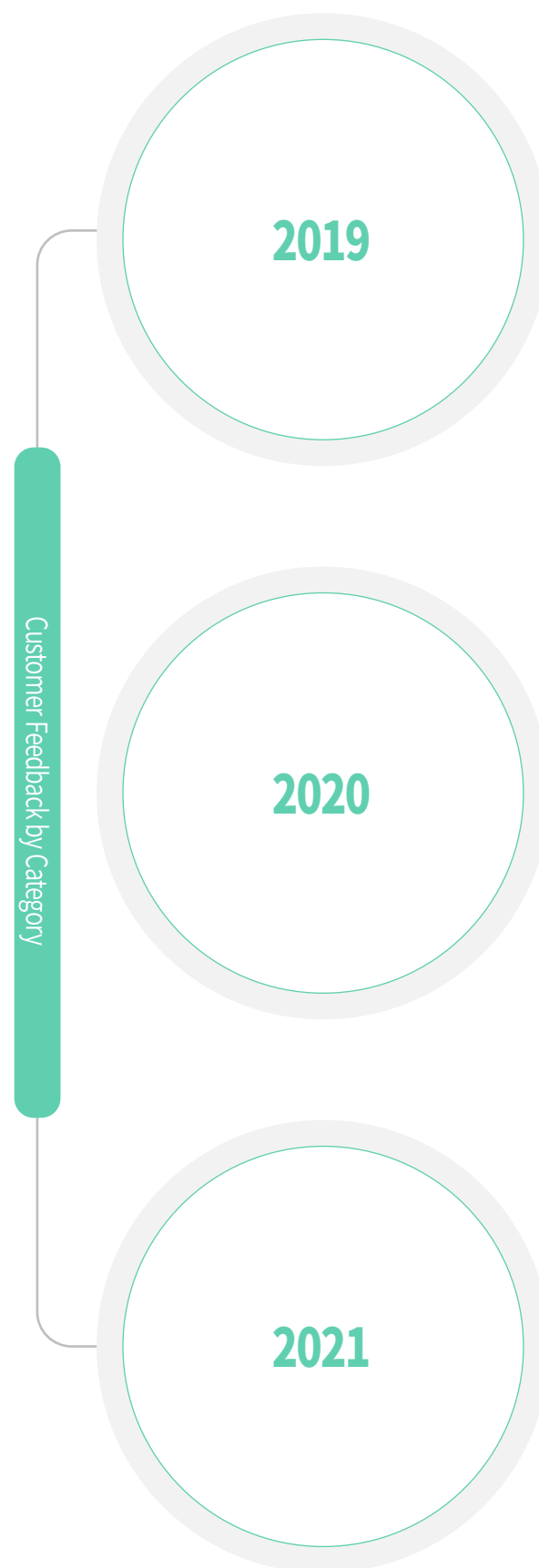
Note: SSI: Sales Satisfaction Index; CSI: Customer Service Index

Responding to Customer Feedback

VOC data sharing enables us to actively respond and understand customer needs. Customer feedback is organized into four categories: inquiries (general customer inquiries), complaints (dissatisfaction with customer service expressed by customers), compliments (affirmation and encouragement expressed by customers towards the service personnel or service received at the sales locations), and suggestions (suggestions from customers on what the company or personnel can improve on that have not amounted to a complaint).



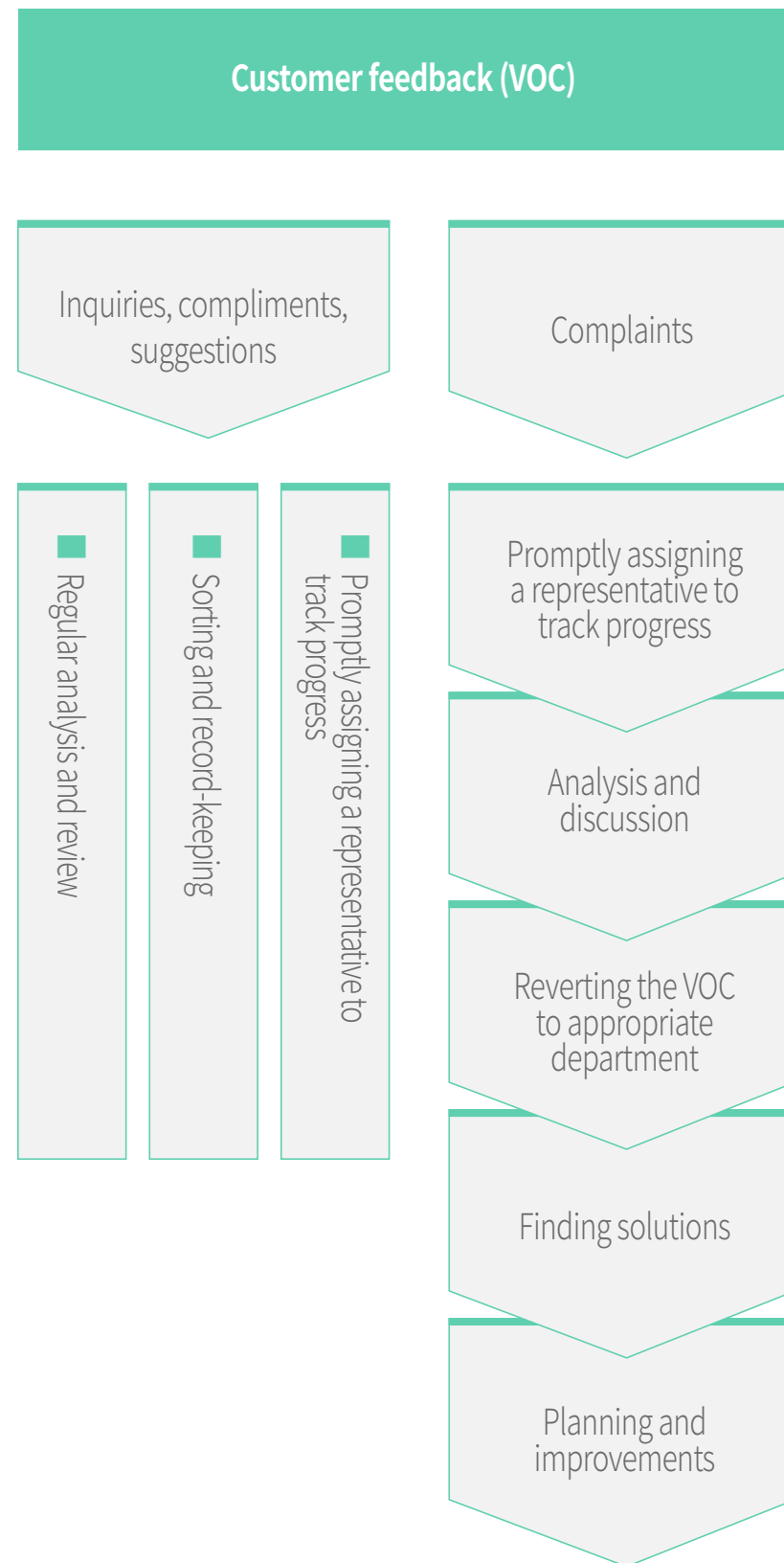
<ul style="list-style-type: none"> Phone calls Corporate website Customer service chatbots + emails 	Business Units TOYOTA and Lexus: Customer service departments HINO: Commercial Vehicles Technical Training Office
<ul style="list-style-type: none"> Phone interview, mail survey and online survey 	Business Units Except for TOYOTA where phone interviews are conducted by dealers, all other interviews and surveys are conducted by external providers.



A representative from a dedicated team will be assigned to track the progress of the complaints within a prescribed time frame, and the concerns will be funneled to the appropriate departments for research and discussion in order to further formulate plans for improvement. Each VOC is properly handled by an assigned customer service manager to track progress.

- Words Of The Operator
- About Hotal
- Sustainable Management
- Customer Services**
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

Customer Feedback Process



Customer Satisfaction

At Hotai Motor, we put the customer at the heart of everything we do. From new vehicle sales to aftersales support, we ensure that we get everything right down to the last detail so that customers can receive the best service. Our efforts to understand customers' needs and listen to their voices include periodic audit on service quality and standard operating procedures, as well as engaging external market research companies to conduct customer satisfaction survey in order to refine our service quality and exceed customer expectations.

Customer feedback that are collected through a variety of customer satisfaction survey methods (e.g., phone interview and mail survey), is handed over to the Customer Service Center. We also require dealers and first-line representatives to implement improvements based on customer feedback to enhance customer satisfaction. In 2021, all results from each of the customer satisfaction surveys have met the target value. Over the years, we have made significant efforts to educate employees on the importance of customer satisfaction. We believe that employee satisfaction is the foundation of customer satisfaction. The participation of top management and timely improvement on the sales floor by first-line representatives. By consistently cultivating empathy in our employees, we believe that we will earn customer trust and maintain TOYOTA's leading position in the market.

Brand	Survey Method	2019	2020	2021	2022 Target
TOYOTA	SSI phone interview (score)	9.7	9.81	9.82	9.82
	CSI phone interview (score)	9.7	9.70	9.71	9.71
Lexus	SSI (completion rate)	99%	99%	99%	95%
	CSI (completion rate)	99%	99%	99%	95%
	SSI (satisfaction score)	990	991	990	980
	CSI (satisfaction score)	985	984	986	975
HINO	CSI-Survey	97.4	96.1	95.8	93
	SSI-Survey (satisfaction score)	94.8	98.3	98.2	95

Summary of survey methods:

TOYOTA

- SSI phone interview (score): the average satisfaction score of all TOYOTA sales locations, with 10 being the highest score.
- CSI phone interview (score): the average satisfaction score of all TOYOTA service centers, with 10 being the highest score.

Lexus

- Survey completion rate: the average score based on the completion rate of all Lexus sales locations and service centers, with 100% being the highest score.
- Survey satisfaction score: the average of customer satisfaction score of all Lexus sales locations and service centers (on a 1000 point scale).

HINO

- CSI survey: the average satisfaction score of all HINO service centers (on a 100 point scale).
- SSI online survey: the average satisfaction score of all HINO service centers (on a 100 point scale). Instead of phone interviews, SSI was conducted through online survey in 2020; the scoring system was also revised.

Mobility Service—My Toyota and Lexus Plus

We are committed to delivering convenient and safe driving experience for car owners. In 2013, we launched My Toyota and Lexus Plus, two mobile apps that support nine must-have features for drivers as an industry first, emphasizing the concept of all-in-one lifestyle. In addition, TOYOTA and Lexus owners are given access to an exclusive "Vehicle Assistant" feature to assist car owners use one single account across track of maintenance information of their vehicles. The apps also feature maintenance alerts and online service scheduling, as well as e-coupons available from time to time to make maintenance and service convenient for car owners. In November 2020, we introduced the Hotai Loyalty Program. Car owners can now use one single account and enjoy all the affiliated services offered by the Group, offering owners the convenience to use one single account across different platforms. Moreover, in October 2021, we launched our brand-new digital services, Hotai Pay and Hotai Points, creating a membership system and multiple payment methods, and delivering an enhanced digital service experience for car owners. The services have an average of over 500,000 active users monthly and an accumulative of 1.1 million registered users in 2021; this year, we are working towards achieving 2 million registered users. Going forward, we will continue to dedicate our efforts in delivering more diverse, convenient, and safe driving experience and mobility service to the public, thereby benchmarking our corporate social responsibility progress. Starting May 2022, HINO will introduce the Hi HINO app. Hi HINO integrates the vehicle assistant function, Hotai Points, Hotai Pay, and a map of the best truck stops, into one app, and periodically sends push notifications of customer service and brand information, which offers a more streamlined experience for users.



New Generation of Service Workshops—TOYOTA Satellite Workshops

Since 2017, Hotai Motor has been conducting the studies on customer behaviors about the car maintenance. Through our studies, it's observed that "location" and "speed" are what our customers care about most. After two years of planning, Hotai Motor introduced the very first Satellite Workshop in the industry, providing maintenance, basic repair and parts replacement service. By the end of 2021, we've launched 30 TOYOTA Satellite Workshops and served 55,000 customers in total, with a 96%

satisfaction rate and a 98% rate of willingness to revisit. Hotai Motor aims to expand to 100 Satellite Workshops by 2024, together with 123 Regular Workshops, there will be a total of 223 TOYOTA service locations nationwide providing customers with a convenient after-service network.



Customer Relationship Management

2.2.2

The automotive industry today has evolved from a traditional manufacturing industry to a vehicle servicing one. As such, building strong and long-lasting relationships with customers to gain their trust becomes the cornerstone to thrive in this industry. By actively reaching out to customers about their overall driving experience, hosting a variety of customer events, and connecting via digital media, we hope to create relatable daily experience and real-time interactions with customers, demonstrating our service expertise and passion as we live out the vision of "Think Amazing".

TOYOTA

Vehicle Purchase and Delivery	Customer Care	A Variety of Customer Events
Once the customer places an order, the information is logged into the 1-follow system and a outlet manager will make a follow-up call to the customer to confirm the order.	Provide Toyota car owners with car care, insurance renewal, periodic maintenance, car inspection reminders and other services. After the customer returns to workshop, he will receive the APP push satisfaction questionnaire the next day. If there is no reply, a SMS will be notified on the third day. If the customer still does not fill in the form, we will call the customer on the seventh day. These efforts are designed to ensure that every customer is satisfied with their useage and maintenance experience.	We work with our dealers to host a variety of owners events periodically. These events include DIY for families, health and road safety lectures, environmental sustainability and public welfare activities, online community interactions, little technicians camps, holiday parties, and customer lounge digital interactive activities. These events increase our interactions with owners and reinforce the idea of sustainability, thereby enhancing brand service as we build relationship with owners.
Customers are called 7 days after vehicle delivery to learn about their buying experience, ask about their vehicle usage, gather feedback, and verify contact information.		

Lexus

Taking the Initiative to Reach Out	Visits from Sales Representatives	Customer Events	Quarterly Magazine
Vehicle purchase experience: A call is made to the customer seven days after taking delivery of their vehicle to inquire about their vehicle use, collect feedback and verify contact information.	We extend invitations to and engage with Lexus owners. We also send birthday gifts every year to owners who made their purchase within the last five year.	We work with dealers to host a variety of owner events in different themes, such as craftsmanship food and travel, art and culture, sports and fitness to facilitate interactions with owners. We also use event feedback survey to investigate customers' interests and suggestions regarding the event.	We include a survey at the back pages of every issue of the Lexus magazine to ask owners (approximately 160,000 owners) about their level of interest towards each section of the magazine to help us create topic contents that better align with their interests.
Vehicle service experience: A call is made to the customer within three days after vehicle is picked up from the service center to inquire about their vehicle use in order to survey the customer about their experience with the service or maintenance.			

Voluntary Recalls

For Hotai Motors, the safety and interests of our customers have always been our top priorities. We consistently perform testing and sampling inspections on our vehicles and parts, and the standardized assembly process has also received numerous audits and inspections. While vehicle safety defects and recalls are ultimately inevitable, the recalls demonstrate how manufacturers carry out their responsibility to protect customers. We take the interests of our customers seriously . We would send out an immediate "Safety Recall Notification Letter" signed by our president to owners via registered mail whenever TMC notifies us of any recalls. The letter explains the reason for the recall, potential impact of the defect, actions taken, the time needed for repair or replacement, recall timeframe, as well as an apology to customers for any inconvenience caused.

HINO

Sales Representative	Sales Manager
A complimentary gift is given to customers at the time of delivery of the vehicle. A call is made to the customer three days after taking delivery of the vehicle to inquire about their vehicle use	A call is made to the customer seven days after taking delivery of the vehicle to inquire about their vehicle use, investigate the execution of vehicle delivery, and encourage the customer to bring their vehicle in for service after the first thousand kilometers

In 2021, TOYOTA issued five voluntary recalls that affected 4,742 vehicles. Our commitment to acting with honesty, responsibility and taking the initiative to quickly address and fix the issues reinforces confidence in our customers to fully enjoy the comfort and delight of vehicle use.

Reason for Recall	Number of Vehicles Involved
High pressure fuel pump replacement on C-HR model	4,149
Brake booster assembly reprogramming on Prius model	127
Fuel pump replacement on 86 model	76
Hybrid ECU reprogramming on Prius PHV model	55
Engine control ECU reprogramming on GR Supra model	335

- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

Hotai Motor always has a different vision for the future of product design and production. We continue to make good use of emerging energy to meet the needs of different consumers and create a new chapter of comprehensive kinetic energy, Hotai Motor will innovate the power lineup, deploy a diverse and complete power combination, and create a unique new sense for consumers by.



2.3 Product Design and Manufacturing

Introducing Products that Match Market Needs—Hybrid Vehicles, Sustainability and Convenience Combined

2.3.1

Customer needs has always been one of our top priorities. Before the implementation of any new product and parts, we study trends, demands, behaviors and background information of new vehicle buyers using the New Car Buyers Study (NCBS) database. Prior to every vehicle launch and during the initial stage of a product launch, we dialogue with suppliers and conduct interviews with dealers in order to predict future consumer behaviors by following market trends.

Product Implementation Evaluation Process

Market Research

Study the needs, behaviors and background information of new vehicle buyers using the New Car Buyers Survey (NCBS) database and DLR hearing, and analyze future consumer trends.

Prior to Vehicle Launch

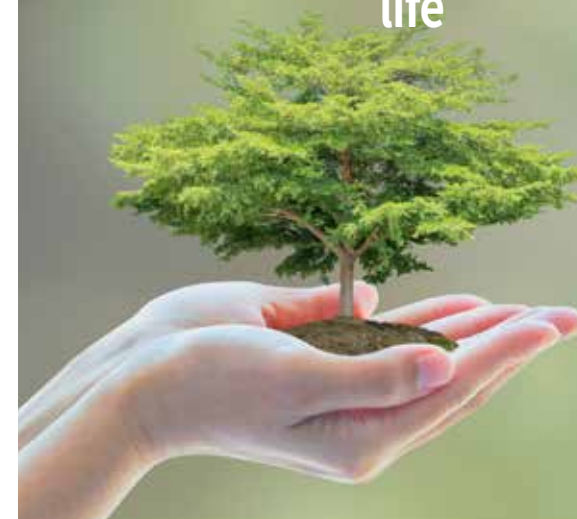
Communicate annual product plan and provide the latest regulations to TMC to ensure that new vehicles will have completed the certifications on emissions, noise level, fuel economy, and safety reviews prior to the launch.

Early Stages of Product Launch

Through interviews with dealers, we observe how customers respond to the products based on their feedback. If there are needs to be matched, we then discuss with TMC whether the originally intended performance, design, and functions of the vehicles will be impacted in order to meet those needs to the extent that vehicle safety is not compromised.

Over the last few years, hybrids have gained immense popularity around the globe due to shifting consumer preferences as a result of growing environmental awareness. As the market leader, TMC is committed to providing products that are both environmentally friendly and consumer friendly. To align with their brand vision, Hotai Motor became the first company in the industry to introduce hybrid models supplied by TMC, offering consumers a wide variety of product options and creating a cleaner sustainable lifestyle for local consumers and the most comfortable energy-efficient experience for car owners.

purity green
life



Hybrid Sales Volume

TOYOTA		
2019	2020	2021
16,923	21,667	29,703

Lexus		
2019	2020	2021
5,106	5,747	6,386

Total		
2019	2020	2021
22,029	27,414	36,089

HINO Hybrid	
2017~2021	
300 HINO hybrid vehicles were sold from 2017 to 2021.	

Improving Product Safety Performance

2.3.2

Safety is our foundational commitment at Hotai Motor. It is our goal to achieve vehicle and road safety and zero crashes. To attain high level of safety performances, we conduct crash tests and use driver simulation and virtual anthropomorphic test device in our crash tests with the concept of integrated safety management. Our vehicles are built with safety in mind. Models under our brand are equipped with active and passive safety systems, driver assistance system, braking/suspension system, and high-strength steel car body design, offering a comprehensive set of safety features. In 2021, there were no incidents of non-compliance with regulations concerning the health and safety impacts of products and services, incidents of non-compliance with regulations concerning product and service information and labeling, or incidents of non-compliance with regulations concerning sales and marketing.

TOYOTA

- To reduce crashes and ensure road safety, we commit significant resources to implementing a comprehensive set of active and passive safety features, such as TOYOTA's advanced safety system (integrating driver-assistance system, brake assist, and safety alert system), Toyota Safety Sense (TSS), and high-strength steel car body.
- To meet consumer expectations, Hotai Motor is consistently upgrading the safety features of vehicles under our brand. For domestic vehicles, all series of our bestselling models in the segment, Corolla Altis and Corolla Cross, are packed with TSS and 7 airbags; Sienta, Yaris and Vios are also equipped with the TSS feature. For import vehicle models, all series of RAV4, Camry, C-HR, Corolla Sport, Prius, Prius α, Prius PHV, Prado, Alphard, Sienna, Hilux, and Supra are packed with TSS and 7 (or more) airbags. A total of 15 vehicle models are packed with these safety features to ensure driver and passenger safety.
- As of the end of 2021, vehicle models with TSS account for approximately 87% of the sales of all vehicle models.

Lexus

- Our luxury brand, Lexus, has made its mark by providing a quiet ride and advanced safety features. As of 2021, all Lexus series have implemented the Lexus Safety System+, an active safety feature, providing maximum protection for drivers. In addition, all Lexus hybrids and BEVs are packed with a pre-collision system to warn drivers about approaching vehicles to enhance driving safety.

HINO

- HINO trucks use advanced high-strength steel to build the cabins, together with anti-intrusion beam on the side doors, energy-absorbing wheels and features like blind-spot monitoring and lane-departure warning, the goal is to reinforce driving safety. New models of HINO buses are equipped with wide rear axle suspension system to reduce vibration and shaking, and the optimization of brake assist capability paired with the exhaust brake system increase vehicle performance during deceleration.

Driving Simulator

- We built the most advanced driving simulator in the world, a moving-base dome containing a 360-degree high-definition screen which simulates left and right turns, accelerating and braking, which recreates driving a vehicle in dangerous or special conditions.
- Study driver response and vehicle information in these crash events to continuously improve our active safety technology

Using Virtual Anthropomorphic Test Device

- TOYOTA has been developing Total Human Model for Safety (THUMS), a virtual human body model software program since 1997. The program is used to analyze injuries sustained by passengers and pedestrians in a crash event in order to understand how the internal organs of the human body are affected in vehicle collisions. We will also continue to develop more refined THUMS to simulate the body condition of different genders and age groups.
- The data acquired helps us develop passive safety technologies such as side curtain airbags and Whiplash Injury Lessening (WIL) seat design to reduce cervical spine injuries.

Crash Tests

- Analyze crash event data and conduct extensive crash testing in order to continuously implement new safety features to reduce crash fatalities

Integrated Safety Management Concept

- We believe in continual improving, and there is no end on the journey of being better.
- By building a system that can assist drivers in every aspect of their driving experience, including parking, active safety, crash preparedness, passive safety, and roadside assistance, we commit significant resources to creating vehicles that help reduce crashes.

Risk Management in Implementing New Vehicle Models

2.3.3

At Hotai Motor, it is our long-term commitment to deliver the best products and service to customers. In order to offer vehicles with the highest quality and serve the interests of customers, we have a comprehensive management mechanism in place to ensure the quality of new vehicles. We also work towards delivering new vehicles that are defect-free to build customer trust and satisfaction.

Full Coverage of New Vehicles Sales Protection Insurance

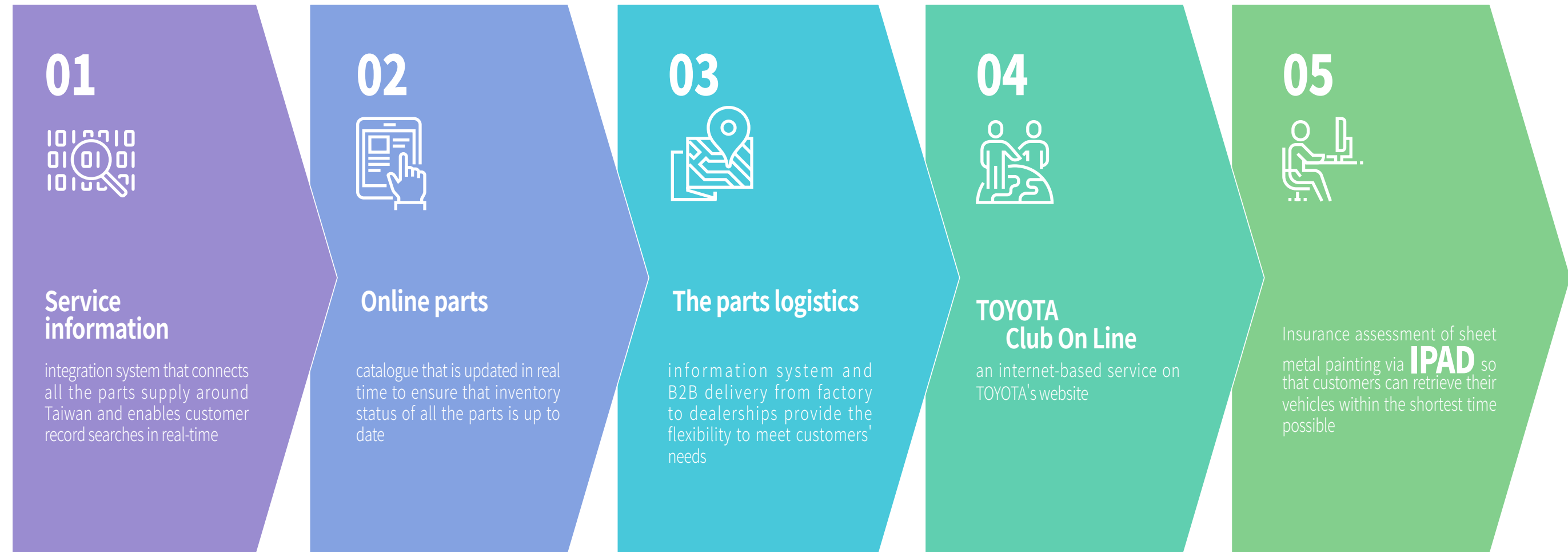
To ensure that new vehicles are secure from the moment they came off the production line until delivery to customers as well as to lower risks and enhance brand image, we purchased new vehicle sales protection insurance as an industry first, including theft insurance, third-party liability insurance, parts insurance, and typhoon insurance. On average, we spend over NT\$13 million each year on insurance premium.

Ensuring New Vehicle Quality

- Standard Operating Procedures (SOP)**
Whether it's import vehicles entering the country or new domestic vehicles rolling off the assembly line, we have a standard operating procedure for quality control and inspection every step along the process from vehicle preparation to logistics. The goal of our practice is to ensure that from production to preparation and to delivery to owners, every new vehicle remains spotless throughout the process.
- Conduct SSI Study on New Vehicle Quality**
Each month, Hotai Motor investigates whether customers are satisfied with the quality of their new vehicles through surveys conducted by competitors and our own mail surveys, and the feedback obtained is to be used as a basis for improvement for dealers. We work together with dealers to conduct research studies on strategies and methods to improve product quality, in particular the issues and concerns raised by customers, and we help dealers step into their roles as gatekeepers of our products to ensure that we deliver defect-free vehicles.
- New Vehicle Logistics Quality On-Site Audit and Vehicle Logistics Seminar**
Hotai Motor conducts on-site audit each year on the quality of dealers' new vehicle logistics operations (including management of the transportation, preparation, and delivery process), and hosts Vehicle Logistics Seminars where we analyzes the results from our SSI study on quality of new vehicle delivery and share how we are going to do better to ensure customer satisfaction.

Ensuring Efficiency and Quality of Parts Supply 2.3.4

Our parts supply management is built on the spirit of the TOYOTA Production System (TPS) and its methodology. The system provides accurate information that enables us to deliver a wide variety of parts service across our extensive network of 205 service centers around the island. Hotai Motor's Parts Operation Division is charged with the important tasks of parts procurement, pricing, quality management, inventory control, warehouse security of dealers, logistics and delivery, as well as training of parts staff. Parts supply is one of our most significant area of focus as it directly impacts the interests of customers in vehicle use. From 2019 to 2021, our parts supply rate has met our targets and averages at 97.7%.



Parts Information System

項目	2019	2020	2021	2022 Target
Purchase Order Volume	26,114	26,746	24,631	
Sales in Total (in NT\$ thousand)	12,197,408	12,529,308	12,889,677	
Parts Supply Rate	97.8%	97.6%	97.8%	97.8%
Number of Delivery Locations	174	184	205	

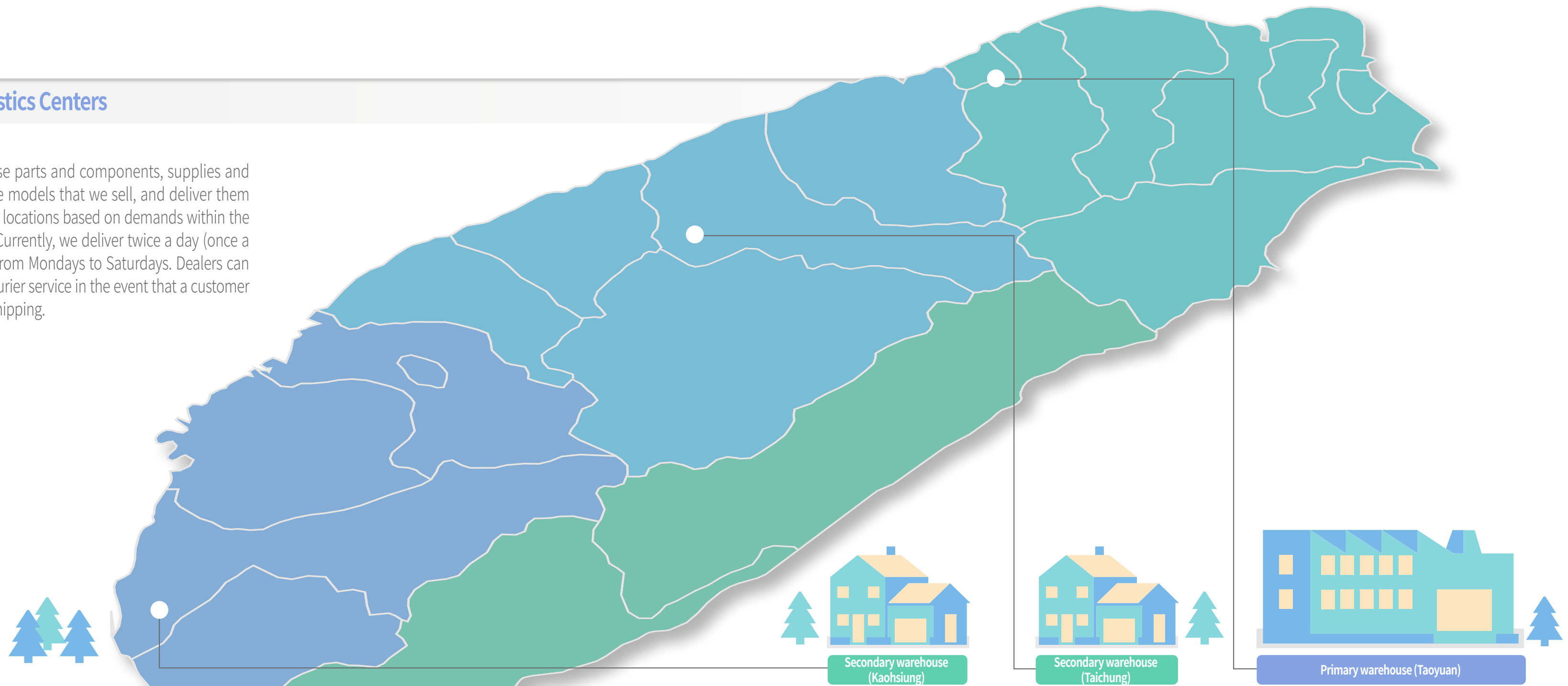
Note 1: Parts supply rate refers to the percentage of parts that are ready to ship upon orders being placed by dealers. Calculation: Number of Locations from Which the Parts Were Shipped / Number of Locations From Which Orders Were Placed = Number of Locations That Fulfilled the Orders / (Number of Locations That Fulfilled the Orders + Number of Locations With Inventory Shortage + Number of Locations Where Orders Were Cancelled)
 Note 2: In 2021, the target parts supply rate is 97.8%, which has been achieved.

- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

Our Parts Logistics Centers

We regularly purchase parts and components, supplies and consumables for vehicle models that we sell, and deliver them to dealerships and sales locations based on demands within the shortest time possible. Currently, we deliver twice a day (once a day in eastern Taiwan) from Mondays to Saturdays. Dealers can pick up or use cab or courier service in the event that a customer requests for expedited shipping.

Expedited Delivery


High-density Delivery Routes

36 delivery routes around the island and deliver to **205** sales locations

High-frequency Logistics Service

Delivered twice **1** day

Words Of The Operator

About Hotal

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

Best Partner



21 consecutive years

Sponsoring the National Skills Competition

43.98%

Percentage increase of local sourcing

100% of the sales

locations nationwide are certified to **ISO 14001**

15,268

Number of drivers that have attended our commercial vehicle fuel efficient driving program

Words Of The Operator

About Hotel

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

For the last 70 years, these are our most trusted partners—TMC with whom we’ve formed partnership for over six decades, Kuozui Motors who crafts domestic TOYOTA and HINO vehicles, a group of close-knit, dedicated teams of dealers, and highly cooperative suppliers who are dedicated to premium quality. Together with our partners, we have created the best service with a human touch for our employees, shareholders and customers that exceed their expectations. Moving forward, we will continue to dedicate resources in working with our dealers and suppliers to deliver more impressive records.



3.1 Dealers Management

The combined efforts between Hotai Motor and our dealers have enabled us to establish a strong presence in Taiwan’s automotive market. By investing significant resources in the development of dealers, we believe that, collectively, Hotai Motor and our dealers are better positioned to deliver the best service to customers as we build our brand value.

Passenger Vehicle Dealers

3.1.1

At the beginning of 1986, we designed a TOYOTA passenger vehicle dealer network to provide vehicle sales, maintenance, and service through our top eight dealers. To date, we have

established hundreds of dealerships and service centers and occupied a dominant position in the market for the last several decades.

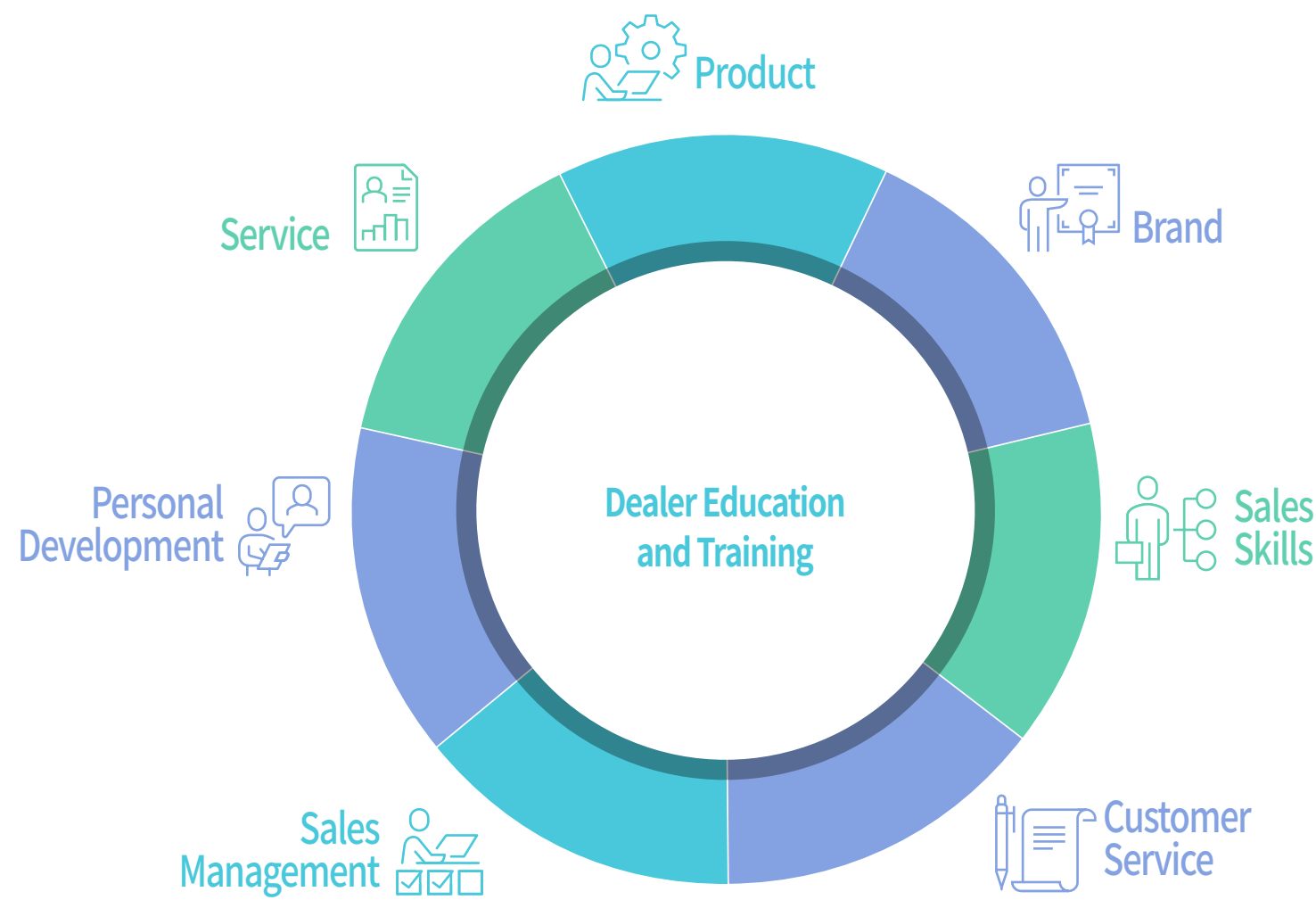
As part of our goal to deliver consistent quality and service to customers, we conduct annual evaluations on dealers’ policies, carry out satisfaction survey on day-to-day operations and sales practices, hire mystery shoppers to regularly visit each sales location to have the full customer experience and to investigate whether standard operating procedures (SOP) are properly implemented. As the trusted partner to our dealers in

sustainable operations, we also offer mentoring and support as needed in addition to the above management measures.

Passenger Vehicle Dealer Training

We offer a comprehensive series of training for dealers, which include product training, service training, brand training, sales skills training, customer service training, sales management training, and personal development training courses. All the

staff at the dealerships are required to be certified and pass the evaluation. On the other hand, training courses for aftersales support are offered in two areas: technical and management. To that end, we have the Office of Education and Training to conduct training by stages to build auto technician skills and customer service skills. We also help our dealers train in-house lecturers as a way to continually improve their technical skills and service capabilities.



Training Statistics of Passenger Vehicle Aftersales Support

Year		2019 (T)	2019 (L)	2020 (T)	2020 (L)	2021 (T)	2021 (L)
Session	Technical	97	78	80	58	60	59
	Management	62	10	51	9	61	8
Cumulative Attendance	Technical	1,532	829	1,260	619	1,001	694
	Management	1,477	300	1,069	454	1,234	278
Amount Invested in Dealer Training (in NT Dollars)		8,699,000	6,846,390	7,420,000	8,640,950	7,192,900	5,998,396

Note 1: We require our top eight dealers to conduct regular training in Personal Data Protection Act related topics each year for all employees.
 Note 2: Training figures are listed in separate columns to reflect that TOYOTA and Lexus trainings are planned and conducted independently.

Passenger Vehicle Customer Events

In 2021, we partnered with several online digital platforms across different industries to create a customer experience at service centers that enhances customer confidence and trust and exceeds their expectations. Our service workshop nationwide offer free, unlimited access to online music, movies, music, and digital magazines on these platforms to provide exceptional customer experience as they wait for their vehicles to be serviced.

For Lexus, we offer personalized delivery service to new vehicle owners. We also launched the LEXUS LINE@ official account that offers convenience and novel service experience for car owners (e.g., owners service, Chat With Lexus). As of December 2021, we have approximately 65,000 verified users since the service launched in January 2019 and the numbers continue to grow.




Customer Lounge Digital Experience

From August to November 2021, we partnered with Taiwan Mobile's digital platforms, MyVideo and MyMusic, and Kono Magazine, an online magazine platform to offer the Customer Lounge Digital Experience. Owners are offered free access to these platforms at the service center customer lounge where they can select the entertainment of their choice, creating an optimal waiting experience.

Commercial Vehicle Dealers

3.1.2

Our current commercial vehicle dealerships nationwide provide a one-stop-shop for both vehicle sales and service, offering total customer solutions. In the last few years, we've also been proactively increasing the quality of our sheet metal painting service. We've taken steps to add local paint shops since 2021 and introduced higher quality and higher efficiency equipment. In addition, we have a mobile service unit that makes regular stops

around the island bringing repair and maintenance service to the door so customers can enjoy the convenience. In 2021, we serviced 12,905 vehicles by delivering auto repair and maintenance to customers' homes. Apart from the above, we offer roadside assistance to help owners with vehicle emergencies. As we continuously strive to deliver satisfactory service, it is our aspiration to work alongside our customers and become their partner of choice.



Safety Campaigns

Enhance driving safety by promoting awareness of vehicle safety and vehicle weight regulations and educating customers about safety features at the time of delivery/pickup of new vehicles and during customer visits.



Test Drives

Offer test drives in HINO 3.49T and TOYOTA GRANVIA so that customers can experience it first hand driving the vehicle as well as the quality of our products prior to purchasing.

Words Of The Operator

About Hotel

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

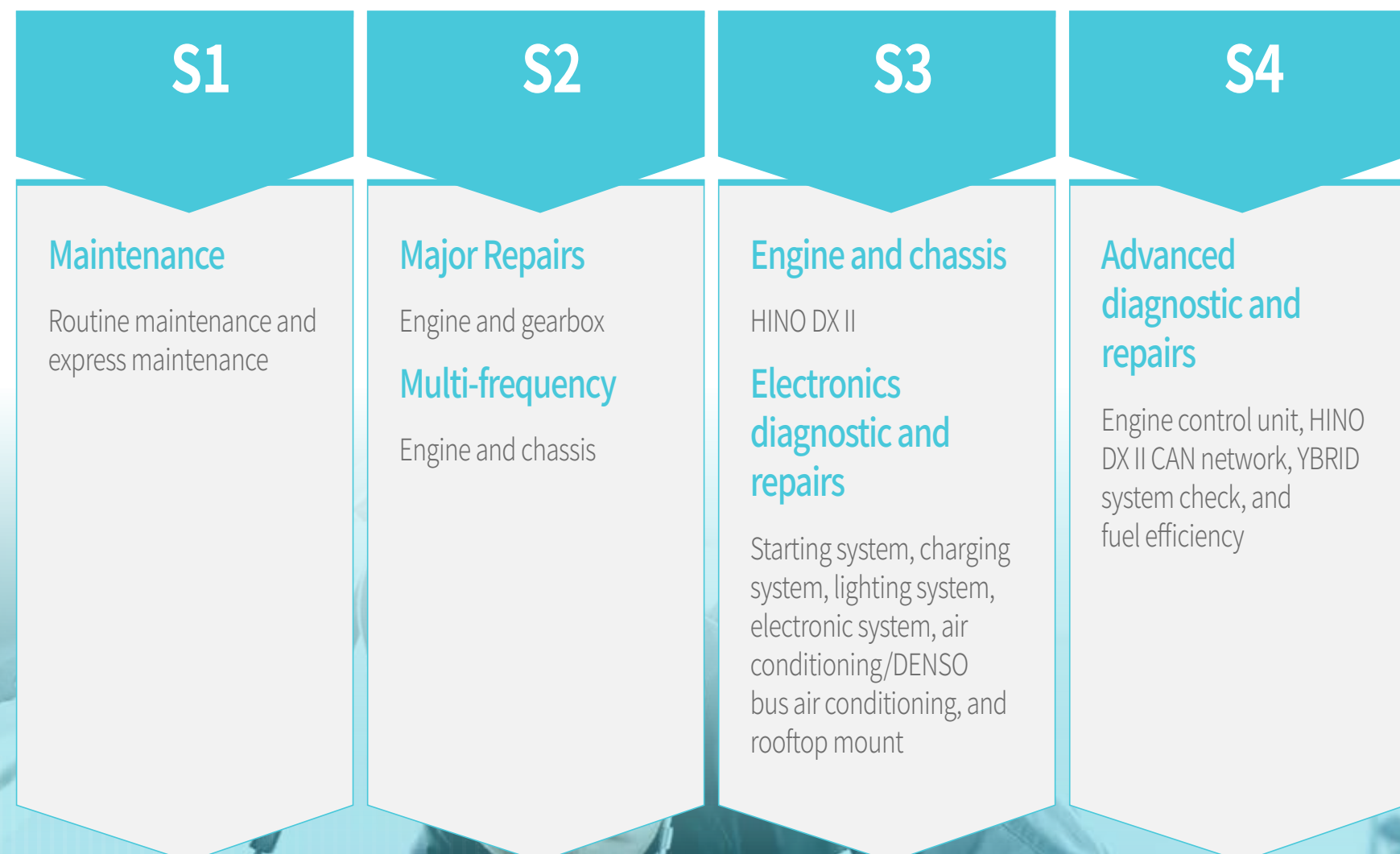
Employee Care

Community Service

Appendix

Commercial Vehicle Aftersales Training

Given the function and purpose of commercial vehicles, it is imperative that aftersales support adhere to these two principles—quick repairs and shorter turnaround time. In light of this need, we have designed a four-stage training program for technicians based on their job grades and level of skills required to ensure the quality and effectiveness of training. Through pre-class screening and post-class quizzes, we help technicians spot issues and encourage them to raise questions in class. In 2021, 402 technicians completed the training.



Training Statistics of Large Commercial Vehicle Aftersales Support

Year		2017	2018	2019	2020	2021
Session	Technical	23	20	34	20	27
	Management	3	1	1	1	2
Cumulative Attendance	Technical	357	331	506	318	391
	Management	31	12	12	15	11
Amount Invested in Dealer Training (in NT Dollars)		2,021,900	1,782,600	2,179,000	1,662,800	1,890,400

Commercial Vehicle Customer Events



Environmental Sustainability—Fuel Efficient Driving Training

Commercial vehicles are used for business purposes and often accumulate high mileage within a short period of time. With proper driving techniques, we can optimize performance of these commercial vehicles and improve fuel economy, thereby minimizing environmental impact and reducing costs for owners. Since 2008, we have been hosting seminars on fuel efficient driving techniques for fleet customers (e.g., cab companies) and private customers. In 2021, we held 82 rounds of seminars which had an accumulated attendance of 1,297 drivers. From 2008 to 2021, a total of 15,268 drivers have attended this training. The attendance for the last five years is as follows:

Year	2017	2018	2019	2020	2021
Rounds of seminars	162	150	156	138	82
Cumulative attendance	1,515	1,563	1,386	1,860	1,297

Sponsoring Technician Skills Competitions

3.1.3

Each year, Hotai Motor sponsors the National Skills Competition by partnering with our dealers to provide staff support and equipment in discovering and developing technician talent in the country. In 2021, we continued to sponsor the National Skills Competition and

Vocational Skills Competition and sent two technical experts to join as judges and provide technical consultation throughout the 3-day (8 hours/day) competition to encourage students' interests in the industry and contribute to the development of industry talent.



For educational purpose, we donated ALTIS study vehicles in 2021 to auto mechanic vocational schools that have sent students to compete and won

(As a gesture of gratitude, Minister of Education, Pan Wen-Chung, presented the certificate of appreciation to the manager of Hotai Motor's Training and Kaizen Division, Lo Chen-Yu)

Technical and Service Training of Dealers

3.1.4

Dealer Technical Training

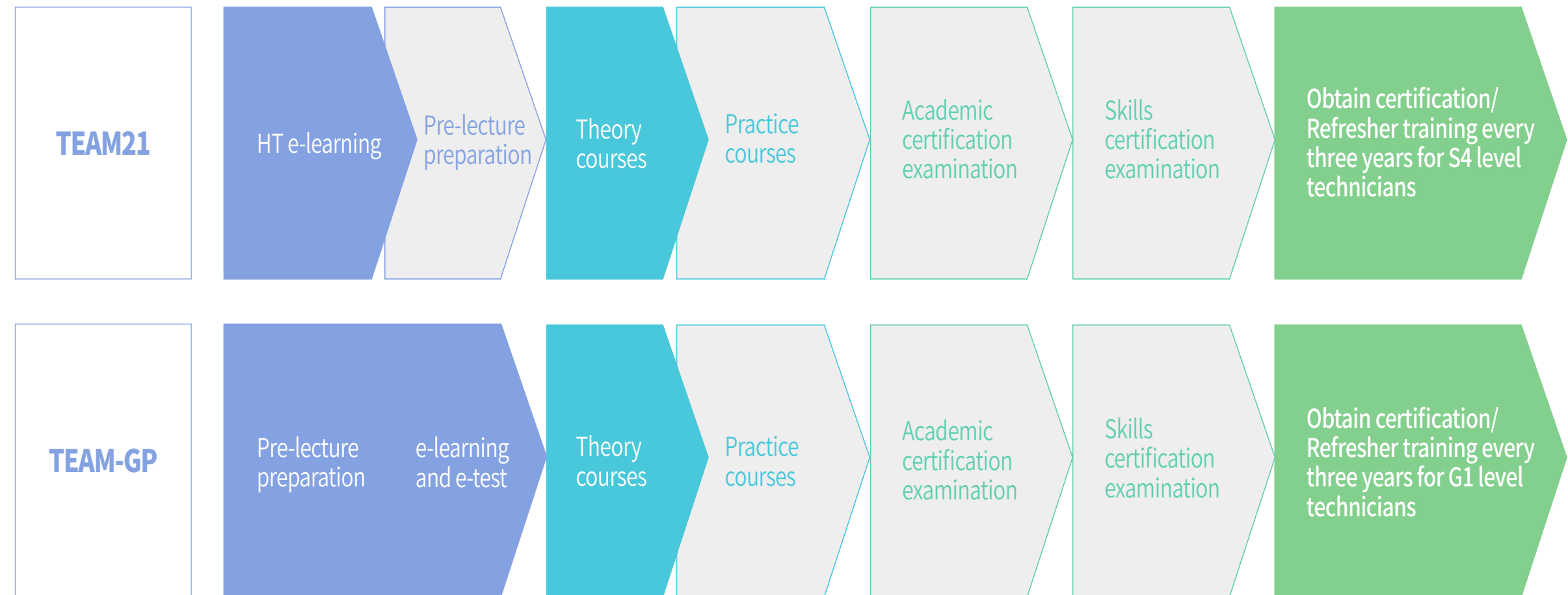
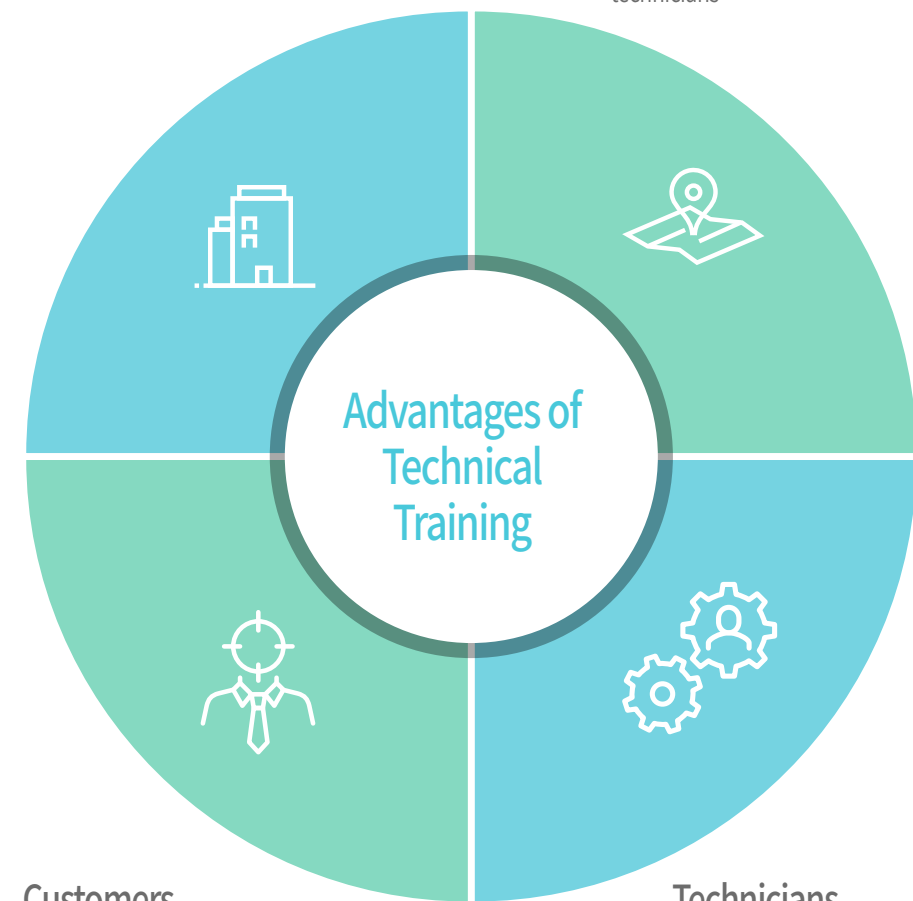
At Hotai Motor, we are committed to building and nurturing dealer partnerships. By joining forces with our dealers, we work towards a common goal to improve service quality. Through our training programs, dealers are given a complete technical training which effectively increases their productivity and technical capability and enables us to deliver higher quality products and service to customers.

Hotai Motor

1. Create effective training programs
2. Fully utilize TMC's training materials and techniques

Dealers

1. Increase productivity of service centers
2. Accurately employ the skills of technicians



General Repair Technician Training

TEAM 21 (Toyota Education for Automotive Mastery in the 21st Century) is a training program to equip technicians with the skills to provide general repair technical service which consists of four levels of certification. In June 2019, Hotai Motor implemented the Toyota Education and Management System-Global Program ("TEAM-GP"), a training program that allows technicians to rotate through training modules for different levels each year; approximately 1,694 technicians are scheduled to complete all training modules in 2022. This design will enable us to foster a more robust and complete training environment for technicians at each service center.

TEAM-GP Advantages

- Provides instantaneous learning materials, independent and easily comprehensible training courses (through 3D object recognition and animation to help technicians understand the principles behind the components), and makes the progress of each technician more measurable practice courses supplement the disadvantages of self-study)
- TEAM-GP increases pre-lecture prep time, requiring e-learning courses and e-tests to be completed prior to the practice courses.
- Lecturers from the distributor and dealers have the discretion to increase the hours of practice courses to supplement the disadvantages of self-study.

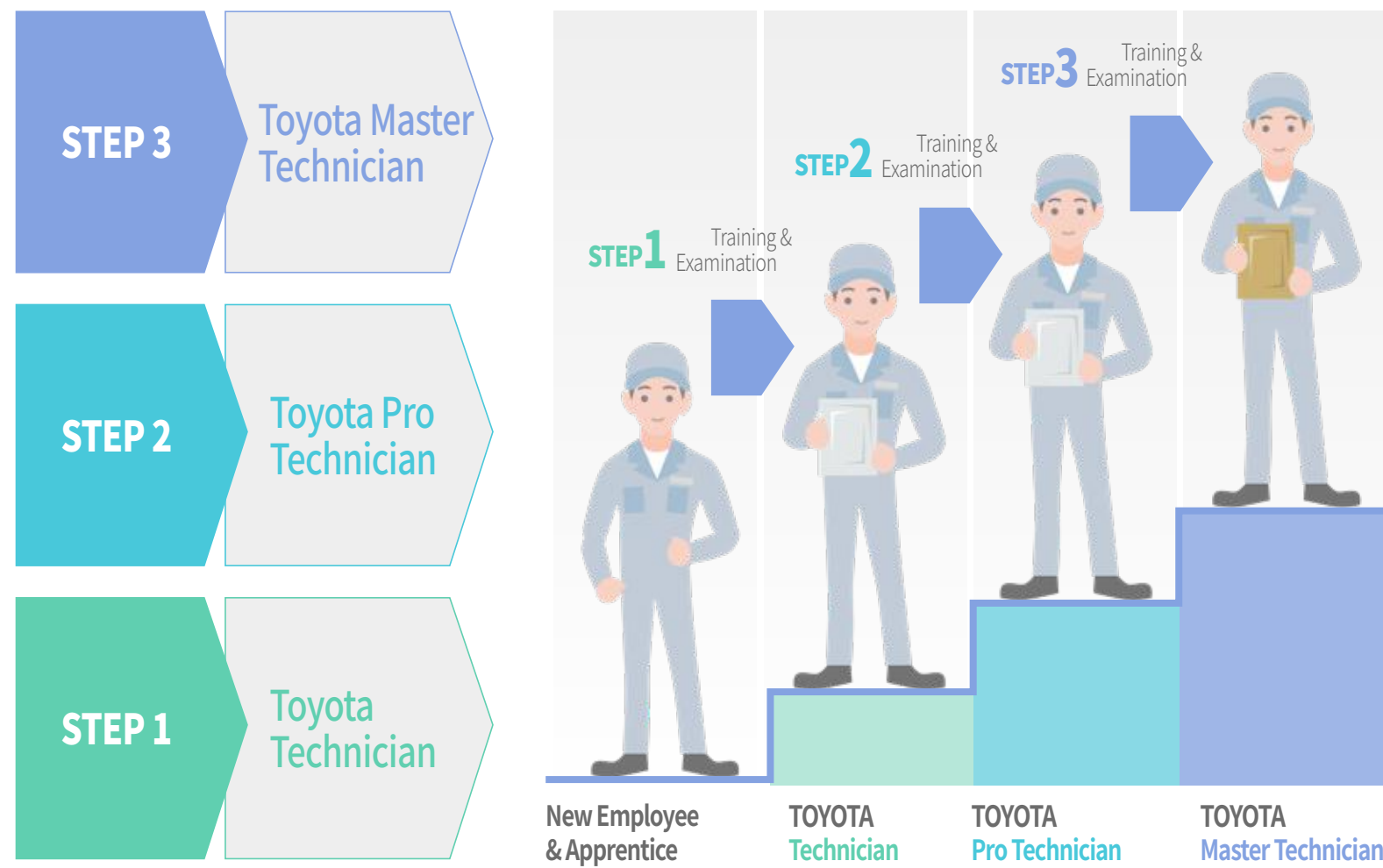


Body & Paint Technician Training

By integrating new learning materials of Body & Paint into the program, we have made adjustments with the goal to implement an all-encompassing training structure so that the professional knowledge and skills of technicians can be more precisely monitored and effectively enhanced. In 2021, 60% of the technicians passed the certification

examination. For those who failed, we offer tutoring on their weaker subjects to help them pass the certification examination the following year. These efforts are aimed to improve service center productivity and customer satisfaction as we work with dealers to deliver growing revenues from aftersales service.

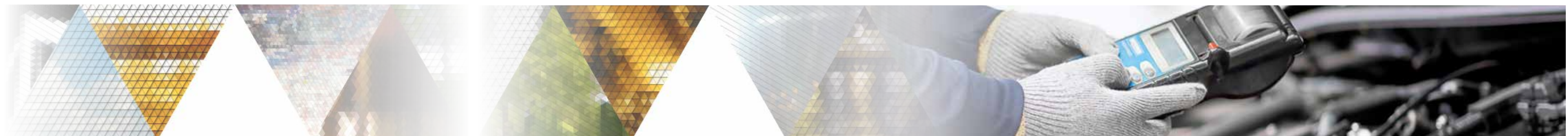
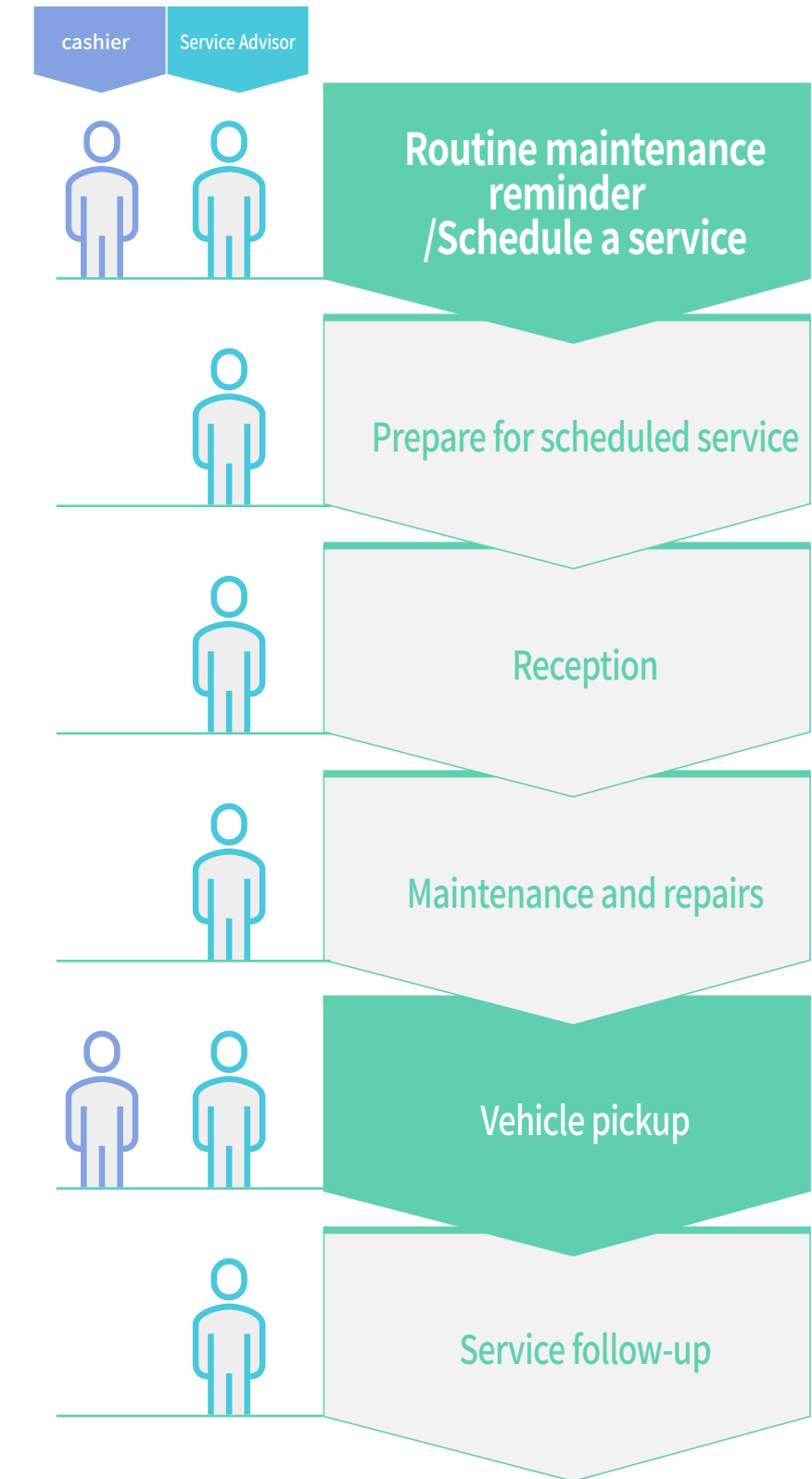
Body & Paint Training Structure



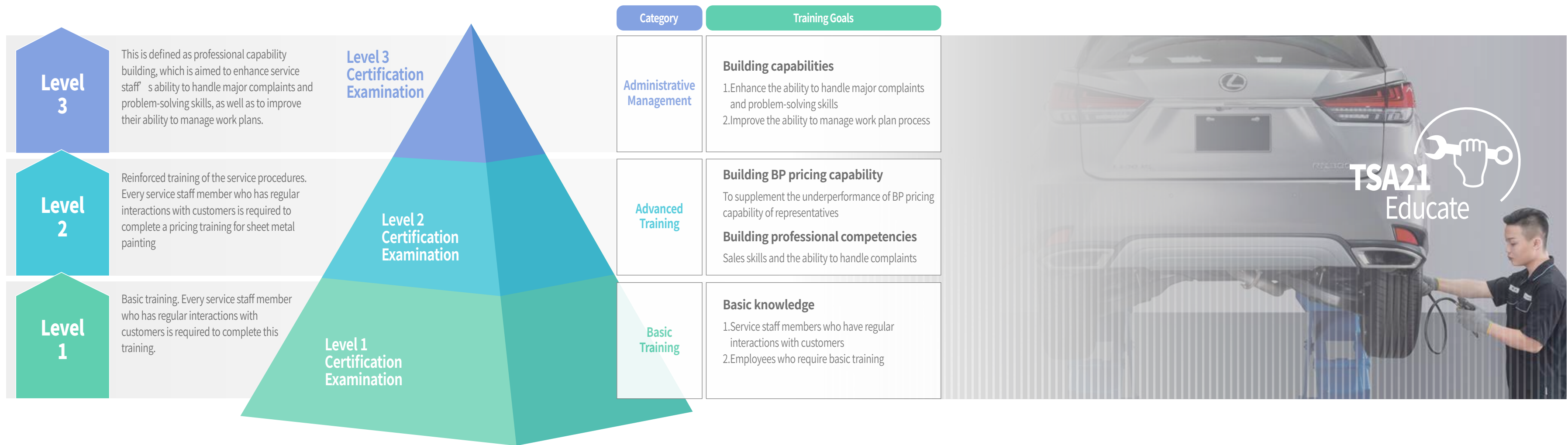
Service Advisor Training

At Hotai Motor, we firmly believe that the sole solution to delivering quality service to satisfy customers is through considerate and well-trained service staff at a safe and healthy working environment. To that end, TMC has developed a customer service training program to hone the professional competencies and customer care skills of first line employees which allow us to reimagine the customer experience and deliver high-quality service. In 2021, 99% of the service staff passed the certification examination. For those who failed, we offer tutoring on their weaker subjects to help them pass the certification examination the following year.

TOYOTA's customer service training also includes the Toyota Service Advisor Program (TSAP). TSAP was implemented in 1991 and has yielded positive results thanks to the efforts of our dealers. As part of TMC's global program launch, we officially introduced TSA21 training program in January 2018 with the goal to build up various communication skills of first line employees. The primary focus of this brand-new program is to reinforce product knowledge, customer complaint handling, and customer care skills of service advisor so that we are better positioned to deliver world-class experience to every customer that comes through our doors. Through these efforts, we believe that we can deliver strong performance in customer satisfaction and thereby generate consistent aftersales revenues in our dealerships. Ultimately, our goal is to create lifelong customers. Based on the nature of their functions, service representatives and cashiers are both to receive TSA21 training.



Service Staff Covered by the TSA21 Training Program



TOYOTA + Lexus Aftersales Service Staff Training Hours and Costs

	Training Hours				Costs (NT\$)			
	2020(T)	2020(L)	2021(T)	2021(L)	2020(T)	2020(L)	2021(T)	2021(L)
Service Advisor	756	323	816	392	2,050,000	649,950	2,241,200	952,125
General Repair Technicians	1,136	688	1,148	416	2,560,000	1,551,750	3,126,540	999,000
Body Technicians	456	224	312	256	1,360,000	908,100	791,640	608,300
Paint Technicians	552	232	512	216	1,460,000	1,164,000	1,033,520	604,000
Total	2,900	1,467	2,788	1,280	7,430,000	4,273,800	7,192,900	363,425

HINO Aftersales Service Staff Training Hours and Costs

	Training Hours		Costs (NT\$)	
	2020	2021	2020	2021
Service Representatives	16	40	37,500	35,200
Entry-Level Technicians	720	960	1,625,300	1,786,200
Sheet Metal Technicians	-	120	-	69,000
Paint Technicians	-	-	-	-
Total	736	1,120	1,662,800	1,890,400

Since 2021, we introduced a new system that teaches our people how to manage and utilize social media and digital tools as part of the efforts to adapt to the internet, pandemic era and customers' changing vehicle purchase behavior. The program offers basic digital skills courses, complemented by our freshly designed sales representative introductory course for new recruits. In 2022, we continue to offer advanced courses on digital skills (topics on how to take social media management to the next level and several other multimedia courses) to increase our sales competitive advantages and continuously drive digital transformation.

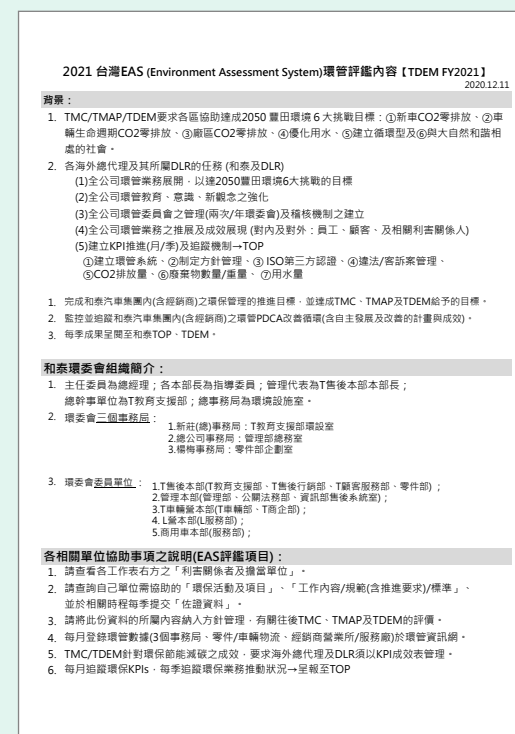
Position	2021	2022
General Manager	<ul style="list-style-type: none"> Management trainee program 	<ul style="list-style-type: none"> General manager training Management trainee program Advanced digital skills training
Deputy General Manager	<ul style="list-style-type: none"> Management trainee program Basic digital skills training In-house lecturer training 	<ul style="list-style-type: none"> Deputy general manager training Management trainee program Advanced digital skills training In-house lecturer training
Sales Representative	<ul style="list-style-type: none"> New employee training and evaluation Basic digital skills training Product knowledge online training New sales representative introductory course 	<ul style="list-style-type: none"> New employee training and evaluation Advanced digital skills training Product knowledge online training New sales representative introductory course

Environmental Performance of Dealers

3.1.5

As an automotive distributor, we actively oversee the environmental performance of dealerships and work closely with dealers—our best partners—in minimizing the environmental impact created in the process of our operations. Every year, we conduct audits and offer coaching and mentoring to our eight dealers in the first and third quarters, which include preparing a handbook on dealer environmental assessment and create a list based on the goals of assessment and items assessed, clearly communicating with dealers the approaches and importance of environmental sustainability, overseeing environmental risk self-assessment of dealerships, and ensuring that the environmental management is incorporated into the daily operations of dealers through conducting assessments. The results of the assessment account

for 4% of the overall score of dealers' annual ratings and we require dealers to meet international standards in adopting effective environmental management system to minimize waste and energy consumption. Since 2003, we have been working towards the goal to have all our dealers and affiliates certified to ISO 14001, and we were the first company in the automotive industry to become ISO 14001-certified along with all our dealerships nationwide. Currently, all our locations (including TOYOTA, Lexus and HINO service centers/dealerships and sheet metal paint centers) have been certified with the current version of ISO 14001:2015 Environmental Management Systems.



Energy Use

As part of our efforts to effectively manage energy consumption, we implemented an environmental data management system in 2018 to manage greenhouse gas emissions, water use, and waste data. Currently, we've achieved 100% implementation and data logging rate in our dealership network. Through the process of environmental management and inspection, we began phasing out the combustion of heavy oil and lubricating oil in spray booths at our dealerships since 2018 and replaced them with diesel and natural gas. As of 2019, we no longer use heavy oil and lubricating oil. In 2021, the total electricity and fossil fuels used by our top eight dealers was 3.09 x 10⁸ million J.

Energy Resource Consumption of Top Eight Dealers

Types of Energy	Energy Unit	2019	2020	2021
Gas	Liter	920,138	908,641	834,169
Diesel	Liter	732,460	646,575	620,588
Heavy Oil	Liter	0	0	0
Lubricating Oil	Liter	0	0	0
Natural Gas	Cubic Meter	562,784	669,241	696,414
LPG	Liter	0	0	0
Electricity	kWh	64,202,834	67,032,909	65,689,568

Types of Energy	Energy Unit	2019	2020	2021
Gas	GJ	30,042	29,667	27,235
Diesel		25,754	22,734	21,821
Heavy Oil		0	0	0
Lubricating Oil		0	0	0
Natural Gas		18,846	22,411	23,321
LPG		0	0	0
Electricity		231,130	241,318	236,482
Total		GJ	305,772	316,130

Note: The coefficient for the conversion of heating values used in the chart above is taken from the "Table of Heating Values of Energy Products" published by the Bureau of Energy. After the conversion, the heating value of gas is 32,649,644 J/L, diesel is 35,161,155 J/L, natural gas is 33,486,814 J/M³ and electricity is 3,600,000 J/kwh.

Note: We've built an environmental management information system where the dealers will collect their own data every month (and verify relevant statements on a quarterly basis, such as electricity bills). Electricity is reported based on energy usage stated in the electricity bills, gas is calculated by dividing the monthly purchase volume by the monthly oil price average, and natural gas and diesel are reported according to what's stated in the utility bills.

Reduction of Greenhouse Gas Emissions

Among the greenhouse gas (GHG) emissions produced from various energy use of our top eight dealers, electricity is the highest in volume, which accounts for 87% of the GHG emissions. The total GHG emissions were reduced by 1,329 metric tons compared to a 2020 baseline. Dealers reduce GHG emissions by suspending the combustion of heavy oil and lubricating oil, adding a timer switch, replacing older lighting, spray booths, compressors and air conditioning, adding power inverters to spray booths and compressors.

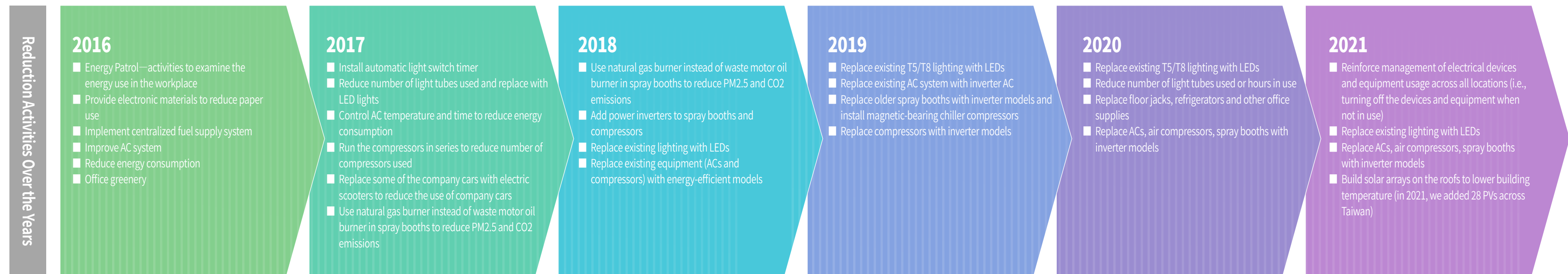
Greenhouse Gas Emissions of Top Eight TOYOTA and Lexus Dealers		2019	2020	2021
Types of Energy	Emissions Unit			
Gas	Metric tons CO2 equivalent (CO2e)	2,082	2,056	1,888
Diesel		1,909	1,685	1,617
Heavy Oil		0	0	0
Lubricating Oil		0	0	0
Natural Gas		1,057	1,258	1,309
LPG		0	0	0
Electricity		32,679	34,120	32,976
Total			37,727	39,119

Note 1: Scope 2 emissions are from electricity use, and the discharge coefficient was 0.533 kg CO2e/kWh in 2018, 0.509 kg CO2e/kWh in 2019, and 0.502 kg CO2e/kWh in 2020. Reporting of emission factors is based on the latest protocol published by the Bureau of Energy each year. Therefore, the data would be moderately different than the previous year. (We continue to adopt the emission factors from 2020 as the Bureau of Energy did not publish new figures in 2021).

Note 2: The source of emission factors is the GHG Emission Factors Table version 6.0.4 published on the Environmental Protection Administration's GHG Emissions Data Platform, and the global warming potential (GWP) rate is IPCC AR5.

Note 3: The source of emissions is CO2.

Note 4: The baseline year is 2019.



Air Pollutants Control

Our Environmental Management Manual is adopted as the basis for the control and management of dealers' pollutant emissions. Each dealer is required to implement measures to manage each pollutant according to the Environmental Management Procedures provided in the Manual, including source of emissions, control measures, and inspection records.

Currently, air pollutants generated by the operations of dealers include nitrogen oxides (NOX) and sulfur oxides (SOX). They also continue to introduce various air pollution control equipment on their own to minimize pollutant emissions. In particular, the suspension of using heavy oil and lubricating oil in the surface coating process has reduced the emissions of nitrogen oxides (NOX) and sulfur oxides (SOX) by 33% compared to 2017 before the suspension.

Air Pollutant Emissions of Top Eight Dealers

Types of Energy	Units	2017	2018	2019	2020	2021
Nitrogen oxides (NOX)	Kg	4,531	3,331	3,017	3,050	3,049
Sulfur oxides (SOX)	Kg	8,432	8,002	6,651	5,872	5,636
Total	Kg	12,963	11,333	9,668	8,922	8,685

Note: According to the Environmental Protection Administration's Regulations on Sulfur Oxide and Nitrogen Oxide Emission Factors and Control Efficiency for Reporting Air Pollution Control Fees from Stationary Source of Pollution on Public and Private Premises, the nitrogen oxide emission factor for natural gas is 0.002243 kg per cubic meter, the nitrogen oxide emission factor for diesel fuel is 2.396 kg per kiloliter, and the sulfur oxide emission factor for diesel fuel is 18.162 kg per kiloliter.

Bumper—recycled into plastic particles

We have made a full switch to TSOP (TOYOTA Super Olefin Polymer) in the plastics used in all of our TOYOTA vehicles, which is a highly sought material by junk yards and recycling facilities. The concept of TSOP takes material recycling and reuse into consideration and incorporates biofabricated plastics and regenerated materials into the manufacturing of new products to put an end to environmental hazards. By only using a single type of plastics across the whole vehicle also significantly aids the recycling companies in sorting and reuse.

Coolant and solvent waste—recycled and reused

All TOYOTA and Lexus service centers send their coolant and VOC (volatile organic compounds) waste to Grade A processing facilities for recycling and reuse. The primary products made are thinners and chemical products.

Waste lead-acid batteries and lead blocks—recycled to produce large lead blocks and ingots

Once batteries and lead wheel weights are scrapped, they can be recycled and reused. The casing of waste battery can be recycled as plastics once shredded, and the reclaimed acid can be smelted to produce lead ingots and bars. All TOYOTA and Lexus service centers transport the waste generated to qualified processing facilities for recycling to ensure legal compliance and safety of waste disposal.

Scrap tires—recycled to produce auxiliary fuel and rubber products

Plastic shreds from reclaimed tires have high heating values and can be used as auxiliary fuel, or as a raw material for the production of concrete. They can also be made into rubber powder that contains high purity for the production of rubber products. Scrap tires are sent to processing facilities for recycling to ensure legal compliance and safety of waste disposal.

Waste glass—recycled to produce glass pellets and permeable bricks as green building materials

Most of the waste glass generated by our service centers comes from front and rear windshield and vent glass. All TOYOTA and Lexus service centers send the waste generated to qualified processing facilities for recycling to ensure legal compliance and safety of waste disposal.

Waste lubricating oil—recycled to produce renewable fuels

Fuels replaced during vehicle maintenance are sent to processing facilities by service centers for recycling and reuse. Fuels reclaimed are compressed and filtered into recycled fuel so that they can be reused on a continual basis.

Waste Management

Hotai Motor has committed significant resources in promoting motor vehicle waste recycling since 2003. Currently, all the recyclable waste has been fully recycled. Our Environmental Management system is implemented by all the facilities of our passenger vehicle dealers to provide a solution to a long-term problem—the difficulty of waste disposal, and to increase the recycling and reuse of waste through a waste recycling program.

Every service location in the country has the required software and equipment in place for recycling operations, such as a waste recycling site, waste oil tank, oil pipeline, spill prevention equipment, fire safety equipment, environmental maintenance, environmental management system document control. Waste generated by dealerships and service centers are categorized into recyclable waste, operational waste, and hazardous waste, and the type of waste should be recorded in the waste management reporting form for statistics. In addition, dealers are required to conduct audits on the waste management service providers to determine whether the disposal of waste complies with applicable laws and regulations and record the results in the Waste Management Vendors Audit Checklist.

To meet TMC's requirements, we only work with qualified waste management providers. Currently, we recycle 100% of the HV batteries, which are shipped and processed overseas; in 2021, we recycled a total of 5,118 HV batteries.

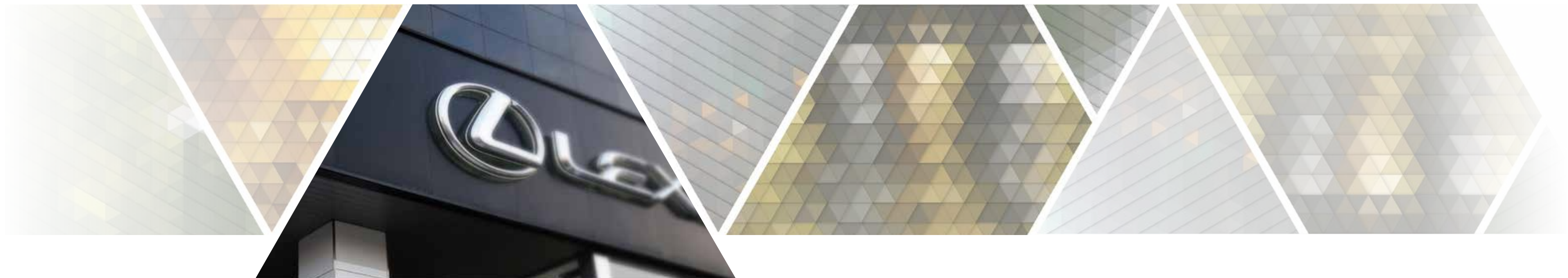
Environmental Investment

With rising environmental awareness in recent years, our top eight dealers have also been increasing their investments in different environmental aspects. Their environmental expenses include ISO 14001 certification, environmental training, environmental facilities, environmental surcharges, and waste disposal fees. Due to the pandemic, most of the in-person environmental training was either cancelled or held on a smaller scale last year, which reduced related expenses. In 2021, the total expenses were NT\$62.59 million as a result of an increase in waste disposal fees and environmental facility expenses, which accounted for 52.6% and 39.4% of the expenses.



Environmental Expenses of Top Eight Dealers

項目	2019		2020		2021	
	Expenses	Percentage (%)	Amount	Percentage (%)	Expenses	Percentage (%)
ISO Certification	636,407	1.4%	664,925	1.0%	655,470	1.0%
Environmental Training	2,128,771	4.6%	2,137,911	3.1%	699,927	1.1%
Environmental Facilities	15,896,124	34.3%	29,501,813	43.1%	24,676,975	39.4%
Environmental Surcharges	4,008,733	8.6%	4,668,328	6.8%	3,666,492	5.9%
Waste Disposal Fee	23,708,141	51.1%	31,399,705	45.9%	32,896,760	52.6%
Total	46,378,176	100%	68,372,682	100%	62,595,624	100%



In addition to evaluating at the end of each year for suppliers with an annual transaction volume of more than NT\$1 million, we must evaluate items such as product/service quality, professional ability, and operation timeliness. If there are any outstanding performance or defects, the business personnel shall make notes and use them as reference materials for subsequent evaluation.



3.2 Hotai Motor's Supplier Management System

As the leading automotive brand in Taiwan, we aspire to build a sustainable service value chain along with our suppliers and dealers. Apart from evaluating the product and service quality, professional capabilities, operation efficiency and other performance indicators of suppliers that we regularly work with that totaled NT\$1 million or higher in annual transaction value at the end of the year, we also require sales staff to make a note of any outstanding performance or material defects occurred in their dealings with suppliers as factors to consider in subsequent assessment. While TMC is our primary supplier, there are also other dedicated suppliers in our extensive network. In 2021, we've conducted risk assessment on 96 of these suppliers, which account for approximately 20% of all our suppliers, including 36 onsite audits (we've conducted onsite audits on all seven suppliers that supply our packaging materials such as cardboard boxes, paper containers, and plastic wrappers).

Our supply chain management system begins with creating value through the following five aspects: standardized management, information sharing, supplier evaluation, supplier audit, and supplier capability building. As part of our efforts to strengthen the sustainable development capability in the value chain, suppliers are invited to support the development of environmental and social sustainability. Our contracts also lay out expectation for lawful compliance with our requirements in the area of corporate social responsibility. If the actions of the supplier create any material adverse impact on the environment or society, the supplier relationship will be terminated. It is our hope to build quality, long-lasting partnerships through a sound supply chain management, and our commitment to putting the customer first continues to be the driving force behind our "Happiness at TOYOTA" campaign, which is aimed to improve dealership capabilities in creating service quality that exceeds customer expectations.

Hotai Motor's Supply Chain Management System: Sharing and Co-Creating Value



Green Sourcing

We have a Green Supply Chain Management Policy which encourages employees through internal communications to prioritize choosing products using recycled materials during procurement. Currently, all light bulbs, faucets, ACs, and multifunction printers in use across the organization are energy-saving models. We also require suppliers that supply our parts packaging materials to meet relevant requirements, including how chemical products are stored and their waste processing procedures, and have suppliers submit hazardous materials report for subsequent audit and oversight. In 2021, we conducted on-site audit on all seven suppliers that supply our packaging materials (including cardboard boxes, paper containers, and plastic wrappers). The audit is conducted based on the Materials Safety Data Sheet (SDS) and whether the supplier has contracted a qualified waste management company to dispose waste. All seven suppliers passed the audit. Suppliers that fail to pass the audit are given a period of time to improve and will receive a revisit audit.

Improving Environmental Knowledge—Team Eco Newsletter

To increase the environmental awareness across the organization, we publish Team Eco Newsletter internally where we share environmental knowledge and case studies with the employees of our company, affiliates, and dealers (including a total of 19 companies). In 2021, we published 16 articles (starting the second half of 2021, we introduced several topics on carbon neutrality to address the global carbon neutrality trend). To date, we have published 221 issues of Team Eco Newsletter. We also share these articles from our monthly newsletters on our Facebook, TOYOTA Team Eco.

Month	Topics
12	TOYOTA Asia-Pacific Environmental Assessment Results Carbon Neutrality Giveaway
11	Presentation of COP26 Key Outcomes Introduction to the Implementation of Environmental Management Committees by Hotai Motor's Affiliates
10	Hotai Motor Received the Sustainable Citizenship Award from Common Wealth Magazine Carbon Neutrality Classroom
09	The Carbon Neutrality Trend and Implementation at TOYOTA
08	Global Environmental Trends/Environmental Certification of Hotai Motor and Dealerships
07	Environmental Education on Waste Reduction and Recycling
06	Ways to Reduce Single-use Plastics
05	TOYOTA Global Environmental Month Activity: Together, We Can Protect the Wonders of Taiwan
04	Methods for Controlling the Temperature at TOYOTA's Locations
03	Tips from a Green Thumb Pro: An Introduction to Environmental Management Information System
02	Introduction to the Green Thumb Club
01	2020 Environmental Appraisal



♥ 2021 受到疫情的衝擊，大家都辛苦了！♥
特別感謝過去一年每一位支持Eco 特攻隊分享報的您
如果要說 COVID-19 及氣候變遷對全球有帶來甚麼改變？
它讓我更加重視及珍惜人與人、人與環境之間的互動及和諧

冷清的冬季是否隨手一包暖暖包呢？手刀來參與2021年最後一波「環保減碳」有獎徵答就有機會獲得「環保精美暖手器」

★活動日期：即日起~12/22 (三) 20PM前
★參加對象：Toyota Eco 特攻隊FB粉絲
★公佈得獎：12/23 (四) 公佈得獎者 (抽獎名額：5名)
★參加辦法：按 + 公開 分享貼文 + 留言
【報名網址】 Q1-Q4答案(○○○○)在職單位/全名

Q1: 什麼是「碳中和」?
A) 位於中和的知名碳烤店
B) 以低碳能源、節能排放、碳交易等方式抵銷二氧化碳的排放，達到「淨零碳排」。

Q2: 什麼是「碳交易」?
A) 建立以「溫室氣體排放量」為主的市場交易，主要目的是減少全球溫室氣體排放。
B) 未來取代比特幣成為一種廣為大眾使用的貨幣，出國不用換匯，各國均可使用。

Q3: 什麼是「碳權」?
A) 企業或國家，可以將減少的、或用不到的CO2排放量，釋放到市場作買賣。
B) 中和的知名碳烤店被政府授權「美食外交」店家。

Q4: 什麼是「碳定價」?
A) 明年政府預計以每戶擁有的汽車及機車台數統一制定CO2課稅價格。
B) 國家、企業排放CO2時，應付出的相對成本。

特別感謝各單位及全體經銷商的鼎力協助，
讓和泰汽車再度榮獲2021 TOYOTA 亞太區環評證書
EAS No.1，同時也是「唯一滿分」國家!!!
在時序即將進入尾聲之際，聖誕老公公不受疫情塞港、
運費暴漲影響提前送達熱騰騰的**紅運獎盃**!!!

體制管理 100 (國際方針/ISO認證)
影響力管理 100 (活動徵賞)
化學品管理 100 (無有害物質)
機點管理 100 (節能減碳)
物流管理 100 (環保包裝材)

小知識：豐田亞太區環評證書
為推動豐田2050環境挑戰，TIDEM制定EAS評鑑以管理各國環管落實程度，由各國每年提交2次佐證資料，並接受豐田相關單位的嚴格審核。
2021年，亞太區共有13個總代理/工廠接受此項評鑑，評鑑項目共7大項、130小項，和泰因屬「Sales & Service組別」，需接受5大項評鑑(80小項)，憑藉著紮實的管理體系與優秀的全台經銷商夥伴，可以說是亞太區環評證書的常勝軍。

EAS歷年No.1得主
Environment Assessment System
1. 體制管理/化學品/影響力/機點/物流
2. 國際方針/ISO認證/化學品/影響力

Local Sourcing

At Hotai Motor, we are committed to the local economic development of where our operations are located. Given the unique characteristics of the industry and manufacturing know-how and patents required for raw materials, local sourcing is defined as the percentage of vehicles and parts that are purchased locally. In 2021, 43.98% of the materials are locally sourced. We will work towards establishing appropriate procurement and supply network based on our business direction to increase local sourcing in the future.

Note: Percentage of Local Sourcing = Total Value of Vehicles and Parts Sourced Locally / Total Value of Vehicles and Parts Sourced Locally and Elsewhere.

Key Supplier: Kuozui Motors

Kuozui Motors is TMC's manufacturing base in Taiwan, founded as a joint venture by TMC (65%), Hino Motors (5%) and Hotai Motors (30%). Kuozui Motors have two factories, one located in Zhongli and the other in Guanyin, which have been running for over 37 years with an annual production as high as 200,000 units and is currently the largest car manufacturer in Taiwan.

We have manufactured numerous models of TOYOTA and HINO vehicles through Kuozui Motors' state-of-the-art manufacturing technologies, which are then distributed by our

dealers to meet consumer needs. From new vehicle planning, production preparation, parts procurement, production and manufacturing, to quality management, sales and aftersales service, Kuozui Motors and Hotai Motor have formed a collaborative and complete network to deliver the most efficient, reliable, and highest-quality service to customers.

Kuozui Motors began exporting vehicles to the Middle East in 2009 and has accumulated 601,000 units of vehicle export sales to date. Not only is the vehicle quality attested to by local consumers, our "Made in Taiwan" brand has made a name for itself among TOYOTA's global network.



Kuozui Motors' Social Responsibility Efforts

Kuozui Motors strives to realize the vision of sustainable operations in becoming a trusted, responsible corporate citizen. Some of their recent sustainability efforts include:

Environmental sustainability

As part of their goal to improve battery manufacturing technologies in Taiwan and reduce energy consumption and carbon emissions, Kuozui Motors has been manufacturing and assembling energy- and fuel-efficient hybrids since 2012. In 2015, the administrative building at the Zhongli factory received the Diamond status in the Green Building Certification. And from 2016 to 2018, Kuozui Motors was recognized with Silver and Gold Awards in the National Business Environment Award. Kuozui Motors went on to receive the Clean Air Excellence Award and Green Purchasing Excellence Award from the Taoyuan City government in 2021. Going forward, Kuozui Motors will continue to combine the efforts of our organization and actively support the TOYOTA Environmental Challenge 2050 initiative to achieve the vision of zero CO2 emissions—reducing CO2 emissions by 54% by 2025 and achieving carbon



neutrality at our factories by 2035—to fulfill our responsibility as a corporate citizen.

Local impact

Since 2002, Kuozui Motors has maintained a close relationship with the nearby Neiding Elementary School and sponsored the expansion of the school's education facilities, improvement of staff quality and programs of club activities, and prizes (including cash prizes) for graduation ceremonies through monetary donations. From 2017 to 2021, Kuozui Motors has made donations totaling NT\$586,000 to Neiding Elementary School.

Toyota Production System (TPS) Coaching and Mentoring

While Kuozui Motors has dedicated great resources to

manufacturing operations and environmental sustainability, they also provide coaching and mentoring to companies in the industry as part of their effort to facilitate the development of the industry. Not only do they implement the Toyota Production System, but they are also committed to improving the quality and production efficiency of the supply chain to build up their capabilities. In addition, top management has visited our partners around Taiwan to offer onsite coaching and mentoring. In 2021, we coached and mentored 26 subcontractors in the industry and 32 subcontractors in non-automotive industries. Kuozui Motors remains committed to creating safe and comfortable vehicles as they strive to manufacture high-quality vehicles that exceed the expectations of customers as a way of giving back.

Education and culture

In addition to sponsoring road safety tours and factory apprenticeship, Kuozui Motors provides scholarships for students from disadvantaged and marginalized families. A total of 2,597 top-performing students have received scholarships in the last 21 years, and the accumulative amount of scholarship money given has reached approximately NT\$22.85 million. This year, we opened up 113 scholarship slots to T-TEP partner schools and vocational students and an "Exceptional Student Scholarship" in the hope of encouraging students to excel academically. To promote industry-academia collaboration to develop more vehicle technician talent, we also provide the latest vehicle and key automotive parts periodically to schools in the country. Unfortunately, last year due to the pandemic, we were not able to provide the vehicles and parts to them.

Corporate Governance



100%

Functional Committee Attendance

2 seats

Two of our Board of Directors are women, reflecting our efforts towards gender parity

NT\$ 29.68

Earnings per share

100%

Percentage of employees receiving annual compliance training

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

For 74 years, integrity and ethics have been the core values in Hotai Motor's corporate culture. Through sound corporate governance systems, professional management teams, rigorous risk management practices and internal audit and controls, transparent and effective communication channels, we continuously deliver robust growth and expand our market reach while coexisting in harmony and thriving with the society, thereby achieving our vision and goal of sustainable operations.



4.1 Board Structure and Functions

The Board is comprised of 14 directors, including three independent directors as prescribed by our Articles of Incorporation. The directors are elected from a list of Board candidates using the candidate nominating system for a three-year term and can be reelected; however, none of the independent directors to date have served more than three terms. In 2021, the Board met nine times and the average attendance was 100%; [important Board resolutions can be found in the Investors Relations section on our corporate website.](#)

Diversity of the Board

4.1.1

To maximize Board function and improve the quality of decision-making, our [Corporate Governance Best Practice Principles](#) requires that diversity of Board composition should be considered. In addition to the requirement that directors in management positions should not exceed one third of the Board seats, we also formulate diversity policies based on the

operations, nature of business and development needs of the company. In 2021, we have a total of 14 directors, three of which are independent (21%) and two are employees (14%). There are two directors that are women, accounting for 14% of the Board. In terms of age demographics, two of the directors are 50 or under, five are between the age of 51 to 65, and seven are 66 or above. Our directors have expertise in various areas, such as management, business administration, and finance. Not only do we consider professional capabilities and experience of the directors, we also place great emphasis on personal reputation in respect of ethics and leadership skills in the selection process.

With the intention of achieving a desirable outcome of corporate governance, the Board as a whole should have the following capabilities: 1. business judgement, 2. accounting and financial analysis 3. business management, 4. crisis management, 5. industry knowledge, 6. global market perspective, 7. leadership, 8. decision-making. The experience,

expertise and training of each Board member can be found on pages 32 to 34 and page 62 in our 2021 Annual Report

Board Performance Evaluation

4.1.2

As part of the efforts to increase Board effectiveness, the Board of Directors approved and adopted the Hotai Motor Board Performance Evaluation Guidelines on December 29, 2016. The Guidelines provides that the performance of the Board should be reviewed and evaluated every year in December, which includes the overall function of the Board and self-evaluation of individual directors. Every three years, an external evaluation of the Board should be performed by an independent institution.

Each year the company conducts evaluation on the performance of the Board and individual directors. In 2020, the results of the evaluation indicate that both the Board and

individual directors delivered excellent performance. In the last external evaluation in Q4 2021, we engaged the Taiwan Institute of Ethical Business and Forensics to conduct an evaluation on the performance of the Board of Directors. The evaluation uses surveys and in-person interviews to evaluate the functions of the Board from the aspects of decision-making, competency, internal controls, sustainable operations, and social responsibility. The results of the evaluation have been presented to the meeting of the Board on January 20, 2022. Based on the outcome of the evaluation, the Company has a well-functioning Board; the next external evaluation is scheduled for 2024.

"In 2021, average attendance at Board meetings was 100%. Each director has expertise in management, business administration, and finance. The performance of the Board is evaluated through surveys and interviews."

In 2021, the Board met nine times and the average attendance was 100%

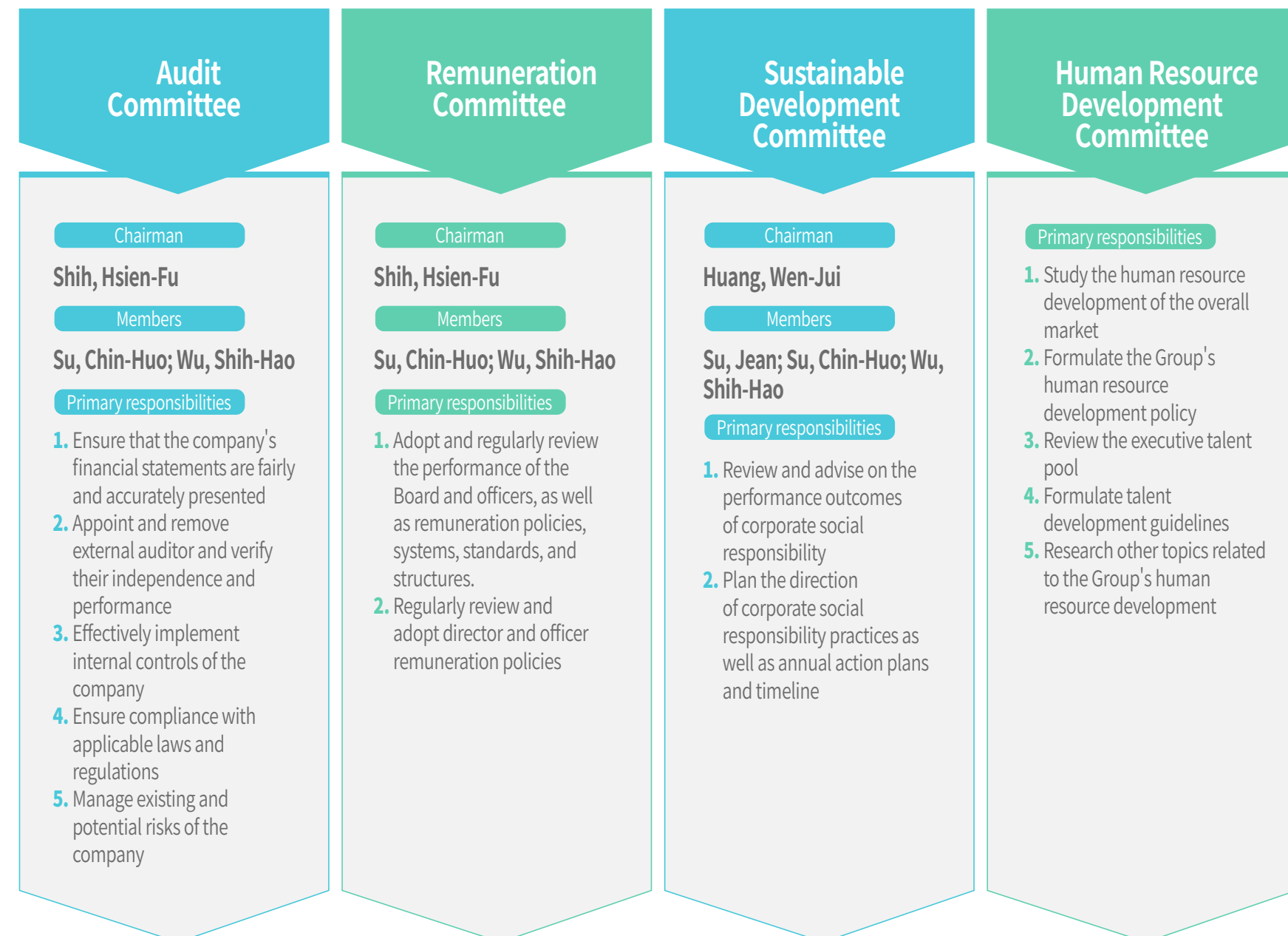


Functional Committees of the Board

4.1.3

To enhance governance and oversight, the Board has the following committees: the Audit Committee and Remuneration Committee. In 2018, we exceeded regulatory requirements and established the Corporate Responsibility (CSR) Committee as part of our efforts to effectively integrate ESG practices and resources to enhance corporate governance effectiveness. The CSR Committee was renamed the Sustainable Development Committee in 2021. In the same year, we've also set up a Human Resource Development Committee to adapt to the

development needs of the Hotai Group (i.e., Hotai Motor and our affiliates), enhance the competitive edge of our organization, and implement comprehensive human resource development strategies. In 2021, the Audit Committee and the Remuneration Committee each met five times, the Sustainable Development Committee met twice, and the Human Resource Committee met four times; all meetings had a 100% attendance rate.



Board of Directors and Executive Management Remuneration Policy

4.1.4

Director remuneration includes director base compensation, profit sharing, and allowances; executive remuneration includes salary, bonuses, and employee profit sharing. The Remuneration Committee regularly reviews the long-term goals, remuneration policy and standards of directors and executives, and evaluates their goal attainment rates. For executives, not only do we rate their performance based on individual goal attainment rates, but we also consider the company's overall business performance, future operational risks and industry trends, and periodically review the remuneration policies based on our financial health and applicable regulations as we see fit. Our goal is to achieve a balance between sustainable operations and risk management. When rating the performance of the president of the organization, in addition to the operational and financial performance of the business, we also look at sustainability indicators such as business ethics, corporate image and sustainable partnerships, as well as other indicators like risk management and crisis management.

According to Article 34 of the Articles of Incorporation of the Company, to the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration and no more than 2% for directors' remuneration. The proposed percentage and amount of allocation shall first be approved by the Remuneration Committee and the Board of Directors and presented at the shareholders meeting. Subject to the approval of the Remuneration Committee and the Board of Directors, remuneration will be paid to the directors after the shareholders meeting in the amount fixed according to the percentage provided in the Articles of Incorporations.

Internal Audit System

4.1.5

The Board has a dedicated Auditing Division charged with conducting internal audit of the company and handling relevant reporting. This division is comprised of a Chief Auditing Officer and six auditing staff to ensure the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of company assets), reliability, timeliness, transparency, and conformity of the reporting, and compliance with applicable laws and regulations.

Our internal audit system has five key components—control environment, risk assessment, control activities, information and communication, monitoring. Through frequent self-monitoring, we can quickly respond to changes in the environment or circumstances. The Auditing Division develops the annual audit plan for the following year based on results from the risk assessment, conducts audits on the

finance, risk management, and regulatory compliance of the company and subsidiaries at least once a quarter and prepares an audit report accordingly. These efforts are to ensure that the day-to-day operations align with the standards of ethical business practices.



4.2 Compliance

At Hotai Motor, we keep discipline and compliance at the heart of our business practices, and we see integrity and transparency as the core of corporate social responsibility. As part of our commitment to ethical business practices, we monitor periodically the latest regulatory updates through a search of legal databases to ensure ongoing compliance with relevant laws and regulations. And to continue Hotai Motor's legacy, we have developed extensive guidelines specific to different functions and job grades with the goal to preserve the core values of ethics and integrity. In 2021, there were no incidents involving a fine or administrative sanction due to non-compliance with the Company Act, Securities and Exchange Act, information disclosure, or local or foreign oversight regulations, or legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Recusal Rules for the Board of Directors



To effectively implement the director recusal policy, the Rules and Procedures of Board Meetings specifically provides that when the agenda item being discussed presents a conflict of interest between a director or the corporation represented by the said director and the company, the director must disclose the conflict at the meeting, and refrain and recuse themselves from any discussion and voting concerning the matter when the conflict competes with the interest of the company. The said director may not act as proxy for another director. Disclosures of cross-board membership, cross-shareholding, and existence of controlling shareholders in the highest governance body can be found on pages 20 to 31 of our 2021 Annual Report.

Insider Trading Prevention Management



In order to improve Board functions and risk management, we adopted the Insider Trading Prevention Management Guidelines in April 2011 to ensure the effectiveness of corporate governance and prevent insider trading from happening.

Our Anti-Bribery Policy and Standards of Ethical Business Practices are guided by the Ethical Corporate Management Best Practices for TWSE/GTSM Companies, TMC's Anti-Bribery Guidelines, and applicable laws and regulations to ensure that we act with honesty, transparency, and responsibility. Every director, supervisor, officer, and individual hired by the company in any form are expected to comply with the Policy and Standards. To prevent corruptions and unlawful behaviors, employees are prohibited from directly or indirectly offering, accepting, promising, or demanding benefits in the course of doing business with the other party, except in the event where the benefits are part of the lawful business conducted or considered appropriate under the social norms. The Guidelines also establish clear rules on policy-making, business activities, political contributions, charitable donations and sponsorships. To ensure full compliance with the Guidelines, the Board of Directors is required to fulfill its duty of care as a good manager and oversee the company's efforts in preventing unethical and unlawful behaviors and review the results of implementation from time to time for improvement. We are firmly committed to a zero tolerance policy against corruption. In June 2016, the Policy and Standards were amended to reflect the updated Ethical Corporate Management Best Practices for TWSE/GTSM Companies and Articles of Incorporation of the company. To complete our reporting procedures, we adopted the Procedures and Guidelines for Anti-Bribery and Ethical Business Practices in January 2018, providing employees with clearly defined operating procedures.

Anti-Bribery Policy and Standards of Ethical Business Practices

Founded in 1947, Hotai Motor has been committed to the sustainable development of society by delivering quality products and service to our customers. Through these efforts, we have built a resilient company spirit that passes from one generation to another which materializes into the Hotai Motor Employee Code of Conduct. We expect our employees to live out the Code of Conduct with the mindset that "there is no best, only better" as we continue to build on this legacy, enhancing economic prosperity in the society. The Code of Conduct requires us to adhere to the laws and regulations and act with humility, honesty, and integrity. Based on its core values, we create a set of guidelines that covers employee conduct in the following aspects, business operations, corporate activities and society, which guides our daily business practices.

Employee Code of Conduct



As part of our efforts to establish a well-functioning mechanism to handle and disclose material nonpublic information, we have the Procedures for Handling Material Nonpublic Information in place to prevent unauthorized disclosure of information and to ensure the consistency and accuracy of information we make public.

Procedures for Handling Material Nonpublic Information



Rules and Procedures of Board Meetings



Anti-Bribery Policy and Standards of Ethical Business Practices



Procedures and Guidelines for Anti-Bribery and Ethical Business Practices



Hotai Motor Corporate Governance Best Practice Principles



Procedures for Handling Material Nonpublic Information

Ethical Business Practices and Anti-Bribery Training

4.2.1

At Hotai Motor, integrity and ethics are the core of our corporate culture. The Compliance Office is the dedicated unit leading and promoting ethical business practices, and the Auditing Division is charged with reporting to the Board on the progress of our practices.

Apart from the above, we also have an online and physical reporting system for any concerns of bribery, corruption, unethical or unlawful behaviors. According to the Procedures and Guidelines for Anti-Bribery and Ethical Business Practices, the Auditing Division is charged with receiving and processing the reports. While an individual who reports the concerns must identify themselves, we ensure a strict non-retaliation policy to protect individuals for making a report in good faith and encourage an ethical and transparent governance culture. The Auditing Division shall report these incidents to the Board of Directors, as well as how the incidents are handled, and subsequent reviews and improvement measures. In 2021, most of the concerns reported are related to customer complaints and have been funneled to appropriate departments within the Group for further actions.



Reporting Concerns	2018	2019	2020	2021
Number of Concerns Reported	13	9	7	17
Number of Confirmed Incidents	0	0	0	0
Investigation Progress	Most of the concerns reported are customer complaints and have been forwarded to the appropriate departments.			

Every year, we conduct compliance training to ensure employee compliance with the Anti-Bribery Policy and Standards of Ethical Business Practices. We hope to convey the core values of integrity and ethics through a series of training courses and instill this culture into our employees' daily practice. Meanwhile, we also conduct anti-bribery training for new employees each year to ensure that each new member joining our family shares the same value as the organization. All the new hires are required to complete this training as part of the goal to strengthen our ethical business practices. In 2021, Hotai Motor (excluding dealers) have conducted an anti-corruption risk assessment and there were no incidents of corruption that have been found to be substantiated and confirmed.

Ethics Training	2017	2018	2019	2020	2021	
Annual Compliance Training for All Employees	Attendance	430	406	551	556	563
	Percentage of Employees Receiving Training	100%	100%	100%	100%	100%
Anti-Bribery Training for New Employees	Attendance	39	21	18	26	24
	Percentage of Employees Receiving Training	100%	100%	100%	100%	100%



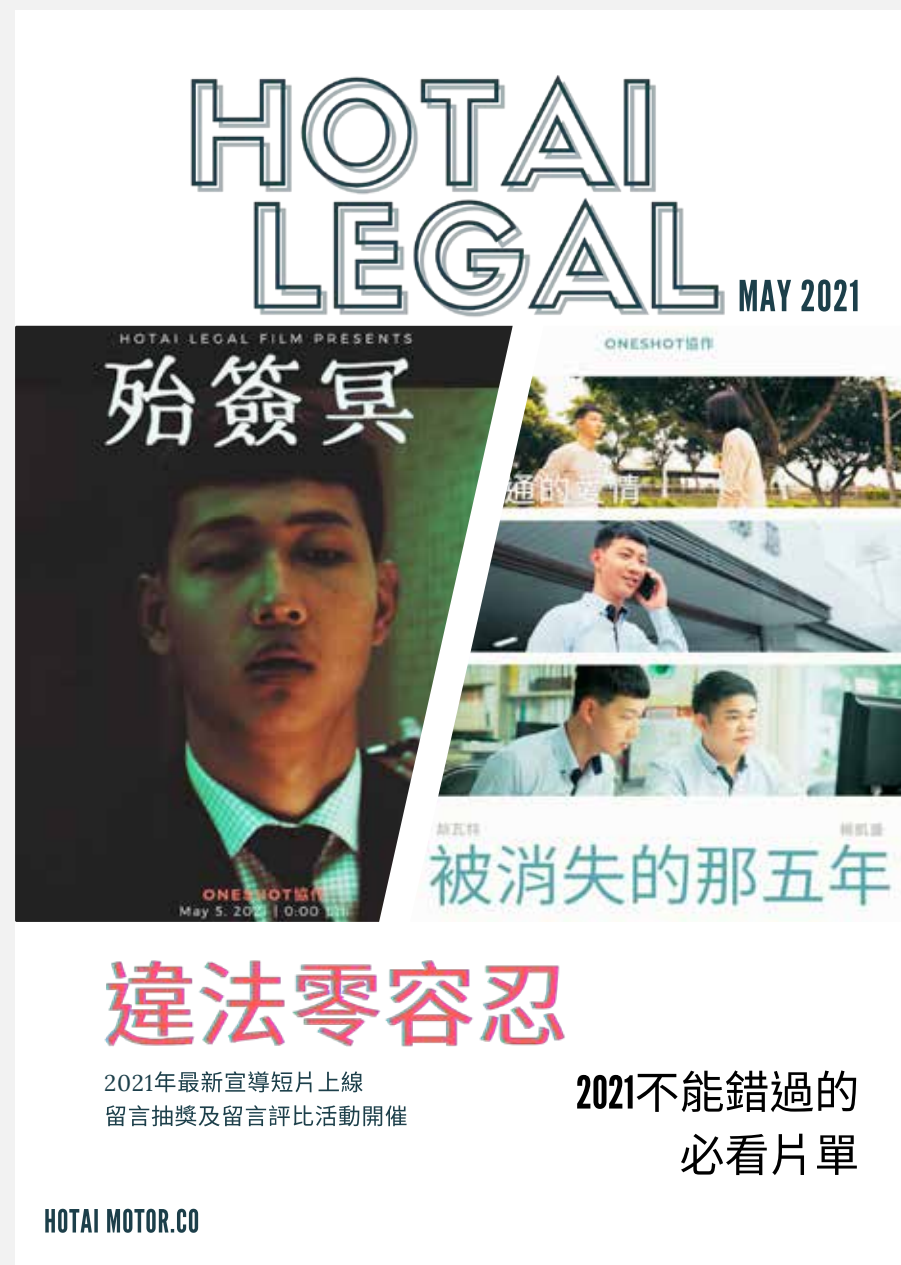
Zero Tolerance Policy

4.2.2

To effectively prevent non-compliance, Hotai Motor uses the "Broken Windows Theory" and through diverse campaigns and in-person trainings for first-line employees to effectively convey the company's zero tolerance policy against unethical and unlawful behaviors. These efforts are to prevent minor misconduct from turning into major violations and to mitigate the risks of having an environment that promotes further non-compliance.

Zero Tolerance Campaign Video

Our campaign videos to promote zero tolerance against unethical and unlawful behaviors launched on May 5, 2021, available for internal educational use to promote awareness. The videos were produced based on actual scenarios occurred at our dealerships with the purpose to encourage employees to think for themselves while reflecting on these topics. The campaign also incorporates online testing and sweepstakes for those who leave comments as incentives to attract members of the Group to watch the videos and share their thoughts to achieve more desirable results. The videos were viewed 26,803 times and received 8,327 comments.



Compliance Office Live Streaming

As part of our goal to create more interesting contents for compliance training while offering first-line dealership employees the opportunity to interact with legal counsels in real time and on a more in-depth level, the Compliance Office has been hosting live events quarterly through online streaming to promote compliance since 2020. We hope to create contents that are more relatable to first-line operations and bridge the gap between employer and employees. In 2021, we continued to host the events and 17,475 people participated.

Legal Seminars on Zero Tolerance Policy

Hotai Motor regularly hosts legal seminars on the topic of zero tolerance against unethical and unlawful behaviors. In the seminar, we discuss the concepts of the "Broken Windows Theory" and "Zero Tolerance" as well as common violations in our operations from real-life examples to reinforce compliance of first-line employees. We also invite legal counsels from our dealerships as guest speakers for in-person trainings, and offer online training and conduct post-training quizzes for those who are unable to make it in person. These efforts demonstrate our unwavering commitment to fight against unethical and unlawful behaviors.



Zero-tolerance Policy and Compliance Review to Safeguard Intellectual Property

4.2.3

Hotai Motor's dealers and affiliates have all adopted their own set of Intellectual Property Management Guidelines, Trademark Management Guidelines, Management Guidelines for Proprietary and Sensitive Information, and Management Guidelines for Research and Development Project Results and Relevant Intellectual Property Rights prior to November 2021, creating a comprehensive intellectual property management system.

To enhance intellectual property awareness and knowledge across the organization, we conducted two sessions of on-the-job training (OJT) in 2021 on the topic of intellectual property rights; a total of 112 employees attended the training. The training uses Hotai Motor's management system as an example to help each affiliate understand what intellectual property management system is and how to create a comprehensive one. We also organize intellectual property seminars to increase the awareness of legal and IP personnel and improve their ability to spot issues, increase their sensitivity to the law and thereby minimize our risks of non-compliance with IP laws.



Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

4.3 Information Disclosures



We have a variety of information disclosure channels in place that we use to communicate with investors, including a spokesperson system, investor relations website, stakeholders section on our corporate website, shareholders meetings, investor conferences and roundtable sessions. In addition to providing accurate and timely information to our investors, we also offer a platform to ensure that their voices are heard. In 2021, we attended investor conferences held by external institutions each quarter, and hosted several roundtable sessions where our spokesperson and investor relations team presented key performance results and future strategies of the company to corporate investors. During shareholders meetings, each item requiring ratification or discussion is voted in the order of the agenda and the results of which are made public in a timely manner.

<p>Spokesperson and Acting Spokesperson</p>	<p>Investor Relations Website</p>	<p>Investor Conferences/ Roundtable Sessions</p>	<p>Stakeholders Section</p>
<p>Appoint a spokesperson and acting spokesperson according to the Corporate Governance Best Practice Principles for TWSE/TPex Listed Companies for the communication with investors.</p> 	<p>Provide real-time searches, downloads of financial report, annual report and other important financial data, and information on investor conferences and shareholders meetings. Regularly disclose the collection of information by the company and assign dedicated staff for the task.</p> 	<p>Host investor conferences quarterly. Host investor roundtable sessions periodically or on an as-needed.</p> 	<p>Provide an open communication platform for employees, consumers, suppliers, local communities, and other stakeholders.</p> 

4.4 Risk Management

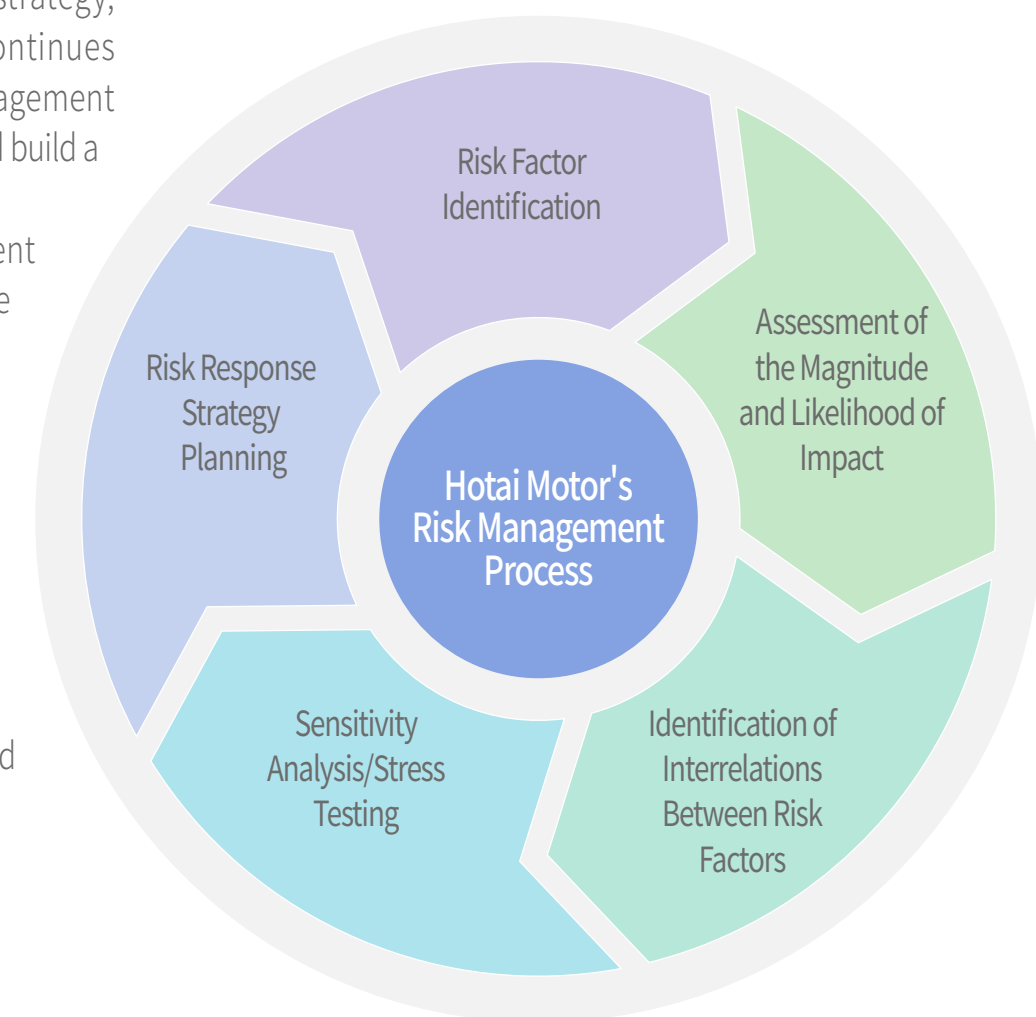


Risk Management

4.4.1

In 2010, TOYOTA established a new risk management committee and organizational structure globally and designed a standardized risk management process, which requires the annual risk assessment process to be conducted pursuant to the Toyota Global Risk Management Standard (TGRS). In 2021, TGRS 1.5 was developed to further improve the risk assessment process. A multi-tiered risk classification approach (the FORREST model) was also introduced using the level of impact as assessment criteria to manage risks in the aspects of finance, operation, compliance, management, affiliates, strategy, technology and information. In 2022, TOYOTA continues to develop the Global Toyota Enterprise Risk Management (G-TERM), which will factor in the likelihood of risks and build a global reporting mechanism and real-time dashboard.

For Hotai Motor, each aspect of risk management is vital to our operations. Across departments, we follow TOYOTA's global risk management standard in identifying potential risks with the utmost caution to determine the magnitude of impact and frequency of occurrence. We also consider the interrelations between the risk factors and different functions. Based on the policies approved by the Board, the Financial and Accounting Division conducts long-term research, assessment, prevention, and mitigation on the contingent financial risks due to interest rate and exchange rate fluctuation, inflation, and deflation.



Maintaining steady and robust operations has always been our business strategy, and we do not engage in any high-risk, high-leverage investments. Each subsidiary within our Group is required to adopt their own Operating Procedures for Fund Lending and Procedures for Providing Endorsement and Guarantee of Obligations to guide and manage relevant operations, while all the transactions of derivatives should follow Hotai Motor's Procedures for Engaging in Derivative Transactions.

Internal Control and Audit

Risk control self-assessment is an important opportunity for us to evaluate the adequacy of the design and implementation of our internal control system, and it is also one of the key tasks of risk assessment. As a result, Hotai Motor and our subsidiaries conduct risk control self-assessment every year and task the Auditing Division to provide training on control self-assessment to improve employees' risk assessment and management capabilities as part of our efforts to enhance risk management practices. Last year, 54 people from across departments and internal auditors from within the organization took part in the training. In order to strengthen our risk management and control, we organize annual knowledge exchange activities for internal auditors from across the organization as part of the efforts to implement and promote our internal audit and control system and facilitate communication among internal auditors. Through the exchange, discussion, and sharing of experience in internal auditing and control operations, we are able to enhance our risk management and audit capabilities.

Risks and Opportunities Related to the Industry

4.4.2

In Taiwan, consumer purchasing took a hit due to restrictions imposed under the level three COVID alert when cases started to surge in May 2021. However, new business opportunities arising from working remotely, strong semiconductor export demand in the country, as well as the inherent advantages of the industry continued to boost economic growth. The annual growth rate last year was at 6.45%, up by 3.09 percentage points compared to the revised 3.36% in 2020. Despite the double impact of pandemic outbreaks and automotive chip shortage in the global supply chain, market sentiment improved when the government lowered the alert level in July as steps taken to control the outbreaks have proven successful. In 2021, the total sales in the automotive market were 449,859 units, which have reached 98.3% of the volume of 2020. When we consider vehicle sales by brand, Toyota, Lexus and Hino are ranked top in market share. The top two players and companies that rank 4th and 6th in the automotive industry are all Japanese car brands, accounting for a total of 59% of the market share.

Ranking	1	2	3	4	5	6
Brand	TOYOTA Lexus HINO	mitsubishi CMC	FORD	NISSAN INFINITI	MERCEDES BENZ	HONDA
Volume	156,072	51,920	30,379	28,964	28,587	28,550
Market Share	34.7%	11.5%	6.8%	6.4%	6.4%	6.4%

As a professional vehicle distributor, Hotai Motor strives to deliver the best pre-sales and after-sales support and we aspire to provide premium service that exceeds customer expectations. For that reason, our sales activities are focused on improving vehicle quality and customer satisfaction and we continually deliver the best products and services to customers through innovative approaches. As we enter 2022, major economies continue to recover and issues revolving around the shortages of chips and accessories should begin to ease. As a result, the financial aspect of the overall automotive

market is expected to be comparable to its performance in 2021. Additionally, driven by favorable factors such as the launch of new products and ramped up sales strategies by competitors, absent other black swan events, the automotive market is projected to reach 460,000 units this year. In 2022, the respective sales targets for Toyota and Lexus are 130,000 units and 25,000 units, and the overall sales target for passenger vehicles is 155,000 units, representing a market share of 33.7%.



Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

TOYOTA

Favorable Factors

- The government's excise tax rebate policy under the scrappage program has been extended for five years until early 2026. As a result, demand for new cars should continue.
- Increased vaccination coverage and government's new policy to coexist with the virus are driving economy growth. Boosted by an upswing in the global stock market and low interest rate, purchasing is expected to continue to rise.
- Under the support of TMC, we are gearing up for vehicle electrification and to introduce brand new light commercial vehicles and multiple new vehicle models

Unfavorable Factors

- In 2021, global chip shortage remained without immediate solutions and new COVID variants continued to impact countries around the world, creating a harsh reality for the auto parts supply chain.
- The Central Bank is prepared to tighten monetary policy, which will result in the climb of inflation and could potentially impact domestic economic activity.

Response Strategies

- **Aim for triple dominance in sales to boost value chain development**
 1. Drive sales from all fronts: demand from the industry and owners for light commercial vehicle, TOWN ACE, creates sales momentum.
 2. Innovate value chain services to gain business opportunities: develop new market opportunities around vehicle lifecycle; create new avenues for CPOs; boost peripheral business prospects through sales volume.
- **Scale up digital transformation**
 1. Revolutionize digital sales and upgrade service experience: attract customers using big data and precision marketing; launch new model to touch all points of retail both online and offline; make use of digital tools to create personalized services.
 2. Upgrade digital sales and operations: step up our game in AI-powered apps in sales and management; increase synergy in logistics operations
- **Explore new frontiers in alternative energy**
 1. Expand product offerings to achieve carbon neutrality: continue to introduce alternative energy vehicle models and take our products to the next level.
 2. Monitor regulatory updates and industry trends: monitor T-NCAP (Taiwan New Car Assessment Program) and CAFE (Corporate Average Fuel Economy) regulations.
- **Next-generation branding**
 1. Expand the Gazoo Racing (GR) brand: introduce multiple GR models, owners race, and exclusive promotional campaigns for GR owners.
 2. Create a brand that resonates with millennials and Gen Z: organize diverse and creative brand activities and renew our commitment to environmental causes.

Lexus

Favorable Factors

- In 2022, revised fuel economy regulations and oil price will likely encourage consumers to purchase vehicles ahead of schedule. Coupled with the extension of vehicle trade-ins for reduced excise taxes through the scrappage program and the uptick in Taiwan's exports, domestic sales volumes can see a considerable increase.
- With smart vehicles evolving rapidly, Connected, Autonomous, Shared and Electric have become the latest development trend in the automotive industry, which simultaneously drives the rise of Mobility as a Service (MaaS), a disruptive innovation of new mobility business models is born as a result and creates new prospects in innovative mobility services.

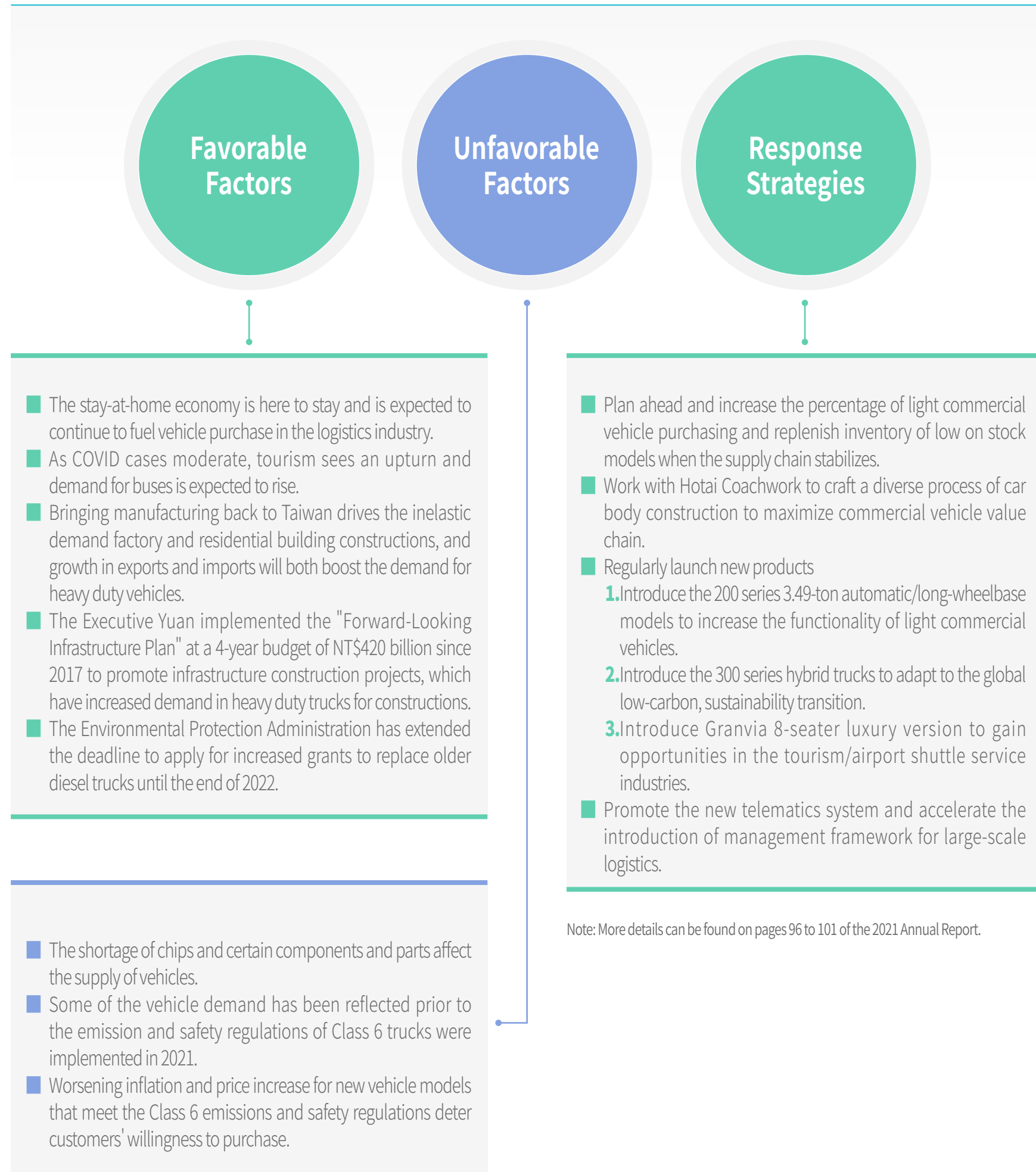
Unfavorable Factors

- With the goal to go electric this year, competitors are introducing 100% electric vehicle models and actively expanding their product lineups.
- Complementary measures to support alternative fuel vehicles are not yet fully developed, and the charging infrastructure is less than complete compared to their conventional counterparts, which have a dense, established, and convenient network of gas stations.

Response Strategies

- Gradually increase the percentage of hybrid-electric vehicles (HEVs) and plug-in hybrid vehicles (PHEVs) that meet fuel economy requirements as the backbone to drive sales volume.
- Develop a roadmap in the electrification era by securing a spot in the market for our electric vehicle models, including the new Lexus RZ450e, to craft a leading BEV brand among luxury vehicles.
- Combine Group resources to increase the number of charging stations and improve charging infrastructure across the island; introduce EV charging apps to provide car owners real-time digital services.
- Launch big data applications and digital transformation—create a personalized experience that exceeds customer expectations using tailored service and mobile optimization to achieve a more dynamic and personal service process.

Commercial Vehicles

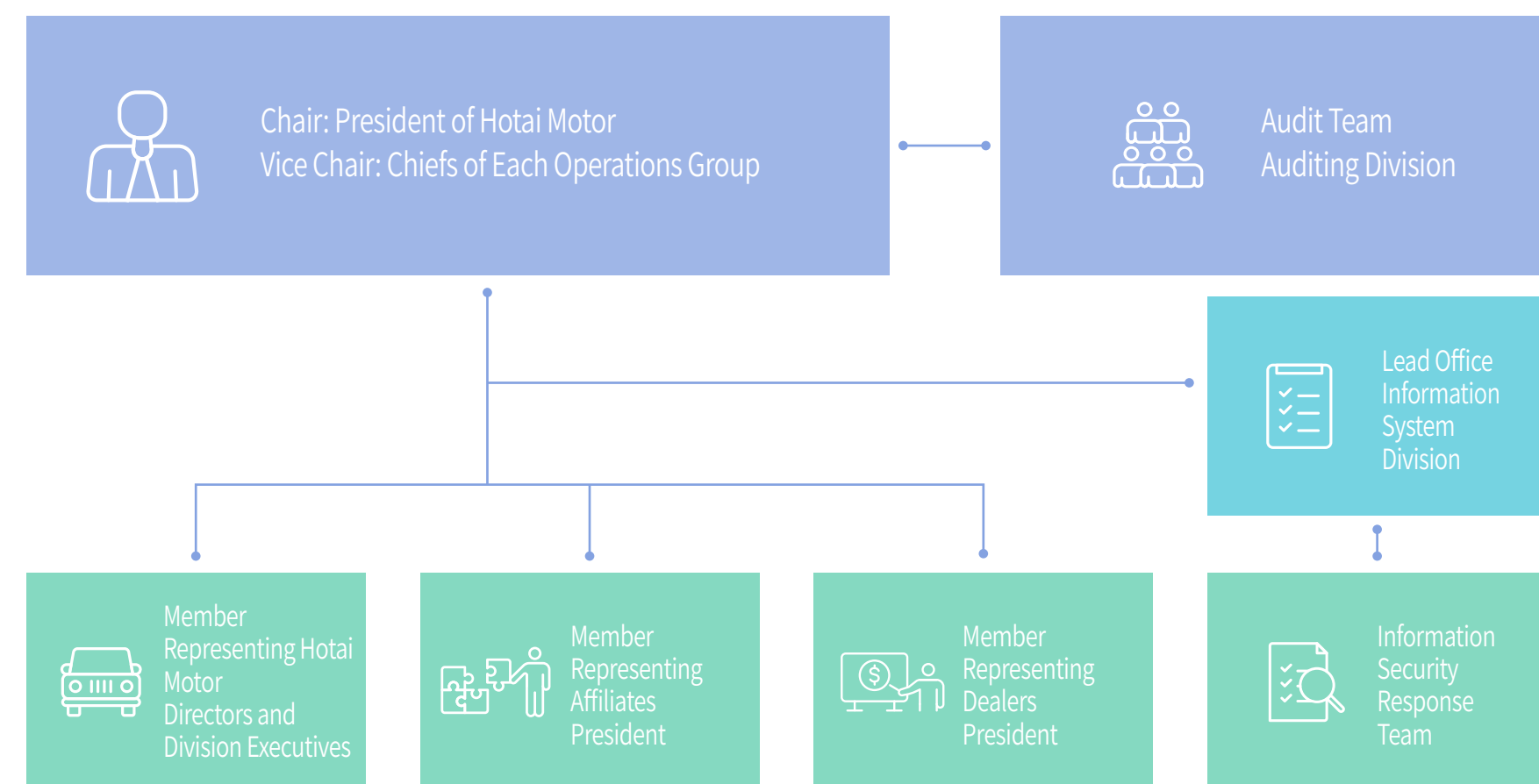


4.5 Information Security and Customer Data Protection

Hotai Motor began manufacturing and selling small commercial vehicles and passenger vehicles in 1987 and has collected the personal data of over 3.5 million customers. To protect customer data and effectively lower cybersecurity risks, we continually upgrade and reinforce our information security system. In 2007, we established an Information Security Committee to be the highest governing authority of the Group's information security practices, with the aim to thoroughly implement and articulate our information security governance policies and protect data from unauthorized access. We require the full compliance of all employees as we work towards maintaining information security of the Group. The Information Security Committee meets once a year and is chaired by the president of Hotai Motors. The president and members of the committee are charged with reviewing the Group's information

security and governance policies and overseeing the operations of the information security management system. We also set up a dedicated unit, the Lead Office for Information Security, led by the head of the Information System Division. Through monthly meetings, we assess the scope of application and integrity of our information security policy based on internal and external environments and regulatory requirements and revise the policy as needed to ensure that group-wide implementation progress and results are in compliance with the information security requirements of the Group. When a major breach of information security or personal data occurs, the incident shall be handled and reported to the chair immediately to create a high-level information security and defense network.

Information Security Committee Structure



Information Security Management System

4.5.1

For Hotai Motor, building and maintaining secured and trusted information environment and ensuring the stability and security of data, system, equipment, and network are imperative to achieving sustainable operations. In 2008, Hotai Motor worked with eight of our dealers to promote ISO 27001 certification, an international standard of information security management, and became the first company in Taiwan's automotive industry to have dealers and every single upstream and downstream supplier certified to ISO 27001 standards. Through regular meetings, the Lead Office assesses the potential impact to our information security network prior to the implementation of any new technology or new information and communications system projects to protect the confidentiality, integrity and availability of information, while reviewing, processing, and reporting information security and personal data breaches and threats. This mechanism enables us to meet the required information services risk assessment and personal data protection and to be fully prepared for information security threats.

In light of rising malicious email attacks in recent years, the Group has established a reporting and response mechanism to prevent hacks. Apart from conducting regular training and simulations to reinforce employee awareness of malicious email threats, we also implemented an advance email security protection system, APT, which utilizes global threat intelligence

to analyze emails and blocks malicious emails from infiltrating the internal network of the company. By using the PDCA approach to continuously refine the information security risk management process, we can ensure the effectiveness of our information security management. Additionally, we conduct annual information security risk assessment pursuant to regulatory requirements and the latest internal and external threat intelligence to assess and address potential information security risks and establish the effectiveness and adequacy of the information security management. From each possible threat and vulnerability combination, we analyze risks we are likely to be exposed to and make improvements, and apply ongoing control and monitoring to minimize our information security risks.

When an incident of suspected information security (including personal data) breach is discovered or reported by an employee, the appropriate department should be promptly notified and the severity of the incident should be determined. An information security incident classified as material that would potentially impact the operation of the information system should be reported to top management and recorded in the system. Once the reported incident is resolved, the appropriate departments will notify the individual who made the report and conduct a root cause analysis to reduce the likelihood of similar incidents occurring in the future.

2021 IT Security Management Measures

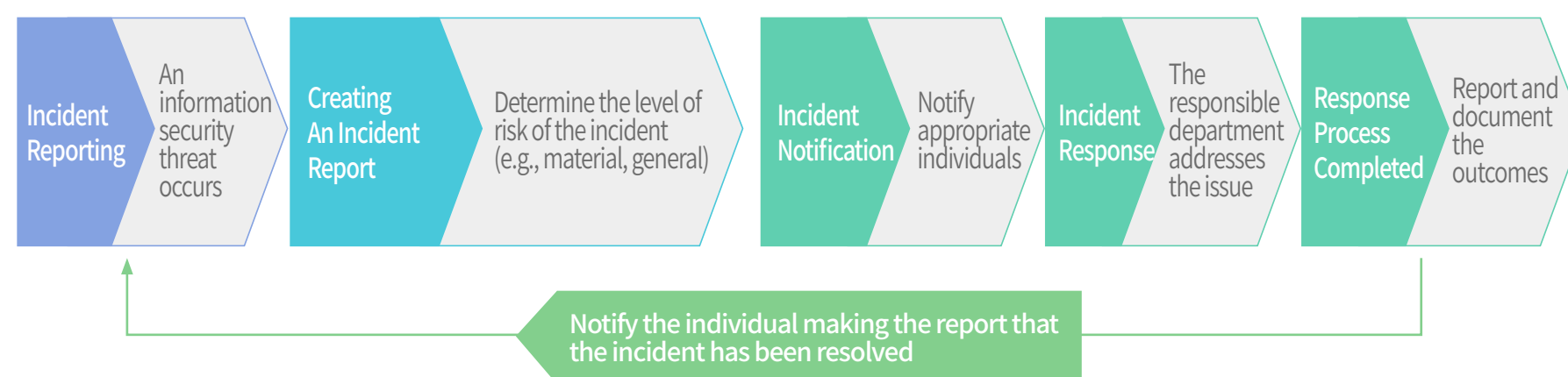
In the face of various external information security threats and cyberattacks, we have expanded our cyber security defenses by extending protection from mainframes to endpoint devices and from the mainframe room to remote locations. The aim is to prevent hackers from accessing or embedding in our network and eliminate external threats that result in crisis which could potentially paralyze our operations. In 2021, we adopted heightened monitoring of endpoint activities and increased mainframe security to prevent renewed cyberattacks and hacking methods. To reinforce monitoring of endpoint activities, we control USB access and software installation permission to restrict ways hackers can gain access to our network, establish a logging mechanism that collects and analyzes activities on the computers which alerts users of abnormalities and promptly blocks potential threats, and quickly investigate the root cause of the incidents and come up with countermeasures. We also increased mainframe security by strengthening the identity verification process and implementing domain and network segmentation management to prevent a full-scale hacker attack and data kidnapping and divert the risks of having the information system being paralyzed. For users with high security clearance or are high risk (e.g., IT personnel, dispatched

employees, partners), we implement information security mechanism for remote access and check against the global threat intelligence database that automatically detect risks and block attacks to ensure that proprietary data is secure when accessed through the company's network remotely.

Information Security Awareness

Despite our information security measures, it is impossible to eliminate risks completely in this area. With new hacking techniques emerging constantly, it is important for us to continue building employees' information security awareness through diverse training and communication strategies to raise the overall awareness of the organization. Some of our efforts include, requiring every new employee to complete two hours of information security training and testing to reduce the likelihood of information security incidents or data leaks due to lack of knowledge of relevant regulations on the part of employees; conducting regular information security training for all employees each year; sending information security newsletters regularly to share relevant news and knowledge and using it as an opportunity to promote awareness and communicate Hotai Motor's latest regulations and guidelines with employees so that they are fully aware of information security risks and the importance of data protection.

Information Security Incident Reporting Protocol



	Topic	Attendance	Training Hours	Percentage of Employees Receiving Training
All employees	Personal data and information security training and assessment	489	2	100%
New employees	Personal data and information security training and assessment	24	1	100%
IT personnel	for new employees Information technology education and training	50	Different training hours may be required depending on their area of expertise	100%

Customer Data Protection

4.5.2



Protecting Customer Privacy

Hotai Motor has implemented a Group-wide personal data management system to ensure that customer data is adequately protected. From positioning the organizational management and operations from a strategic aspect of the business, and through analyzing service procedures and information systems, we examine the lifecycle of personal data from collection, processing, transmission, storage, archive, and destruction, as well as access and control of the data throughout its lifecycle in order to deliver the most comprehensive personal data solutions.

Ensuring Compliance

With the intention to protect customer privacy online and ensure compliance with Taiwan's Personal Data Protection Act in collecting, processing, and using personal data, Hotai Motor developed the Regulations Governing the Collection, Processing and Use of Personal Data as a guideline for relevant business units to follow. As required by the law, we publish our privacy policy for collecting personal information on our corporate website, which reiterates our commitment to protect customer privacy and clearly explains how customer data are being collected and used, as well as our data security policy to protect customer privacy.



TOYOTA



Lexus



HINO

Implementing Controls and Training

The Office of Personal Data conducts personal data training and data breach tabletop exercises regularly throughout the year with the aim of improving our personal data security. This

two-hour training also uses quizzes to ensure that employees have a high level of data privacy awareness; all employees are required to complete the training.

Data Privacy Training	2017	2018	2019	2020	2021
Attendance	467	474	497	473	489
Percentage of Employees Receiving Training (%)	100	100	100	100	100

Note: This table shows the number of employees who are equipped with office computers/laptops and completed the training.

In 2015, we formulated a set of data protection guidelines for subcontractors and require their full compliance. Since 2016, we have been reviewing the self-assessment reports submitted by subcontractors and conducting onsite audit once year. In 2018, we established a subcontractor's system of controls for recurring deficiencies by adopting the Data Protection Guidelines for Subcontractors. Subcontractors are rated based on their capabilities of data protection, which is one factor for relevant departments to consider when selecting subcontractors.

To ensure that the day-to-day operations and data privacy awareness of first-line employees across locations are in alignment with the Personal Data Protection Act and company policies, we send individuals qualified to conduct audit to TOYOTA service centers disguising themselves as car owners

and make personal data requests. The purpose is to investigate whether first-line employees follow company policies in the day-to-day operations as well as their data privacy awareness. For employees who fail to meet the compliance requirements, a refresher training or similar training will be given through dealers to help them improve and random audits will be conducted by dealers' audit divisions to follow up on the improvement of such employees. By implementing the above mechanism, we believe that we can ensure subcontractors and first-line employees to protect customer data from unauthorized access and prevent violations of the Personal Data Protection Act. As of the end of 2021, there were no violations of the Personal Data Protection Act or concerns reported involving losses of customer data or breaches of customer privacy.

Breach of Customer Privacy and Customer Data Leaks Reported

Year	Number of Data Leaks	Percentage of Personal Data Among Data Leaks	Number of Customers Affected Due to Data Leaks
2021	0	0%	0

4.6 Financial Performance



Year	2021	2020	2019	2018	2017	Units
Operating Revenue	138,872,240	136,052,443	126,892,633	109,034,011	112,264,170	NT\$ thousand
Gross Profit	12,713,663	12,096,532	10,737,805	9,571,323	9,753,770	NT\$ thousand
Operating Profit	8,545,817	8,228,028	6,889,079	6,124,435	6,409,383	NT\$ thousand
Non-Operating Income and Expenses	10,163,586	7,973,590	6,848,237	5,808,161	5,352,555	NT\$ thousand
Profit Before Income Tax	18,709,403	16,201,618	13,737,316	11,932,596	11,761,938	NT\$ thousand
Profit After Income Tax	16,210,758	13,848,870	11,768,815	10,025,535	10,115,607	NT\$ thousand
Income Tax Expense (Profit)	2,498,645	2,352,748	1,968,501	1,907,061	1,646,331	NT\$ thousand
Total Assets	94,565,824	83,719,774	76,469,958	66,132,309	61,074,145	NT\$ thousand
Paid-in Capital	5,461,792	5,461,792	5,461,792	5,461,792	5,461,792	NT\$ thousand
Revenue Per Employee	246,665	246,026	230,295	200,430	204,117	NT\$ thousand
Total Number of Employees at End of Year	563	553	551	544	550	Persons
Market Price Per Share (Average)	595.7	616.61	456.02	277.61	358.13	NT\$
Operating Expenses + Operating Costs	130,284,359	127,907,621	119,890,558	102,927,933	105,804,333	NT\$ thousand
Earnings Per Share	29.68	25.36	21.55	18.36	18.52	NT\$
Total Payroll	2,032,037	1,945,833	1,726,363	1,572,033	1,574,616	NT\$ thousand
Employee Benefit Expenses (Deducted by Payroll Expenses and Pension)	177,302	172,767	163,176	149,370	149,084	NT\$ thousand
Total Pension	28,409	28,401	27,704	27,189	26,686	NT\$ thousand
Debt Ratio	22.0	21.8	23.4	25.40	23.61	%

Note 1: The above data is taken from Hotai Motor's individual financial statements; in 2021, NT\$1,543 thousand came from government grants (which are offered to corporations by the Workforce Development Agency of the Ministry of Labor to fund employee training).

Note 2: Debt ratio means the debt to asset ratio

Note 3: In 2021, our community investments amount to NT\$161 million; cash dividend declared is NT\$20 per share.

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

Environment



98%

Percentage of recycled parts used in power steering pumps

72.6%

Percentage of recycled parts used in AC compressors

Over 320,000 cubic meters

Cumulative water consumption has been reduced as of the end of **2021** from vehicle servicing without a car wash

44.7cubic meters

Carbon emissions has been reduced through the use of recycled packaging materials

Words Of The Operator

About Hotal

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

TMC's short to long-term strategies and action plans (including the TOYOTA Environmental Challenge 2050 and TOYOTA Environmental Action Plans) state that TMC has set a short-term reduction goal of 15% in emissions by 2025 (18% reduction goal for Hotai Motor), a medium-term reduction goal of 32% by 2030 (33% reduction goal for Hotai Motor), both with 2019 as the base year. In adopting the 2025 target, TMC also conducted a review on the environmental aspects involved with the material topics.



5.1 Climate Change Management

Adopting TCFD Framework

5.1.1

TMC's short to long-term strategies and action plans (including the TOYOTA Environmental Challenge 2050 and TOYOTA Environmental Action Plans) state that TMC has set a short-term reduction goal of 15% in emissions by 2025 (18% reduction goal for Hotai Motor), a medium-term reduction goal of 32% by 2030 (33% reduction goal for Hotai Motor), both with 2019 as the base year. In adopting the 2025 target, TMC also conducted a review on the environmental aspects involved with the material topics.

As a global distributor of TMC, Hotai Motor will continue to monitor public opinion and market trends to make decisions on which environmental issues to focus on and address them with innovative thinking and technologies as we work towards finding solutions to future challenges. Nonetheless, there are many other environmental issues around the globe that require the investment of greater efforts and resources, including climate change, water shortage, resource depletion, and biodiversity loss. We came to recognize that the traditional automotive industry will face the challenges of slowing demand and to adapt against the backdrop of climate change. With various climate change measures in each country under way, the automotive industry and how the society perceives the industry could undergo major changes, such as more stringent policies, including banning of conventional vehicles, fuel economy regulations, implementation and increase of carbon pricing, development of low carbon products, all of which could dramatically impact the environmental and climate change awareness of customers. To ensure to pass on the concept of environmental sustainability to the next generation and integrate it into every aspect of our business strategies, we have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework developed by the Financial Stability Board (FSB) in our management of climate change risks.

In 2021 old air conditioners in Xinzhuan were replaced, with air outlets being lowered in order to improve the efficacy of air conditioning to reduce electricity consumption. Compared with 2020 electricity consumption was reduced by from 642,996Kwh to 537,496Kwh, a 16% reduction.

<p>Governance</p>	<ul style="list-style-type: none"> Hotai Motor established the Corporate Social Responsibility (CSR) Committee in 2018 followed by the approval of the Board. The CSR committee directly reports to the Board and consists of directors and independent directors of the company. The primary responsibilities of the CSR Committee are to adopt CSR development strategies and implement and oversee CSR practices. In December of 2021, the CSR Committee was renamed as the "Sustainable Development Committee". The Sustainable Development Committee has established the Office of Environmental Protection Affairs, Office of Social Welfare Affairs, and Office of Corporate Governance. The offices' main responsibility are setting the direction and implementation of CRESG projects, as well as being the executive units to promote sustainability-related issues. Hotai Motor has established an Environmental Management Committee led by the President of the company as the chair. The chiefs of each operations group have the advisory role in the committee and the chief of TOYOTA After Sales Service Group acts as the management representative; the administrative role is filled by the TOYOTA Training & Kaizen Division, and the lead office is the Environmental Facilities Office. 		
<p>Strategy</p>	<ul style="list-style-type: none"> The short, medium, and long-term climate change risks and opportunities are measured by one year, one to three years, and three to five years respectively. Promote the effectiveness of environmental management within Hotai Motor's network (including dealers) and monitor and track the progress of the PDCA cycle and self-regulation/improvement in our environmental management practices. Using the information on current climate change policies and strategies, as well as how they have been implemented and operated, we are able to analyze the climate impacts of various regulations, technologies, market and goodwill. 		
<p>Risk Management</p>	<ul style="list-style-type: none"> Based on the transition and physical risks identified, relevant departments associated with the three offices are charged with developing and implementing project guidelines, as well as reporting the progress and outcome to the CSR Committee. Through cross-functional communication and discussion, we combine company resources with the aim to reduce the negative environmental impacts from climate change risks. 		
<p>Indicators and Goals</p>	<ul style="list-style-type: none"> Hotai Motor is committed to achieving the six goals of Environmental Challenge 2050, which include: <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"> <ol style="list-style-type: none"> Zero CO2 emissions from new vehicles Zero CO2 emissions from vehicle life cycle Zero CO2 emissions from plant </td> <td style="width: 50%;"> <ol style="list-style-type: none"> Minimizing and optimizing water usage Establishing a recycling-based society and system Establishing a future society in harmony with nature </td> </tr> </table> With the objective to meet these challenges, we have created the Environmental Assessment Statement (EAS) and eco dealerships to monitor and track the improvements and results of environmental management within Hotai Motor's network (including dealers). With 2019 as the baseline, GHG emissions have dropped by 3% in 2020, 6% in 2021 (the exact decrease was 6.6%, for details please refer to 5.2.2), and to reduce 32% by 2030 and achieve zero emissions by 2050. 	<ol style="list-style-type: none"> Zero CO2 emissions from new vehicles Zero CO2 emissions from vehicle life cycle Zero CO2 emissions from plant 	<ol style="list-style-type: none"> Minimizing and optimizing water usage Establishing a recycling-based society and system Establishing a future society in harmony with nature
<ol style="list-style-type: none"> Zero CO2 emissions from new vehicles Zero CO2 emissions from vehicle life cycle Zero CO2 emissions from plant 	<ol style="list-style-type: none"> Minimizing and optimizing water usage Establishing a recycling-based society and system Establishing a future society in harmony with nature 		

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

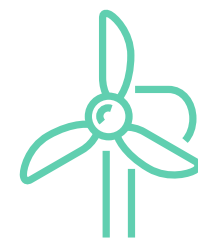
Identification of Material Risks and Response

5.1.2

As climate change presents both business risks and opportunities, it is important for us to map out material issues from the perspective of risks and opportunities when developing climate strategies. To identify potential risks and opportunities, Hotai Motor determines and assesses the threats of climate change from the standpoint of environmental relevancy and significance to our business. We are committed to identifying the various risks and opportunities brought by different environmental issues and take actions at every turn while verifying the effectiveness of our strategies to vigorously improve sustainability performance. From our efforts, we believe that each topic area requires reinforced measures and new technologies in order to counter climate change. As climate change progresses, it is expected that temperatures and sea levels will rise, and natural disasters such as typhoons, droughts and floods will occur on an increasing scale. These changes are likely to create various impacts on the automotive business. Despite the circumstances, what we know is that being able to adequately respond to the challenges will improve our competitive advantage and create new business opportunities for us. Based on this understanding, we must take constructive actions under these changes and make positive contributions to the sustainable development of the society.

The impact of conventional vehicles on production and purchasing is that under the development of global climate change legislation, the introduction and rising of carbon pricing and trading are expected to increase consumer costs and production costs for the company. At the same time, the low carbon business mode will accelerate the replacement of conventional vehicles due to the impact of climate change. Under this backdrop, the sale of low-carbon electric vehicles on the market could be tremendously beneficial to reducing CO2 emissions, which in turn creates more opportunities. In

addition, without a proper response mechanism, physical risks such as more frequent and aggravated floods and other natural disasters could result in the interruptions of production and supply chain at any time.



Achieve sustainable and low-carbon performance

- 21 Demand for low-carbon products and services
- 19 Product efficiency regulations and standards
- 24 Changing customer preferences
- 22 Changing customer behaviors
- 01 Tropical cyclone
- 12 Mandatory reporting
- 13 Renewable energy regulation
- 14 Uncertainty of new regulations
- 15 Lack of regulations or statutory basis
- 09 Carbon tax
- 11 Total emissions control/emissions trading
- 10 Fuel tax/energy tax

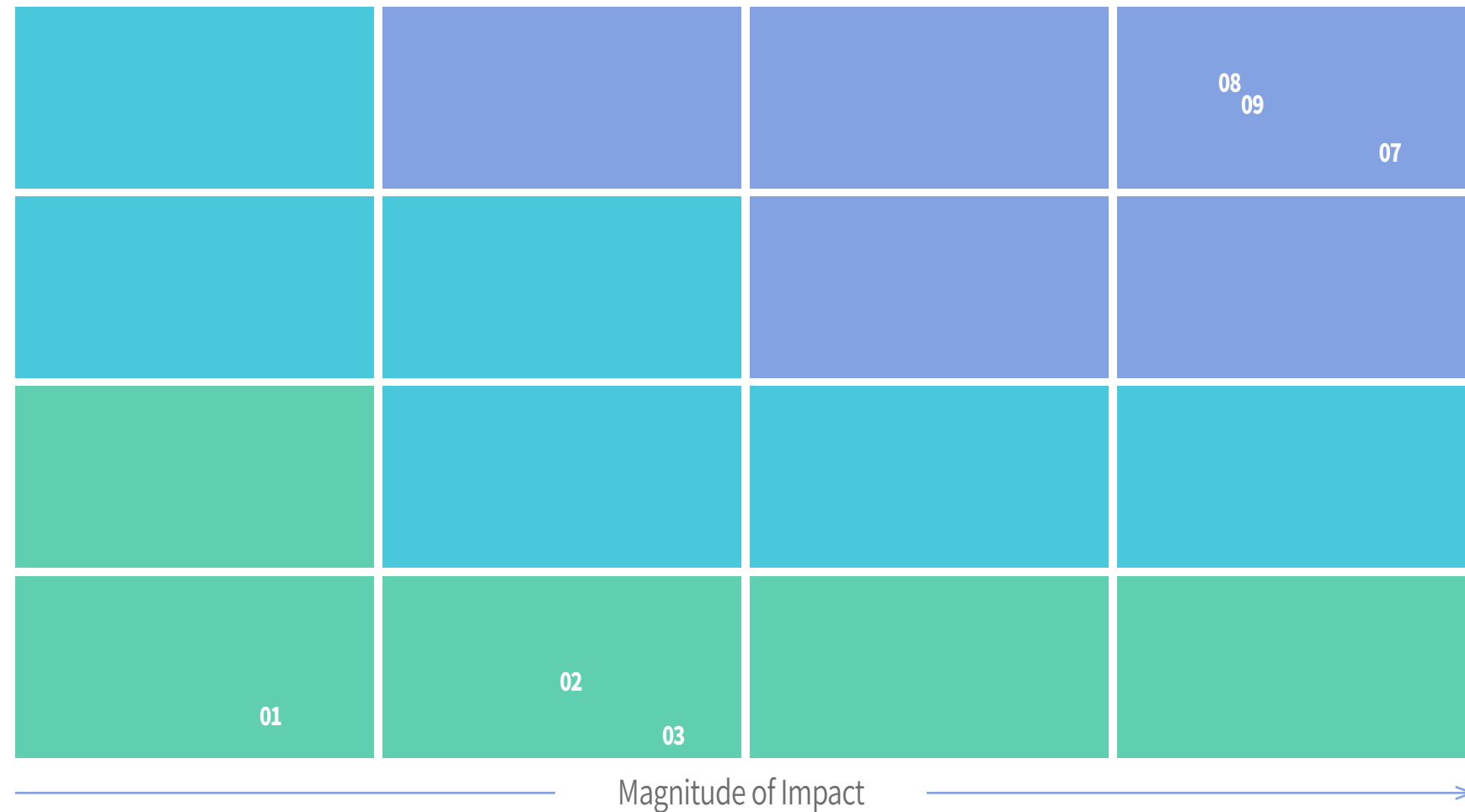
Climate Change Risks

			24 22 19	21
	01			
14 13 11 9 10				12 15

Impact and Management of Climate Change Risks

Risk Level	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Management Approach
High	Demand for low-carbon products and services	Downstream customers	Medium-term	With rising environmental awareness, the older generation vehicles can no longer satisfy customers' needs when it comes to vehicle performance and environmental requirements.	We will closely monitor changing market needs, customer behaviors and preferences, and push for the introduction of more fuel-efficient, low-emission models from TMC.
High	Changing customer preferences	Downstream customers	Medium-term	With increased awareness of sustainability, customers are more inclined to consider fuel-efficient or low-emission options when purchasing vehicles.	
High	Changing customer behaviors	Downstream customers	Medium-term	With increased awareness of sustainability, we will begin to see customer resistance to gasoline-powered vehicles.	
High	Product efficiency regulations and standards	Upstream suppliers	Medium-term	If suppliers are unable to meet regulatory requirements, these vehicles cannot be accepted for distribution.	Continuous monitoring of regulatory development and communication with TMC as needed in order to launch products that meet the regulatory requirements.
Medium	Tropical cyclone (typhoon)	Upstream suppliers and the company	Short-term	Extreme weather and natural disasters could cause property damage and financial loss for the company, such as building collapse, vehicle damage and flooding. Additionally, they could increase the risk of injuries or prevent employees from reporting for duty and, in turn, affect workforce allocation.	1. Closely monitor the typhoon and have adequate response plans in place to prepare for typhoon conditions. 2. Understand the potential impact of typhoon on product deliveries, our employees and property, and reach out to workers as needed and be prepared for post-disaster repair and rebuilding. 3. Follow regulatory authority's directions.

Opportunities of Climate Change



Scenario Analysis

5.1.3

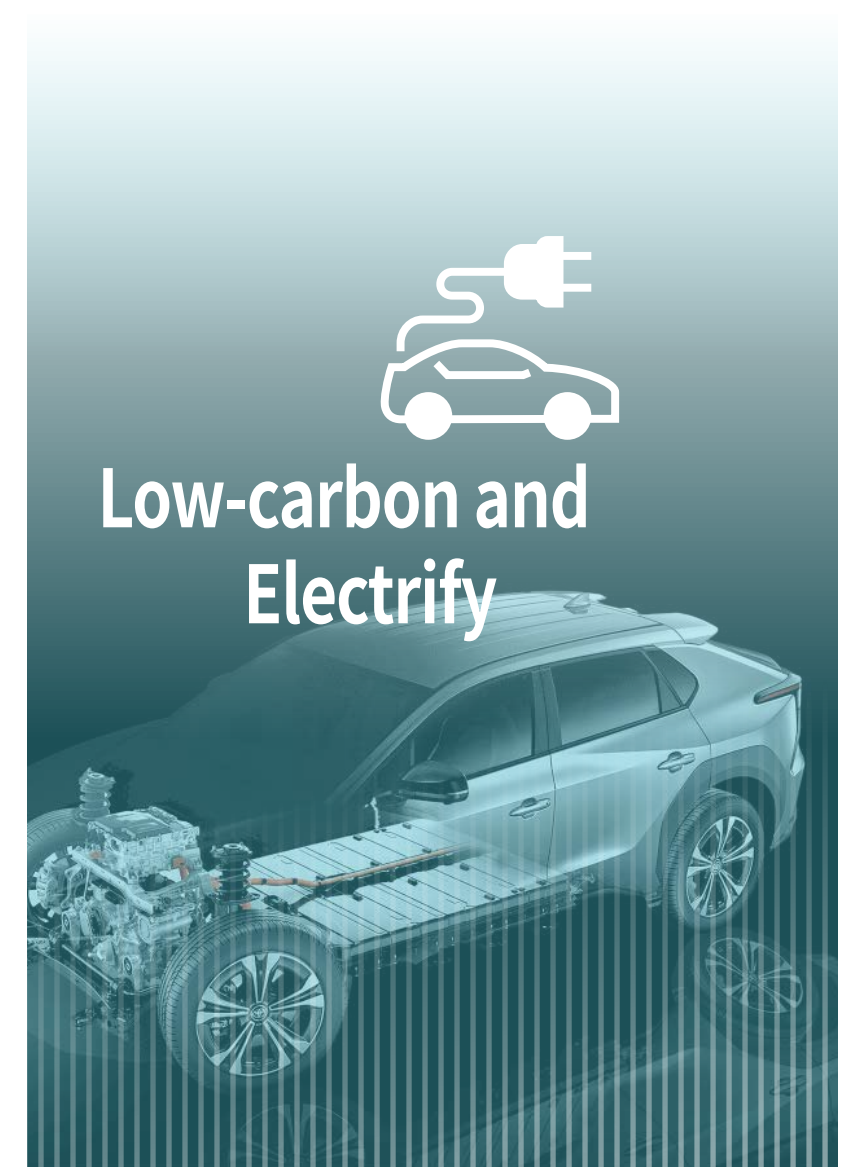
In the scenario, the estimated raw emissions (no more electricity savings and no purchase of renewable energy) and the allowed emissions for which SBT-WB2°C (Well-below 2°C) and SBT-1.5°C targets have been achieved. If Hotai Motor maintains its current situation without any changes, its main financial impact risk of climate change will be on the carbon tax. As Hotai Motor does not have its own vehicles, it mainly represents TMC's brands: TOYOTA, LEXUS and the truck brand Hino with its market and goodwill risk focused on TMC's vehicle layout. Therefore, it is important to study the future layout of the TMC's new energy vehicles. The carbon tax risk for Hotai Motor is mainly due to its own emission, and its carbon tax cost is the highest in the 1.5°C scenario. Under current government regulations, the risk is very low if the carbon tax is levied at 100 NTD. Considering that the current plan is based on the listed and reportable enterprises, Hotai Motor, with less than 2,000 tons of emissions, will be less affected by the regulations. The only impact may be on the future cost of electricity due to the carbon tax.

Impact and Management of Climate Change Opportunities

Risk Level	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Management Approach
High	Low-carbon products or services	Downstream customers	Short-term	With increasingly stringent fuel economy standards, we need to offer more low-carbon emission options such as fuel-efficient and alternative fuel vehicles.	We will push for the introduction of more low-carbon emission options such as fuel-efficient and/or alternative fuel vehicles from TMC.
High	Changing customer behaviors	Downstream customers	Short-term	With increased awareness of sustainability, customers are more inclined to consider fuel-efficient or alternative fuel vehicles.	We will closely monitor the changing of customer behaviors and preferences, and push for the introduction of more low-carbon emission options such as fuel-efficient and/or alternative fuel vehicles from TMC.
High	Policy incentives	The company	Short-term	Hybrid and all-electric vehicles meeting the requirements of the government's incentive program will qualify for excise tax deduction or exemption, which, in turn, will lower prices and increase product sales.	We will push for the introduction of more hybrid and/or all-electric models from TMC that qualify for excise tax deduction or exemption under the government's incentive program.



As TMC's distributor, Hotai relies on products by TMC, a major global automobile manufacturer, having launched a life-cycle zero CO2 emission challenge, with the hope of achieving zero carbon emissions from vehicles through the concept of complete circular economy. In addition, TMC has launched a series of carbon reduction initiatives for suppliers and downstream dealers. Aside from the traditional consumer vehicles, this strategic alliance will lead to the development of electric commercial cargo vehicles (battery or fuel cell type) in the future. With regards to TMC's layout, the brands to which Hotai Motor belongs to: TOYOTA, LEXUS and Hino are all developing new energy vehicles in line with the trend of low-carbon and electrification, thus the risks of the market and goodwill will be relatively low.



	Risk	Scenario Description
Regulations	Carbon Tax/ Carbon Pricing	<ul style="list-style-type: none"> The carbon emissions of enterprises are taxed according to different scenarios. This part is highly uncertain due to the great difference in taxation systems. The assessment is mainly referred to the carbon tax price of SSP1 and SSP2 of IPCC AR6 in the OECD countries' carbon price transition scenario and adopts a 10-year tax system consistent with the stepped carbon tax price. In addition, the assessment refers to the 100 NTD/tCO2e scenario considered by the current climate policy, to design the carbon tax in three scenarios <ol style="list-style-type: none"> NDC : 100 NTD/tCO2e SBT-WB2°C (IPCC AR6 , SSP1-2.6) : 9-242 USD/tCO2e SBT-1.5°C (IPCC AR6 , SSP1-1.9) : 7-708 USD/tCO2e Estimated carbon emission credits for different scenarios: <ol style="list-style-type: none"> NDC goal : BAU emissions reduction of 1.46% per year until 2030 and 2.32% per year from 2031-2050. SBT-WB2DC (SBT) : BAU emissions reduction of 2.5% per year in linear steps. SBT-1.5°C (SBT) : BAU emissions reduction of 4.2% per year in linear steps
	Total Control and Carbon Penalty	<ul style="list-style-type: none"> The carbon penalty (NTD/kg CO2e) for the excess amount is analyzed by different total control. The total control is designed for three scenarios: <ol style="list-style-type: none"> NDC : 100 NTD/tCO2e SBT-WB2°C : 750 NTD/tCO2e SBT-1.5°C : 1,500 NTD/tCO2e At present, the possibility of implementing aggregate control in Taiwan is quite low, so this risk scenario is not considered for the time being.
	Compulsory installed capacity	<ul style="list-style-type: none"> According to the draft of the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity announced by the Bureau of Energy on December 31, 2020, Hotai Motor is not under the regulation of this law.
Technology	Renewable Energy Construction Costs	<ul style="list-style-type: none"> Due to the small capacity of the current installation, the average annual amortized cost of setting up our own renewable energy generation installation is not considered for the time being.
	Renewable energy transfer costs	<ul style="list-style-type: none"> Additional cost of supply for renewable energy by entering into wheeling contracts with renewable energy supplier.
	Renewable Energy Certificate	<ul style="list-style-type: none"> Cost of purchasing renewable energy certificates.
	Power Saving Cost	<ul style="list-style-type: none"> The cost of investment in power saving which is estimated at 1.1 NTD/kWh.
	Power Saving Benefit	<ul style="list-style-type: none"> The cost of saving electricity is mainly based on Taiwan Power Company's announced price of 2.44 NTD/kWh.
Goodwill	-	<ul style="list-style-type: none"> Since Hotai Motor is the distributor of TMC in Taiwan, the goodwill and market risk depend on TMC's product strategy. Therefore, this plan will analyze TMC's new energy vehicle strategy and qualitatively assess the goodwill and market risk of Hotai Motor.
Market	Green Products	

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

In 2021, the total annual energy consumption of Hotai Motor was 11,636 GJ, with the majority of energy and resource consumption being electricity, while fuels like gasoline and diesel are mainly used in vehicles, including for official business and training, natural gas and LPG are for use in the kitchen and dorms, and no renewable energy is used; the decrease in energy consumption in 2021 is due to daily conservation and the adoption of a work-from-home model during the pandemic.



5.2 Green Operations

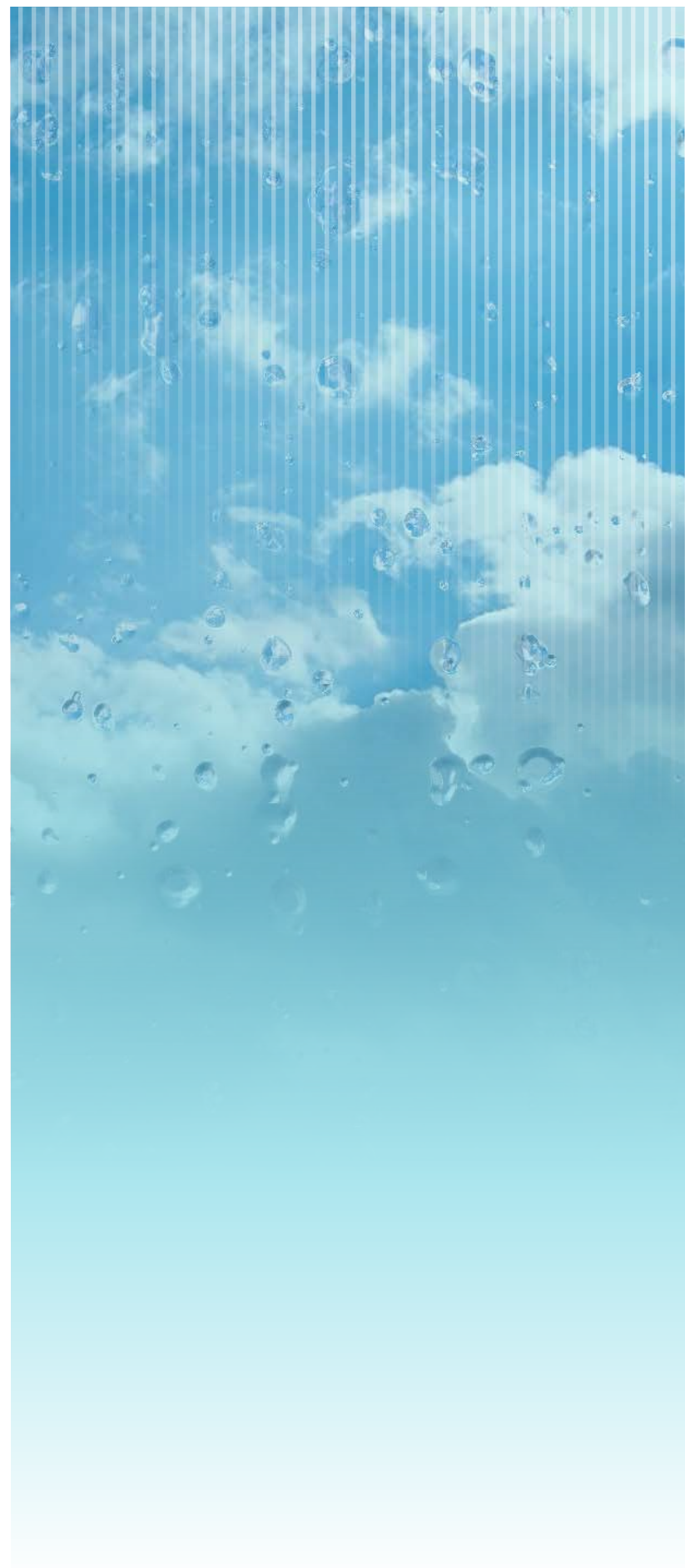
Energy and Resource Management

5.2.1

We have been reducing our gasoline consumption over the years primarily due to growing use of hybrid electric vehicles. On the other hand, the consumption of natural gas and LPG depends on how many employees are staying in the dorm for training and how often the kitchen is used for cooking at the complex each year, which are reasons for higher fluctuations. As the source of our water is from Taiwan Water Corporation, our water use doesn't create significant impact on any water sources; the wastewater we generate is equivalent to the total water used and is fully discharged to the government's underground wastewater system. The goal is to achieve a cumulative annual water savings of 1% per year in the baseline of 2019, and the goal was met by a 15% reduction in actual water use in 2020, and a 27% reduction in actual water use in 2021.

In terms of geographic distribution, the Xinzhuang Complex is the primary location where we conduct our training and conferences and has a dormitory and cafeteria reserved specifically for employees attending the training. Our Yangmei Center is Hotai Motor's logistics center, and its main warehouse supplies the demand for parts in vehicle maintenance and repairs nationwide. In order to accommodate growing demand for parts services, personnel authorized to work at the facilities also include subcontractors. Further, the Yangmei Center has an employee dormitory, and entire complex (excluding the Kuotu Motor PDS Center) has a relatively large area, which explains why electricity consumption and water use per capita are among the highest in our energy and resource intensity.

Energy usage					
Types of Energy	Energy Units	Location	2019	2020	2021
Gasoline	Liters	Headquarters	47,608	49,241	33,933
		Xinzhuang	12,091	11,969	7,863
		Yangmei	2,803	3,017	2,330
	Total		62,502	64,227	43,982
	GJ	Headquarters	1,554	1,608	1,108
		Xinzhuang	395	391	257
Yangmei		92	99	77	
Total		2,041	2,098	1,437	
Diesel	Liters	Headquarters	0	0	0
		Xinzhuang	60	60	0
		Yangmei	5,450	5,499	4,433
	Total		5,510	5,559	4,433
	GJ	Headquarters	0	0	0
		Xinzhuang	2	2	0
Yangmei		192	193	156	
Total		194	195	156	



Types of Energy	Energy Units	Location	2019	2020	2021
Natural Gas	Cubic Meters	Headquarters	0	0	0
		Xinzhuang	22,224	19,887	16,085
		Yangmei	0	0	0
	Total		22,224	19,887	16,085
	GJ	Headquarters	0	0	0
		Xinzhuang	744	666	539
		Yangmei	0	0	0
Total		744	666	539	
LPG	Liters	Headquarters	0	0	0
		Xinzhuang	0	0	0
		Yangmei	3,011	4,023	3,574
	Total		3,011	4,023	3,574
	GJ	Headquarters	0	0	0
		Xinzhuang	0	0	0
		Yangmei	84	112	99
Total		84	112	99	
Purchased Electricity	kWh	Headquarters	780,332	798,457	704,774
		Xinzhuang	689,364	638,996	541,219
		Yangmei	1,290,034	1,351,265	1,367,285
	Total		2,759,730	2,788,718	2,613,278
	GJ	Headquarters	2,809	2,874	2,537
		Xinzhuang	2,482	2,300	1,948
		Yangmei	4,644	4,865	4,922
Total		9,935	10,039	9,405	
Total Energy Usage (GJ)			12,998	13,110	11,636
Total Number of People			551	553	563
Energy Intensity			23.59	23.71	20.66

Note: The above conversion factors of heating value are from the Bureau of Energy's "Energy Product Unit Heating Value Table", after conversion: 32,649,644 J/L for gasoline, 35,161,155 J/L for diesel, 33,486,814 J/M3 for natural gas, and 3,600,000 J/kWh for electricity.

- Words Of The Operator
- About Hotel
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment**
- Employee Care
- Community Service
- Appendix



The gasoline savings are mainly due to the replacement of gasoline-powered vehicles with hybrid models. Since 2013, we have been reducing approximately 15,900 liters (518.9 GJ) of gasoline use every year, and we suspend the use of natural gas boilers on weekends to reduce overall usage, lowering approximately 5,160 cubic meters (172.7 GJ) of natural gas use on average per year. Other energy conservation measures we implemented in 2021 include replacing old ACs at our training facilities, which are estimated to have saved 71,669 kWh (258 GJ) of electricity every year.

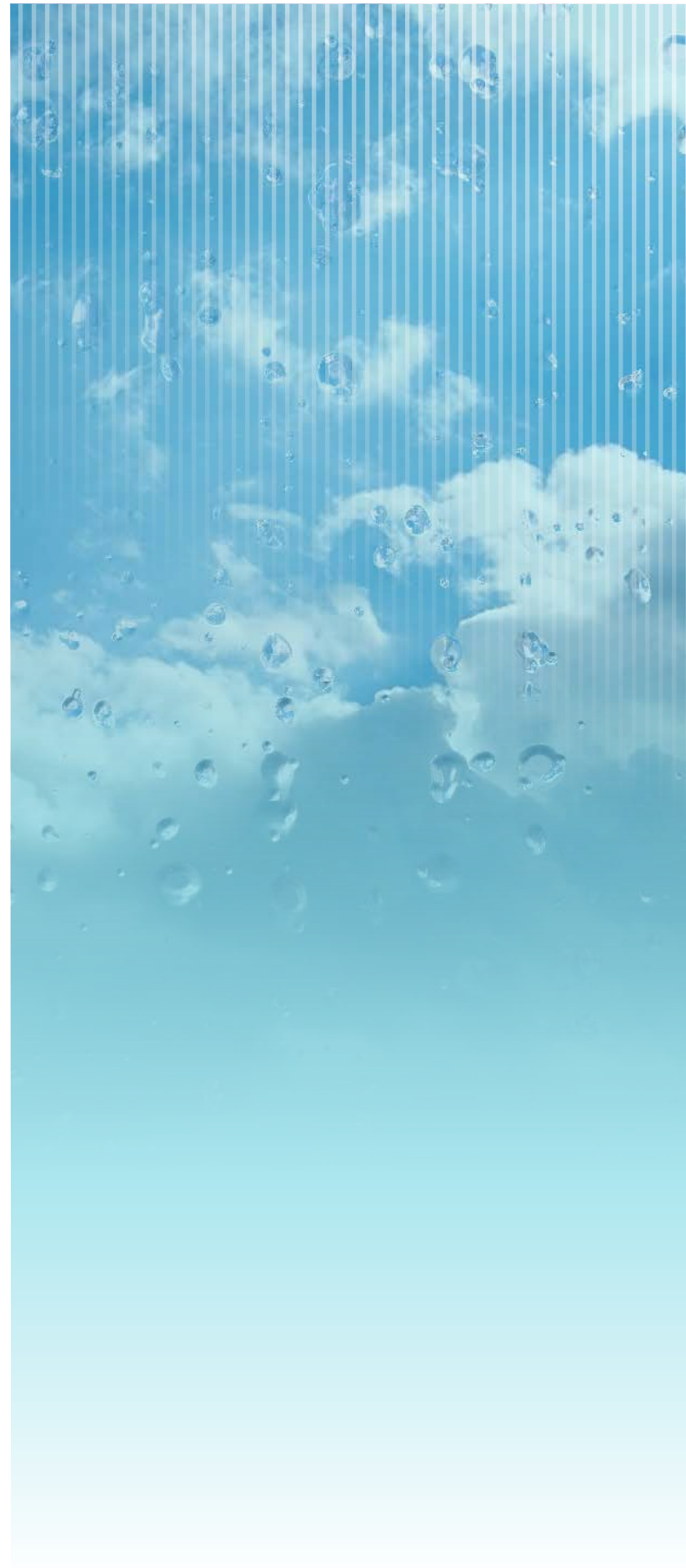
Over the years, our headquarters and two complexes continually implement plans to lower electricity consumption and numerous water reduction projects. The decrease in energy costs is mainly attributed to our electricity conservation measures; in the last three years, we have saved NT\$604,415 in electricity bills.

Water Usage					
Types of Energy	Energy Units	Location	2019	2020	2021
Water	Megaliters	Headquarters	7,225	6,825	7,147
		Xinzhuang	4,764	5,340	4,493
		Yangmei	10,358	7,582	6,698
	Total		22,347	19,747	18,253

Water Usage Intensity								
Types of Energy	Intensity Units	Location	2019		2020		2021	
			Headcount	Intensity	Headcount	Intensity	Headcount	Intensity
Water	Metric Tons Per Capita	Headquarters	381	19	385	18	398	18
		Xinzhuang	93	51	91	59	87	52
		Yangmei	77	135	77	98	75	88
	Average		551	41	553	36	563	33

Energy Saving Performance					
Types of Energy	Units	Location	2019	2020	2021
Gasoline	Liters	Headquarters	-	-	1,697
		Xinzhuang	-	-	-
		Yangmei	-	-	-
	Total		-	-	1,697
Natural Gas	Cubic Meters	Headquarters	-	-	-
		Xinzhuang	-	-	-
		Yangmei	-	-	-
	Total		-	-	-
Electricity	kWh	Headquarters	921	3,175	6,454
		Xinzhuang	36,716	55,776	71,669
		Yangmei	-	-	7,390
	Total		37,637	58,951	85,503

- Words Of The Operator
- About Hotel
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment**
- Employee Care
- Community Service
- Appendix



Water Saving Performance

Types of Energy	Units	Location	2019	2020	2021
Water	Megaliters	Headquarters	-	400	350
		Xinzhuang	-	31	-
		Yangmei	4,045	-	-
	Total		4,045	431	350

Energy Saving Cost

Type of Energy	Location	2019		2020		2021	
		Average Price Per Unit	Costs Reduced	Average Price Per Unit	Costs Reduced	Average Price Per Unit	Costs Reduced
Electricity	Headquarters	3.58	3,297	3.65	11,589	3.67	23,686
	Xinzhuang	3.54	129,975	3.42	190,754	3.4	243,674
	Yangmei	-	-	-	-	3.4	25,126
	Total	3.54	133,272	3.54	202,343	3.5	292,486

Water Saving Cost

Type of Energy	Location	2019		2020		2021	
		Average Price Per Unit	Costs Reduced	Average Price Per Unit	Costs Reduced	Average Price Per Unit	Costs Reduced
Water	Headquarters	-	-	14.62	5,848	15.7	5,459
	Xinzhuang	-	-	-	-	-	-
	Yangmei	12.9	52,180	13	403	-	-
	Total	12.9	52,180	27.62	6,251	15.7	5,459

Note 1: The above savings are estimated based on the new energy conservation plans implemented each year, not the actual measured values.

Note 2: "-" indicates that no energy conservation measures were implemented in the year.

Reduction of GHG Emissions

5.2.2

In 2021, 88% of Hotai Motor's total GHG emissions is associated with the use of electricity, which indicates that energy indirect (Scope 2) emissions are the main source of our GHG emissions. Direct (Scope 1) emissions, on the other hand, remain leveled in the last three years. Whether it's Scope 1 or Scope 2 emissions, the highest percentage change has remained around 5% in the last three years. The reason being that while the volume of business increases, we also continue implementing various energy conservation plans so that our GHG emissions won't rise significantly from the growth of the company. From a downward trend of average emission intensity we've observed, Hotai Motor's energy efficiency is consistently improving, which aligns with our commitment to mitigating the effects of climate change.

GHG Emissions					
Scope	Emission Units	Location	Emissions		
			2019	2020	2021
Scope 1 ¹	Metric tons CO2 equivalent (tCO2e)	Headquarters	107.7	111.4	76.8
		Xinzhuang	69.3	64.6	48.0
		Yangmei	25.8	28.2	22.8
	Total	207.2	202.8	148.6	
Scope 2 ²	Metric tons CO2 equivalent (tCO2e)	Headquarters	397.2	406.4	353.8
		Xinzhuang	350.9	325.2	271.7
		Yangmei	656.6	687.8	686.3
	Total	1,404.7	1,419.4	1,311.8	

Note 1: Emission boundary is identified using the operational control method, and calculation includes CO₂, CH₄ and N₂O.

Note 2: Scope 1 emissions only calculate stationary sources of pollution but not mobile sources of pollution.

Note 3: Scope 2 emissions are emissions from electricity, the electricity emission factors are 0.533 kg CO₂e/kWh in 2018, 0.509 kg CO₂e/kWh in 2019, 0.502 kg CO₂e/kWh in 2020. Reporting of emission factors is based on the latest protocol published by the Bureau of Energy each year. Therefore, the data would be moderately different than the previous year. (The factors of 2021 has not been announced by Bureau of Energy yet, therefore the factors for 2020 are used.)

Note 4: The source of emission factors is GHG Emission Factors Table version 6.0.4, and the global warming potential (GWP) rate uses IPCC's AR5 values.

Note 5: The GHG inventory of Hotai Motor is based on the baseline of 2019.





Pollutant Emissions and Waste Management

5.2.3

The operations of Hotai Motor do not involve any transboundary movement and disposal of hazardous wastes. Waste generated from our operations are disposed by either recycling or incineration where we appoint the building management or hire a qualified waste management provider to handle the waste disposal. There are no emissions of ozone-depleting substances (ODS), nitrogen oxides (NOX), or sulfur oxides (SOX) in the operations of our headquarters and two complexes.

GHG Emissions Intensity								
Scope	Intensity Unit	Location	2019		2020		2021	
			Headcount	Intensity	Headcount	Intensity	Headcount	Intensity
Scope 1 and 2	Metric tons CO2 equivalent (tCO2e) per capita	Headquarters	381	1.33	385	1.35	398	1.08
		Xinzhuang	93	4.52	91	4.28	87	3.67
		Yangmei	77	8.86	77	9.30	76	9.33
		Average	551	2.92	553	2.94	563	2.33

Note 1: Emission boundary is identified using the operational control method, and calculation includes CO2, CH4 and N2O.

Note 2: The source of emission factors is GHG Emission Factors Table version 6.0.4, and the global warming potential (GWP) rate uses IPCC's AR5 values.

Note 3: Scope 2 emissions are emissions from electricity, the electricity emission factors are 0.533 kg CO2e/kWh in 2018, 0.509 kg CO2e/kWh in 2019, and 0.502 kg CO2e/kWh in 2020. Reporting of emission factors is based on the latest protocol published by the Bureau of Energy each year. Therefore, the data would be moderately different than the previous year. (The factors of 2021 has not been announced by Bureau of Energy yet, therefore the factors for 2020 are used.)

Note 4: Intensity is calculated based on the number of contract employees and regular (full-time) employees, excluding subcontractors who regularly work at the facilities.

Note 5: Our Yangmei facilities operate as a parts warehouse, including subcontractors working on the site. Therefore, the total number of people working at the facilities exceeds the number of contract employees and regular employees.

Reduction Measures and Projected Effectiveness			
Location Implemented	2019	2020	2021
Headquarters	<ul style="list-style-type: none"> Install motion sensor lighting in selected areas (0.4 metric ton/year) 	<ul style="list-style-type: none"> Replace energy efficient LED bulbs (1.6 metric tons/year) Reduce water use at headquarters (0.4 metric ton) 	<ul style="list-style-type: none"> Started to lease battery-electric vehicle or plug-in vehicle types (EV or PHEV) for company vehicles due from 2021 (3.8 tons/year) Continuous replacement of energy efficient LED bulbs (3.2 tons/year)
Xinzhuang	<ul style="list-style-type: none"> Control and maintain the cooling load of the AC system at 26°C (16.9 metric tons/year) Add two timer switches to water dispensers (2.6 metric tons/year) 	<ul style="list-style-type: none"> Replace old ACs at training facilities (27 metric tons/year) Add two timer switches to water dispensers (1.2 metric tons/year) 	<ul style="list-style-type: none"> Replace old ACs at training facilities (36 metric tons/year)
Yangmei	<ul style="list-style-type: none"> Reduce water use at the Yangmei Complex (0.4 metric ton) Reduce backup vehicles used in logistics (0.5 metric tons from secondary warehouses) Promote recycling of packing materials (53.2 metric tons/year) 	<ul style="list-style-type: none"> Install smart thermostat to ACs in the dormitories (4.3 metric tons/year) Promote recycling of packing materials (44.7 metric tons/year) 	<ul style="list-style-type: none"> Replace metal halide lamp in Yangmei (3.6 tons/year) Promote recycling of packing materials (56.8 metric tons/year)
Total GHG Reductions for the Year (Metric Tons)	74	79.2	96.4

Note 1: Emission boundary is identified using the operational control method, and calculation includes CO2, CH4 and N2O.

Waste Generated				
Waste Category	Location Generated	2019	2020	2021
General	Headquarters	48.0	43.2	20.0
General	Xinzhuang	4.6	4.6	3.6
General	Yangmei	18.4	19.5	15.8
Total (Metric Tons)		71	67.3	39.4

- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

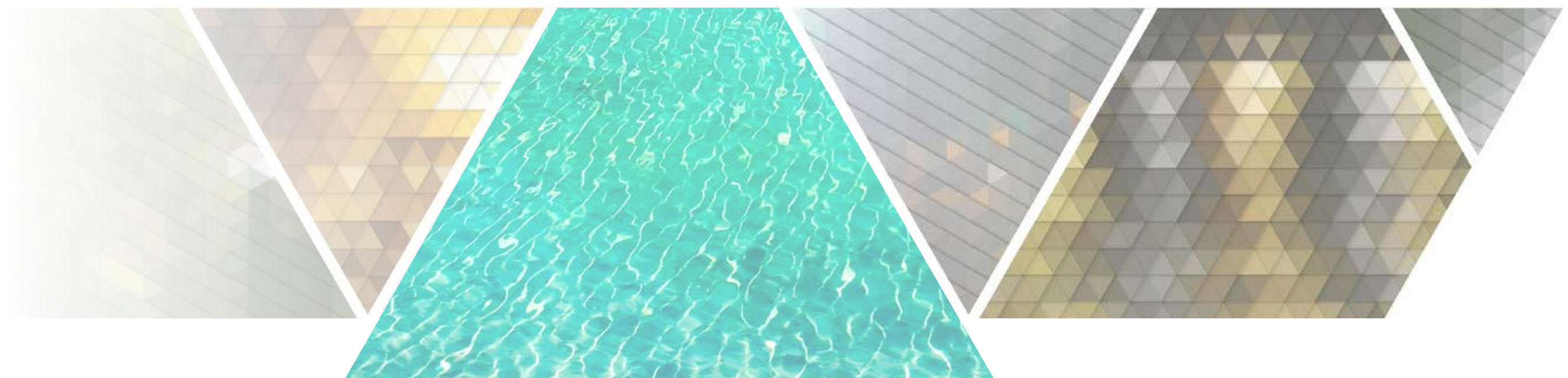
Recycling Category	Location Recycled	Waste Recycled			Recycling Rate		
		2019	2020	2021	2019	2020	2021
Paper, metal and aluminum containers, plastic	Headquarters	16	15.5	11.9	100%	100%	100%
Paper, metal and aluminum containers, plastic	Xinzhuang	5.1	2.8	2.1	100%	100%	100%
Domestic packaging materials	Yangmei	50.7	53.0	51.2	100%	100%	100%
Imported cardboard boxes		169.6	132.0	184.1	100%	100%	100%
Total (Metric Tons)		241.4	203.3	249.3	100%	100%	100%

Waste Reduction Performance	2019		2020		2021
2019 as baseline	Goal	Reality	Goal	Reality	Goal
	1%	5.2%	2%	18.7%	3%

Vehicles and Parts Transportation 5.2.4

We closely manage and monitor the CO2 emissions of trailers during transport and require trucking companies to provide monthly records, including trucking units, mileage, fuel consumption, and CO2 emissions. To effectively reduce the CO2 emissions of trailers, Hotai Motor encourages trucking companies to conduct daily fuel-efficient driving training for truck drivers to ensure stable fuel consumption and CO2 emissions for vehicle transportation. In 2021, 146,268 vehicles were towed, and 1,945,364 tons of diesel fuel were consumed. After conversion of factors, the CO2 emissions per new vehicle towed are 34.66 kg, which is less than 35 kg CO2e per year on average. In addition, the trucking companies must regularly maintain and repair the trucks in accordance with the regulations to achieve optimal driving performance during transportation. To ensure the efficiency of freight transport, not only do we monitor achieving rate (i.e., actual number of loads hauled/target number of loads hauled) to ensure that they are completed on schedule, but we also monitor the number of loads carried so that the truck can carry an average of at least seven loads per trip to maintain the efficiency of freight hauling.

Item	Reduction Measures	Reduction of Emissions from Vehicle Transport			Target		
		2019	2020	2021	2019	2020	2021
Truck usage rate improves completion rate	<ul style="list-style-type: none"> Accurately predict number of semi-trailer trucks needed Improve the number of loads hauled per truck 	100%	100%	100%	100%	100%	100% completion rate (actual number of loads hauled /target number of loads hauled)
GHG emissions from new vehicle hauling (kg CO2e/new vehicle)	<ul style="list-style-type: none"> Regulate driver's driving speed Routine maintenance of semi-trailer trucks 	34.9	34.6	34.4	34.4	33.63	34.58

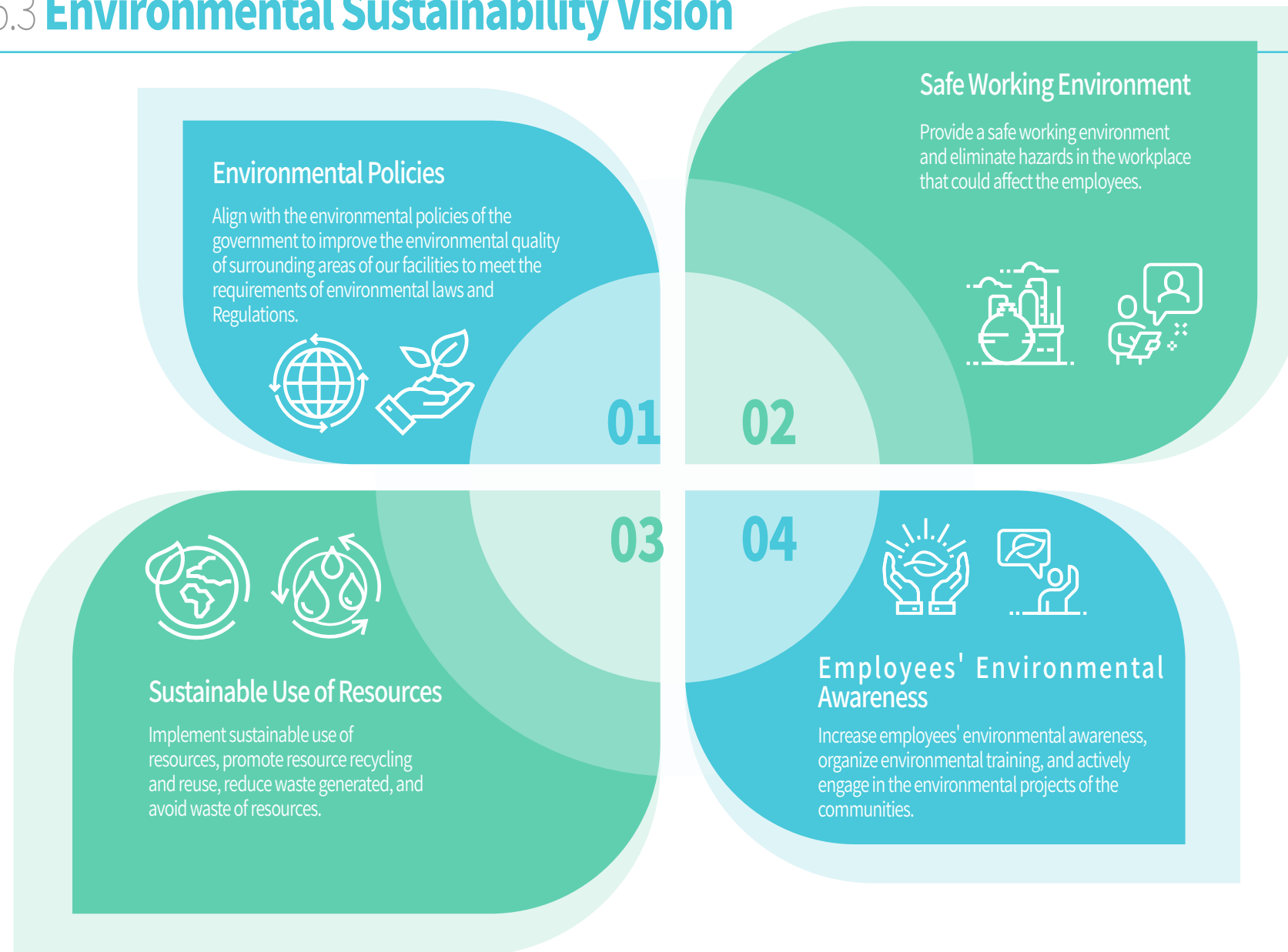


- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

Our vision for environmental sustainability rests on TMC's TOYOTA Earth Charter as the ultimate guiding principle, which incorporates environmental protection and a harmonious society into the core of the operations. We also conduct medium and long-term planning as Hotai Motor moves to achieve the end goal of protecting planet Earth.



5.3 Environmental Sustainability Vision



Sustainability Policy

5.3.1

Our vision for environmental sustainability rests on TMC's TOYOTA Earth Charter as the ultimate guiding principle, which incorporates environmental protection and a harmonious society into the core of the operations. We also conduct medium and long-term planning as Hotai Motor moves to achieve the end goal of protecting planet Earth.

Hotai Motor's vision is to achieve a carbon neutral and circular society. From design and development, procurement, production, and logistics, to car use, waste reduction and

recycling/reuse, every step we take during the vehicle life cycle to minimize the impact of products and services on the environment is towards realizing our vision of a low-carbon, recycling-based society. At the same time, we have developed an environmental sustainability policy, which covers four key aspects—government policy, sustainable use of resources, safe working environment, and increased environmental awareness, propelling us to move towards the sustainable development of our business.

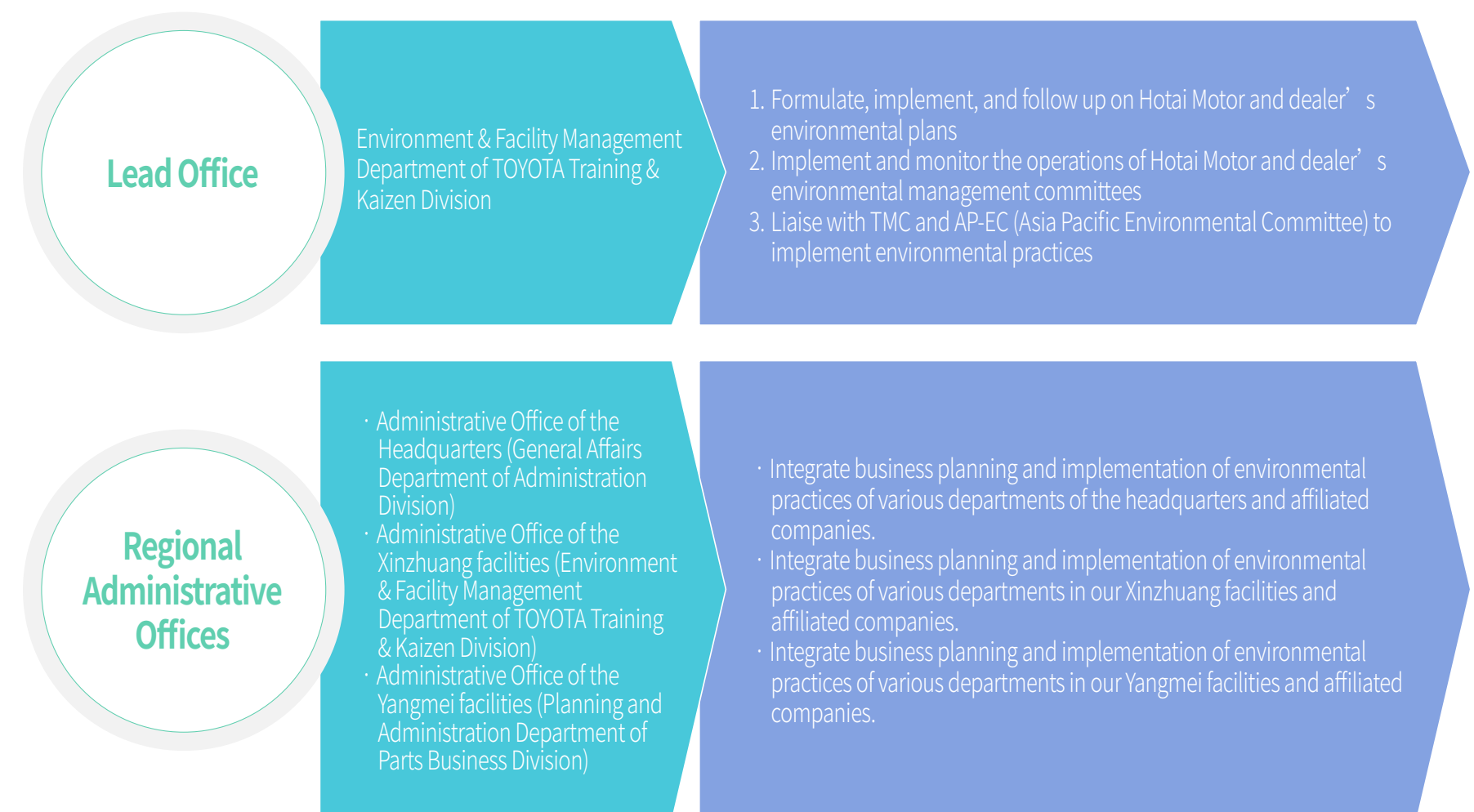
Environmental Management System

5.3.2

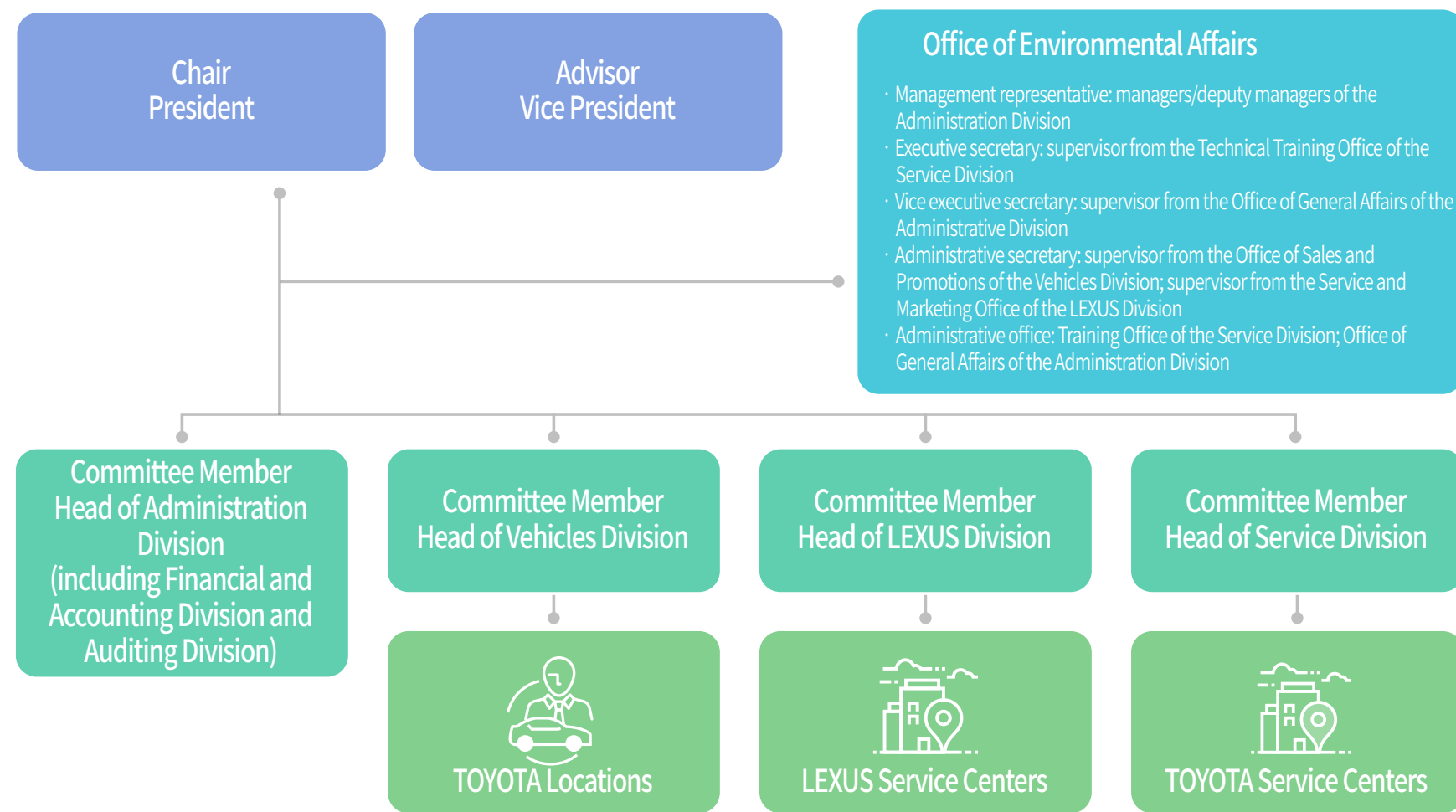
As part of the efforts to achieve our commitment and goal of environmental sustainability, we implement environmental protection projects and plans through the Environmental Management Committee and Environment & Facility Management Department. To effectively manage the potential negative impacts from our sales and maintenance services on the environment, we expand this concept of environmental management to include our partners in the value chain and promote the full implementation of an environmental management system that conforms to the ISO

14001 international standards across our dealership network. Through internal audits and external third-party reviews, we work to ensure that our environmental management process is functioning adequately and effectively.

We remain committed to supporting the environmental initiatives of our partners to ensure that each topic area is included for the considerations of environmental risks, and we also follow TMC's environmental sustainability requirements and integrate the environmental efforts of the Group in disclosing and communicating with external stakeholders.



Dealer's Environmental Management Structure (using Kuotu Motor as an example)



Vision and History

5.3.3

TMC's global vision and Environmental Challenge 2050 TOYOTA consist of six goals that seek to implement environmental policy and contribute to the sustainable development of the industry. With net-zero CO2 emissions as the ultimate goal, Hotai Motor is taking steps towards achieving these six challenges by implementing various environmental

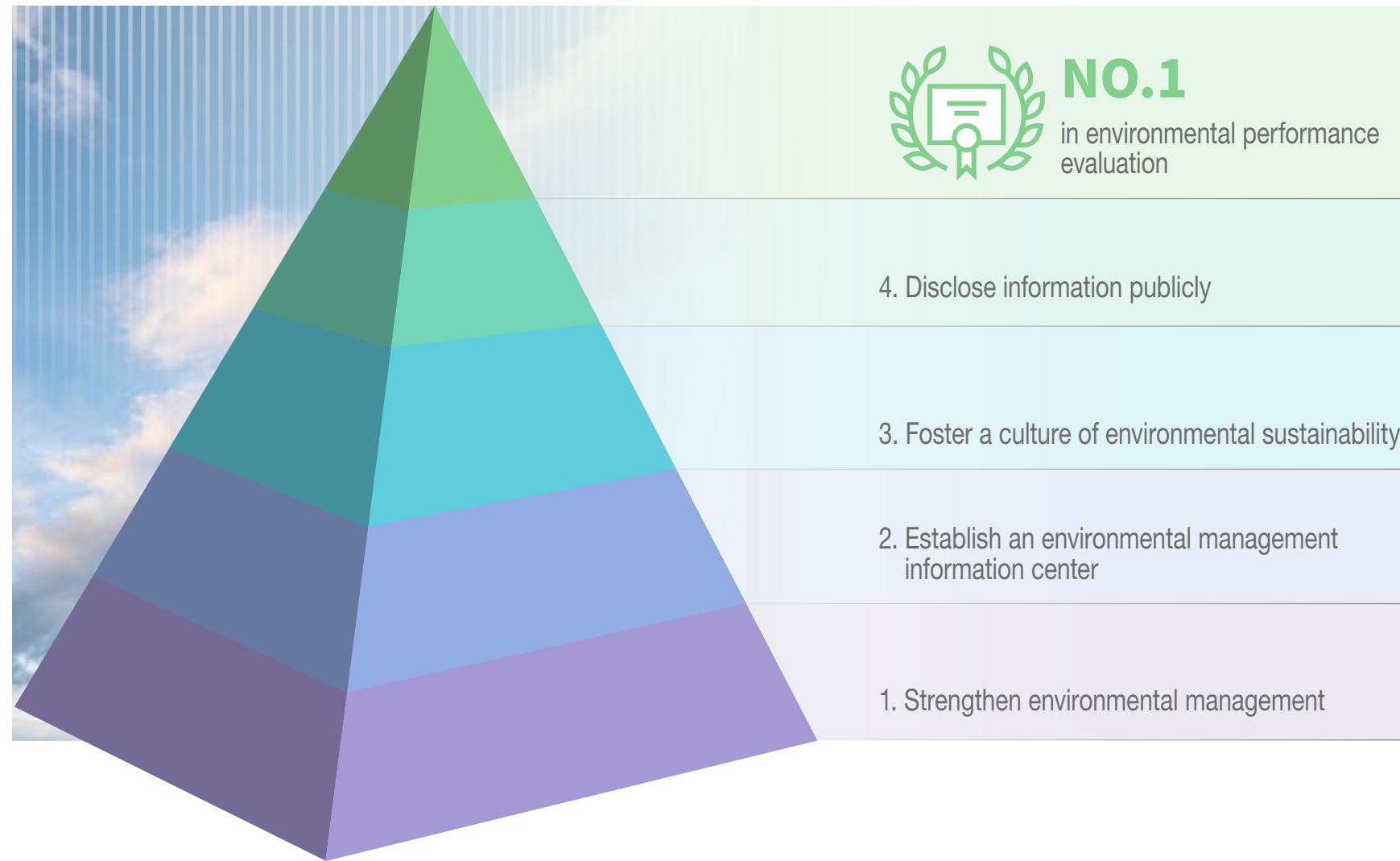
management practices. Our aspiration to rank top in the environmental performance evaluations prompts our efforts to reinforce the environmental management structure and policy management, build an environmental information system, foster a culture of environmental sustainability, and commit to public disclosures of information.

Topic	TOYOTA ASIA's Goal	HOTAI MOTOR's Goal
Carbon Neutrality Challenge by 2050		
Next Generation New Vehicles CO2 ↓ 90%	· CO2 ↓ 30% in 2025	Not available for Hotai Motor
Lifecycle Zero Carbon Emissions	· CO2 ↓ 15% in 2025 · CO2 ↓ 32% in 2030	· CO2 ↓ 18% in 2025 · CO2 ↓ 33% in 2030
Zero Emissions from Vehicle Manufacturing	· CO2 ↓ 20% in 2025 · CO2 ↓ 35% in 2030	Not available for Hotai Motor
Positive Cycle Challenge by 2050		
Minimizing and optimizing water usage	The concept of water recycling 3R concept (Note 1)	Set cumulative water savings target of 1%
Recycling-based society	Eco mindset of employees, influence on	Same as TMC ASIA
In harmony with nature	stakeholders	Same as TMC ASIA

Note 1 : 3R stands for rebuilt (battery regeneration), reuse (distribution of regenerative batteries), and recycle (recycling of used batteries).

Net-Zero Carbon Emissions Challenge 2050	Asia-Pacific Target 2030 (8th Environmental Action Plan: 2026-30)	Asia-Pacific Target 2025 (7th environmental Action Plan: 2021-25)
1. Reduce CO2 emissions from the next generation new vehicles by 90%	↓ TBC%	CO2 ↓ 30%
2. A circular economy with zero carbon emissions from vehicle life cycle	↓ 32%	CO2 ↓ 15% (↓ 3% annual reduction against a 2019 baseline)
3. Zero emissions from vehicle manufacturing; increase of hydrogen fueling/renewable energy (RE) use	↓ 61 % (TBC % RE)	CO2 ↓ 35% (31% RE)
Net Positive Impact by 2050		
4. Minimizing and optimizing water usage	The concept of water recycling	
5. Recycling-based society	3R concept (Note 1)	
6. In harmony with nature	Eco mindset of employees, influence on stakeholders, and reduction of single-use plastics	



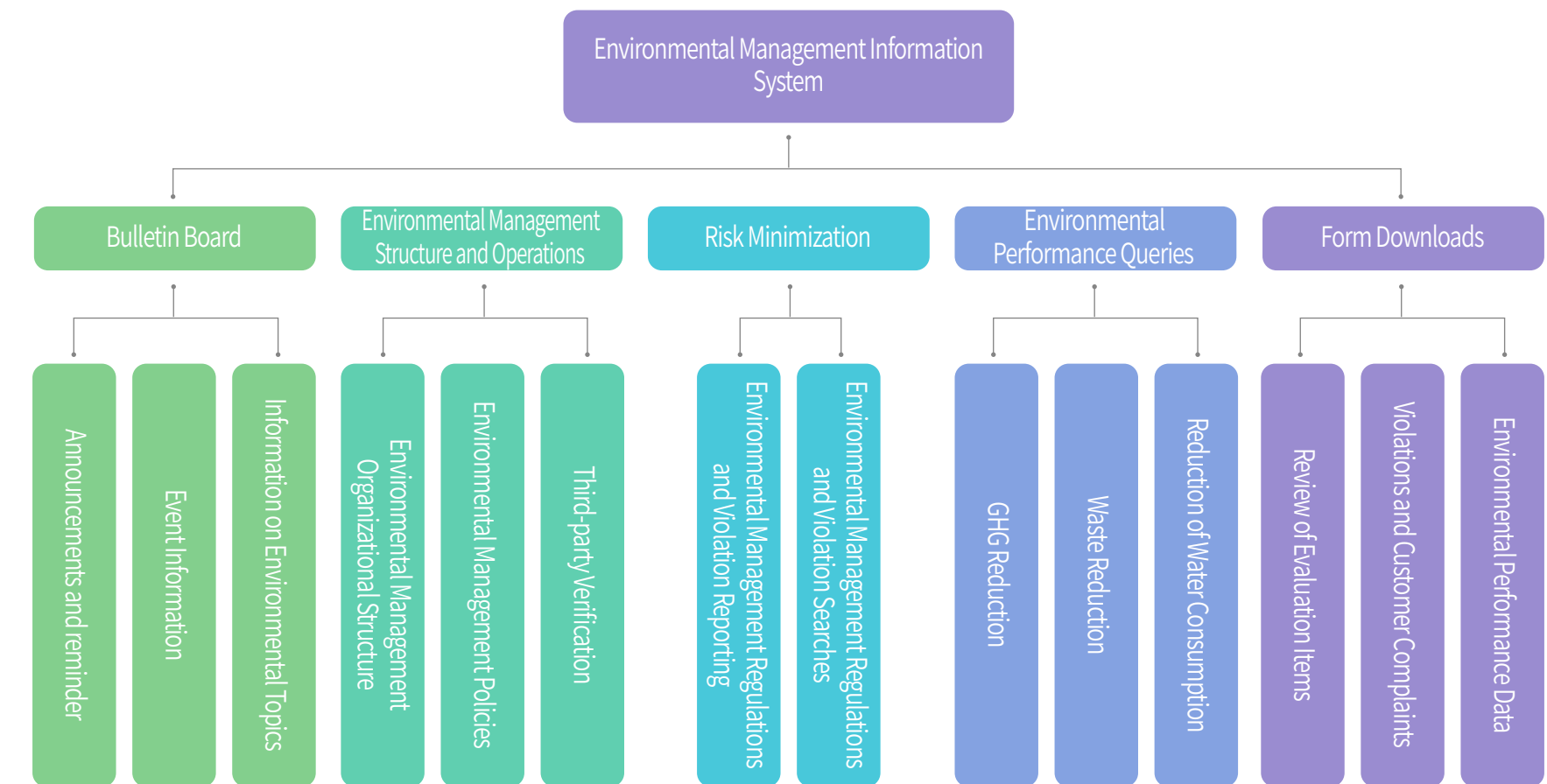


Projects and Initiatives

5.3.4

Through a holistic approach, we verify relevant environmental equipment and facilities, campaigns, and environmental management talent training against environmental regulations and policies, including product planning, logistics, sales, use and repair, which serves as a

foundation for implementing sustainability initiatives and projects. This approach enables us to maintain a record free from major environmental violations and create a net positive impact on the planet.



Environmental Performance



- Words Of The Operator
- About Hotal
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

Our environmental management action plans are as follows: in 2018, we established the foundation for environmental management by building an information system that reviews and tracks environmental performance data and introducing campaigns to promote environmental awareness; from 2019 to 2020, we worked towards creating environmental values by completing workplace temperature control and renewable energy constructions at our service centers and introduce locations that model these practices; from 2021 to 2022, we will continue implementing these model practices at the rest of the locations and expanding our environmental management efforts.

We encourage partners in our value chain to support our environmental and sustainability initiatives. These initiatives are first implemented at dealers' service centers and logistics centers then optimized and improved before progressively being implemented company wide and by our partners and subcontractors. Some of our investment and expenses in environmental sustainability include regularly conducting environmental training, choosing environmental and energy-efficient options when purchasing equipment, introducing environmental management system that is third-party verified annually, and engaging highly rated vendors to provide waste management services. In the last three years, we have invested over NT\$20 million in environmental management.



Performance and Results of Environmental Sustainability Practices

Topic	Action Plans Implemented	2021 Performance	New Goals in 2022
■ Moving towards the goal of zero emissions	GHG (CO2) reduction activities.	Generated 5.72 million kWh of electricity (2,873 metric tons of carbon reduction) by using solar energy equipment and saved 79,000 kWh of electricity (40 metric tons of carbon reduction) through energy-saving measures.	Continue promoting activities under "TOYOTA Carbon Neutral Challenges"
	Promote eco-driving	Hosted 42 sessions	Estimated 96 sessions
■ Creating a low-carbon society	Collect vehicle recycling information	-	-
	Implement HV battery recycling system	Recycled 100% of HV batteries	Recycle 100% of HV batteries
	Promote tree planting activities and green activities to expand biodiversity	Planted 556,000 trees through the "One Tree per Car" campaign	Continue to promote tree planting activities
■ Promoting the TOYOTA Environmental Action Plans	Strengthen partnerships with non-governmental organizations (NGOs)	Partnered with Tse-Xin Organic Agriculture Foundation, toy libraries and Taiwan Loo-Koo Yu Association.	Continue our partnerships with non-governmental organizations
	Environmental management information disclosure (internal and external)	Issued ECO Newsletters every month to disclose environmental management information	Continue to disclose environmental management information.
	Promote internal and external "environmental continuing development and training"	Conducted three all-staff training and one management-level environmental education training.	Continue to conduct environmental training
■ Reinforcing the implementation of environmental management system	Improve and ensure zero anomalies and complaints	No concerns were reported	Achieve no concerns reported
	Continue to improve environmental management performance	Reduced 96.4 metric tons of CO2 emissions through reduction measures	Continue to promote low carbon/carbon reduction activities
	Continue to promote the use of solar power	Reduced 2,873 metric tons of CO2 emissions through a grid-connected system	Continue to promote the use of solar power
	Issue ECO Newsletters	Issued ECO Newsletters monthly	Delivering environmental consciousness by means of film
	Obtain third-party verification (ISO 14001) for all facilities	All TOYOTA, LEXUS and HINO locations were third-party verified	Obtain third-party verification for all facilities
	Work with our dealers to promote environmental sustainability activities	Organized eight rounds of Environment Month activities	Continue to organize Environment Month activities and invite people from different industries to join the event.
	Dealers must pass the eco-dealership evaluation	All TOYOTA and LEXUS locations in Taiwan passed the evaluation	All dealers must pass the eco-dealership evaluation
	Conduct employee training and regularly share environmental news	Group-wide staff training was held with the participation of Hotal Motor, affiliated companies and dealers.	Continue to conduct employee training and raise awareness of environmental protection.
	Publicly disclose the effectiveness of our environmental management practices and improve brand image	Regularly post on environmental trends/news/events information on our "Team Eco" Facebook page	Continue to share environmental relevant information



5.4 Eco-Friendly Product Design

Compliance and Certification

5.4.1

All of our vehicle models meet the exhaust emissions, vehicle noise, CO2 emissions, and fuel economy regulations and standards and have been properly certified. As of the end of 2021, we have 40 TOYOTA models and 17 LEXUS models with valid energy labels, and 32 TOYOTA models and 12 LEXUS models with a valid Green Mark. In 2021, 94% of the TOYOTA new vehicles sold have the Green Mark and 98% have energy labels.

At Hotai Motor, we follow the fundamental principle of creating vehicles that are beneficial to both the environment and mankind. We comply with international environmental standards and expect our suppliers and dealers to do the same. Currently, the percentage of vehicle models by energy rating are as follows: 85% has one-star energy rating, 9% has two-star energy rating, 2% has three-star energy rating, and 4% has four-star rating.



節能標章之有效期限





環保標章之有效期限



100% of Vehicle Models are Compliant and Certified

Regulations	Competent Authority	Standards	Hotai Motor's Method
Exhaust Emissions	Environmental Protection Administration	Class 6	We mainly use components in the vehicle exhaust system, such as engine control unit (ECU), catalytic converter, activated carbon canister, exhaust gas recirculation system, and various sensors for subsequent purification to provide environmentally friendly products.
Vehicle Noise	Environmental Protection Administration	Class 6	Use high-efficiency muffler and various sound insulation cotton and panels to reduce noise and the impact on the environment.
Fuel Economy	Ministry of Economic Affairs	2021 version	Actively introduce vehicles equipped with advanced technology, such as hybrids, vehicles with high-efficiency transmission system and lightweight bodies, to improve fuel consumption and reduce CO2 emissions.
Vehicle Safety	Ministry of Transportation	2021 version	Actively coordinate with TMC to introduce vehicles that comply with laws and regulations in Taiwan.

Models with Energy Rating Label of Grade 2 or Higher

Brand	Model	Rating	Percentage
TOYOTA	ALPHARD、COROLLA SPORT、CAMRY 2.0、CAMRY HV、PRIUS ALPHA、PRIUS PHV、RAV4 2.0、RAV4 HV、Supra、ALTIS、ALTIS HV、COROLLA CROSS HV、VIOS、YARIS、SIENTA 1.5(5座)、GRANVIA、SIENNA	1	85%
	COROLLA CROSS、SIENTA 1.8 (7-seater)	2	8%
Lexus	ES200、ES250、ES300h、IS300h、LC500h、LS500h、RX450h、RX450hL、UX200、UX250h、RC F、LM300h、NX200、NX300h 2WD、NX300h 4WD	1	79%
	NX300 2WD、LC500	2	11%

Minimizing Environmental Impact

5.4.2

In parallel with continual improvement of vehicle carbon emissions per unit, we vigorously introduce pollution control equipment and process to minimize the environmental impact of our products during sales, distribution, and repair activities. Currently, we have implemented measures to recycle and reuse the oil supply system, volatile organic compounds (VOC), rebuilt parts and hazardous substances, and these measures will be progressively implemented by our dealers and suppliers.



Central Oil Tank Supply System

Since 2003, we have been working with dealers to install Central Oil Tank Supply System at dealerships, which is aimed to reduce waste motor oil bottles as part of our ongoing effort to promote waste reduction measures. As of 2011, we completed the installation of central oil tank supply system across our dealer network, in which we have invested NT\$140 million. On average, we reduce millions of motor oil bottles a year; an accumulative 43.74 million motor oil bottles have been reduced from 2011 to 2021, which amounts to a total of 2.58 million kg in weight. The central oil tank supply system also significantly reduces the impact of oil evaporation and emissions of environmental pollutants. Furthermore, we hire qualified providers for the treatment of used motor oil from performing oil change.

Reduction of Plastic Bottle from central oil tank supply system (10 thousand bottles)

2019		2020		2021	
T	L	T	L	T	L
336	59	297	68	276	73

Reduction of VOC Emissions from Using Eco-Friendly Waterborne Paint

2019		2020		2021	
Number of Vehicles Painted	VOC Emissions Reduced (Metric Tons)	Number of Vehicles Painted	VOC Emissions Reduced (Metric Tons)	Number of Vehicles Painted	VOC Emissions Reduced (Metric Tons)
56	56	277,475	76	199,959	55

Waterborne Paint

In 2008, Hotai Motor introduced the use of environmentally friendly waterborne paint as the first paint shop in Taiwan to use eco-friendly waterborne coating. Currently, all service centers use environmentally friendly waterborne paint which reduces 34% of emissions per year. In 2021, we reduced an estimated of 55 metric tons of VOC emissions.

Recycling of Refrigerant

Every Hotai Motor location around the island is equipped with R134a refrigerant recycling machines. In 2021, our dealerships recycled a total of 24.6 metric tons of R134a refrigerant, when calculated using the global warming potential (GWP) rate of 1,300, it is equivalent to the reduction of 31,980 metric tons of CO2 emissions. Aside from that, the procurement of refrigerant and similar products is handled by dedicated personnel and is logged in an inventory chart for the purpose of inventory control.

Rebuilt Parts

An important part of Hotai Motor's vision is to build a circular economy. During vehicle repairs and maintenance, we remove the OEM parts and repair the damaged components or replace them with OEM components, and we encourage the use of rebuilt parts by offering customers a discount. At present, we offer the following rebuilt parts: transmissions, AC compressors, steering gears, steering pumps, and HV batteries.

	OEM Parts	Recycled Parts
Definition	Parts certified by TMC	We remove the OEM parts from the vehicle and repair the damaged components or replace them with OEM components
Discount	None	Approximately 30 to 70% off from the OEM price
Warranty	One year/20,000 km	One year/20,000 km (warranty varies depending on parts)
Products	All	<ul style="list-style-type: none"> Transmissions AC compressors Steering gears Steering pumps HV batteries
Percentage of Recycled Parts Used*	-	<ul style="list-style-type: none"> Transmissions (56.3%) AC compressors (72.6%) Steering gears (45.5%) Steering pumps (92.3%) HV batteries (24.7%)

*Percentage of Recycled Parts Used: the proportion of the recycled parts in total sales of the same parts

Recycling of Packaging Materials

Cardboard boxes, cardboards and plastic wrappers used in the process of parts packing have been determined to not have created significant impact on the environment. Nevertheless, we are constantly striving to do better. We define which packing materials can be reused and require all dealers to collect and send the packaging materials to the logistics centers for reuse. The total packaging materials recycled within each of the last three years was 221 metric tons, 220 metric tons, and 185 metric tons, while the carbon emissions reduced was 52.5 metric tons, 52.3 metric tons, and 44.7 metric tons respectively.

Green Energy

Hotai Motor has installed solar plants with the capacity of 3,400 kW at our Yangmei Logistics Center since 2018. We also continues to expand solar plants at the Xinzhuang Complex,

Taichung and Kaohsiung sub-depot, and Chang Yuan Motor's Douliu facilities. In 2021, we contributed to 4,167 metric tons of GHG offsets in total.

Hotai Motor's Solar Projects	Xinzhuang Complex	Yangmei Center	Taichung sub-depot	Kaohsiung sub-depot	Chang Yuan Motor Douliu Facilities
Installation Capacity (kW)	10	3,400	500	875	210
Electricity Generated in 2021 (kWh)	8,054	3,706,600	787,712	1,098,816	276,880
Carbon Offsets in 2021 (tCO2e)	4.04	1860.71	395.43	551.61	138.99

Note 1: Electricity emission factor used in the calculation is 0.502 kg CO2e/kWh.
 Note 2: Up to 2021, all the green energy generated is sold to Taiwan Power Company.

We lead by example and mentor our dealers on how to efficiently utilize natural resources and take a proactive approach in developing renewable energy to achieve zero emissions throughout vehicle life cycle. Our medium-term target is to reduce CO2 emissions by 32% by 2030 (In response to TMC's global policy with 2019 as the baseline), which

requires that we reduce 3% carbon emissions each year from 2020 and 6% from 2021. In 2021, our dealers implemented solar sites across Taiwan., offsetting a total of 1,764 metric tons of GHG emissions as we make progress towards achieving the six goals of the TOYOTA Environmental Challenge 2050.

	Implementation of Solar Power Sites	Electricity Generated in 2021 (kWh)	Carbon Offsets in 2021 (tCO2e)
Kuotu Motor	Shilin, Danfeng, Shilin L, Zhonghe, Yangmei PDS	655,803	329噸
Taipei Toyota Motor	Neihu, Donghu PDS, Dawulun	274,651	138噸
Tau Miau Motor	Main office, Nankan, Hsinchu L, Taoda, Bade	1,609,863	808噸
Central Motor	Main office, and other 20 locations	3,326,180	1,670噸
Nan Du Motor	Minxiang, Guiren	1,117,304	561噸
Kau Du Automobile	Minzu L, Pingtung PDS, Gangshan, Fengshan, Chienkuo L	2,200,729	1,105噸
Lan Yang Motor	PDS	282,166	142噸
Eastern Motor	Main office	120,132	63噸

Note 1: Electricity emission factor used in the calculation is 0.502 kg CO2e/kWh.
 Note 2: L refers to LEXUS service centers and PDS refers to vehicle delivery center.



桃苗本社



南都民雄廠



和泰楊梅園區



- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

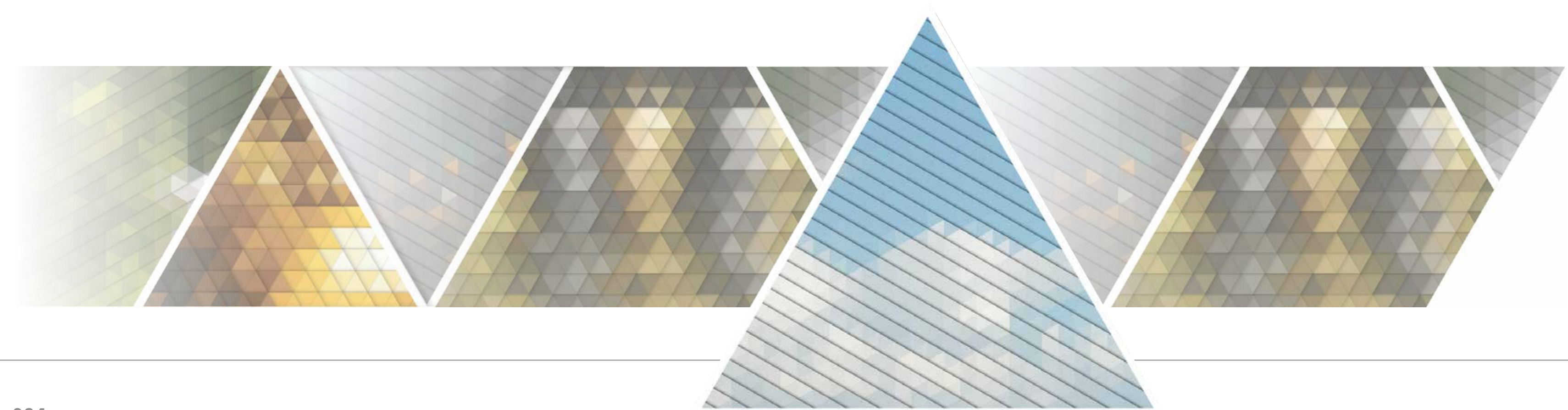
No-Wash Campaign

Hotai Motor's has been working with dealerships since October 2018 in launching a promotional campaign that offers green gifts and rewards free loyalty points for any vehicle servicing without a car wash to encourage car owners to cherish water resources and from July 2021, the gift has been adjusted to a efficient protective mask in response to the pandemic. By 2021, more than 2.14 million vehicles have responded to the campaign, saving over 320,000 cubic meters of water.

2018		2019	
Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)
36,549	5,482	388,138	58,221

2020		2021	
Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)
700,285	105,043	1,019,805	152,971

Note: 1 cubic meter = 1,000 liters
 Note 2: Average water consumption per car = 0.15 cubic meter



- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance

- Employee Care
- Community Service
- Appendix

06

Employee Care



3% average

Annual merit increase

15.5 hours

Average employee training hours

1,341 people

Participation in health and wellness activities

195 people

Participation in workplace safety promotion activities

Words Of The Operator

About Hotel

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

At Hotai Motor, we firmly believe that satisfied employees lead to satisfied customers. We are committed to creating a positive work environment and increasing employee identification with the organization to facilitate an enjoyable working experience which, in turn, enhance team engagement and build passionate teams, and ultimately achieves a boosting effect on employee productivity and brand value.



6.1 Career Development and Training

6.1.1 Increasing Value and Boosting Morale

6.1.1

In Q2 2018, we expanded the scope of activities to connect people with common interests as part of the efforts to facilitate employee bonding. At the end of 2021, we have 13 social clubs, including clubs with the focus of sports, academic and research, and networking. These clubs are aimed to build employees' skills and talents, provide physical and mental relaxation, and increase work productivity. We also set up an internal club information platform where employees can learn about all the club activities and what they've accomplished to attract other employees with the same interests to join in on the journey to improve wellness, and to increase creativity in the workplace.



6.1.2 A Multidisciplinary Talent Development Policy

6.1.2

Talent development and training is one of the top priorities for Hotai Motor. In order to meet the developmental needs of the Hotai Group (Hotai Motor and its subsidiaries) and to enhance the competitiveness of the organization, we promote a comprehensive and detailed HR development strategy. To empower employees to fulfill their potentials, we design annual training programs each year that offer courses specific to building the competencies, technical skills, and soft skills for different job grades, which are aimed to help employees grow and thrive with the company through improving workforce capability and quality.

In pursuit of sustainable growth, Hotai Motor established a multidisciplinary talent development policy with the goal to consistently train talent that demonstrates professionalism, innovation, and excellence. There are three key aspects that make up the multidisciplinary talent development policy, including on-the-job training (OJT), off-the-job training (OFF-JT), and self-development (SD).



On-the-job Training

- OJT coaching and training
- Job rotation
- Global talent exchange programs and intra-company transfer (ICT)
- Toyota Business Practice (TBP) development program



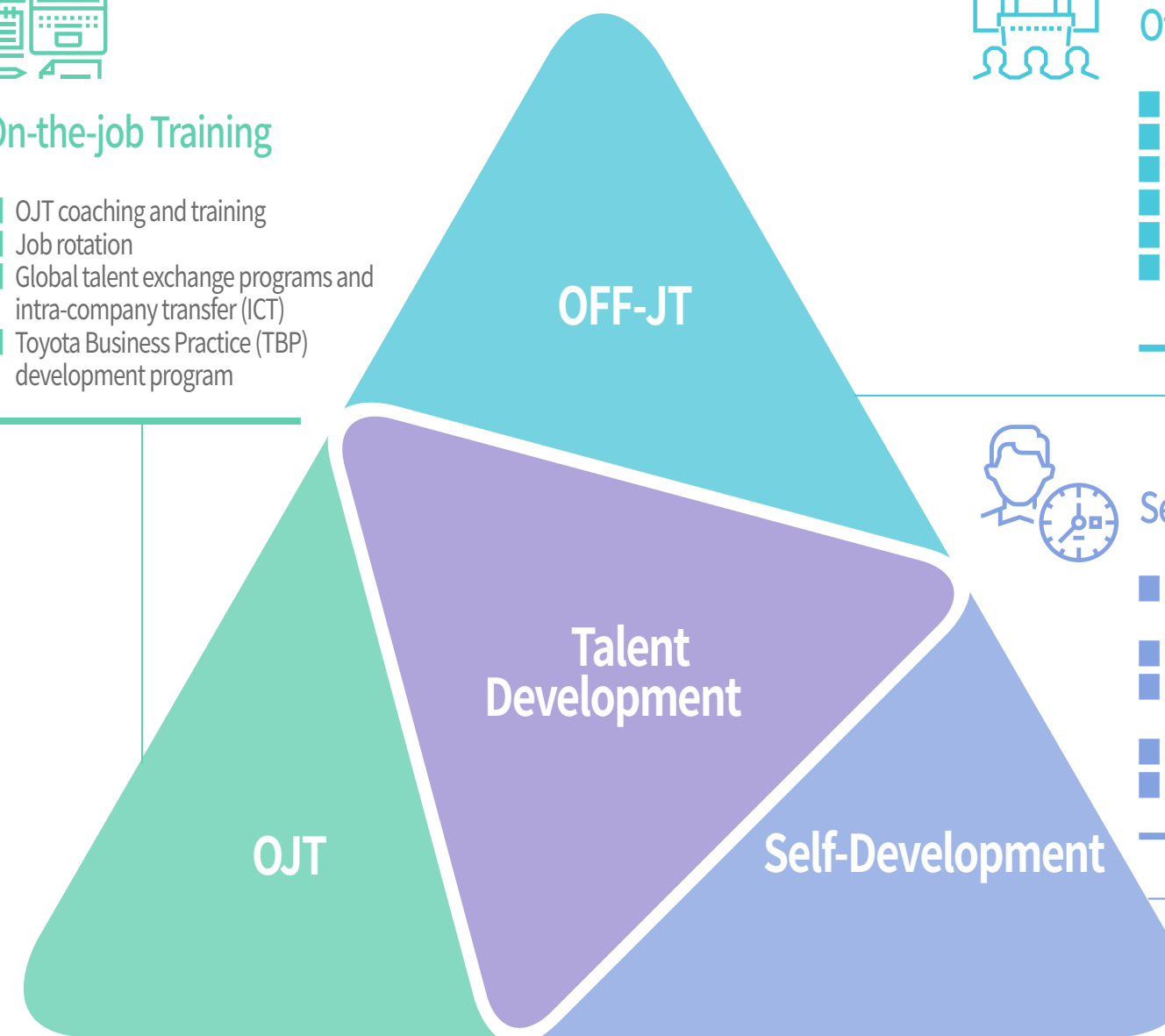
Off-the-job Training

- TMC's planning capability training
- Staged development training
- Technical skills training
- Soft skills training
- Seminars on trends
- New employee orientation and development training



Self-development

- Language course funding (English and Japanese)
- "Hotai E-Learning+ Digital learning platform
- Online learning resources: Da-Da Master, KONO E-Magazine, Commonwealth Leader Campus
- Employee reading sessions
- Functional Competency



Core Values

Professionalism

Innovation

Excellence

+think Amazing

Note 1: TMC's planning capability training includes The Toyota Way, PDCA, A3, TBP, JKK Kaizen, and TPS Toyota Production System and other trainings.

To help new employees ease into TOYOTA's culture, we implement systematic training and apprenticeship program that are designed to assist new hires get accustomed to our working environment, corporate culture, and future business direction. Through a comprehensive training program and an eight-week apprenticeship program, our intention is to make it easier for new employees to plug in and become more familiar with the company, integrating them quickly to enhance their cohesion and identification with the company.

New Employee Training

Introduction of company organization and functions: an orientation on different business lines of the company to help new employees acquire a basic understanding of the overall business operations of the company

Video/audio instructions/pre-class videos: provide an overview of our new employee training policy and an online pre-class introductory video of The Toyota Way.

TMC planning capabilities training: The Toyota Way, PDCA, A3, JKK, TBP, TPS

Toyota Production System management courses are designed to build positive corporate culture and logical reasoning; as part of the training, employees are scheduled to get tested and attend a refresher course one month after the training to measure the effectiveness of learning.

Site visits: arrange visits to the Xinzhuang Complex, Yangmei Logistics Center, Kuozui manufacturing facilities, and new vehicle launch events.

First-Line OJT: An 8-Week Apprenticeship



One month after reporting to work, new employees will be sent to dealerships as sales representative apprentices for eight weeks to learn about vehicle sales/service market on the job. Through the apprenticeship program, employees can gain hands-on experience on how the business operates and the procedures for aftersales service management so that subsequent business planning can be carried out with more precision.

2021 Training Hours (include physical and online courses)

Male Average	Female Average		Total Average
14.2	17.3		15.5
Management Level	Average Hours—Male	Average Hours—Female	Category Average
Executive management	7.3	—	7.3
Mid-level management	16.2	12.3	15.7
Junior management	22.8	32.2	25.9
Total	17.4	29.8	20.2
Nonmanagement Level	Average Hours—Male	Average Hours—Female	Category Average
Manager/assistant manager/senior supervisor/supervisor	13.4	14.8	13.9
Senior specialist/group leader/Senior specialist/group leader	13.9	15.1	14.4
Specialist/team leader /clerk/trainee/ driver/guard/registered nurse/ dispatched worker	9.6	17.3	13.9
Total	12.9	15.7	14.2

Training hours include physical and online live streaming classes
 The ratio of men to women in the company is approximately 3:2 (as of 2021/12/31, Number of regular staff workers (including secondments): 563)
 Management positions: executive management—director level and above; mid-level management—manager level; junior management—department leader level
 Nonmanagement positions:
 1. Manager/assistant manager, senior supervisor/supervisor;
 2. senior specialist (including group leader);
 3. specialist (and other job grades below)

Due to the impact of the pandemic in 2019 and the advent of the digital age, mobile microlearning has become the latest learning trend. In addition to the regular online reading sessions, in 2021, we introduced the online learning platform "Hotai E-Learning+", with 52 courses, including various levels of professional skills, book sharing, and career talks, so that employees can learn without interruption and have a platform to improve their abilities while working at home during the severe pandemic. On the new learning platform, in addition to the existing internal teaching videos, we have also introduced the "Dada Master" online authorized videos, which include professional courses and book sharing; furthermore, in addition, we also provide KONO magazine and the Commonwealth Leader Campus to enrich online learning resources through multiple channels.



Hotai E-Learning+ Course Menu



【20220323和泰直播間... 教室



【20220316和泰直播間... 教室



【20220309和泰直播間... 教室



【20220224和泰直播間... 教室

- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix

Online learning Resource

Hotai E-Learning+ (Officially launched at April 1, 2021)	<ul style="list-style-type: none"> Cumulative number of classes : 82 Number of students who completed the course : 3,596
Live reading sessions	<ul style="list-style-type: none"> Live-streaming reading sessions : 38 sessions, a total of 302 colleagues attended, with a total 1,077 hours of viewing.
Dada Master	<ul style="list-style-type: none"> Dada Master : 43 sessions, 3,472 views completed
KONO e-magazine	<ul style="list-style-type: none"> KONO magazine : A total of 276 colleagues have used it, with a total of 50,490 readings
CommonWealth Leader Campus	<ul style="list-style-type: none"> CommonWealth Leader Campus : A total of 150 accounts, with quarterly settlement of the reading volume, if the number of quizzes in a single quarter does not reach 30, such account will be withdrawn.

Assessment Center Programs

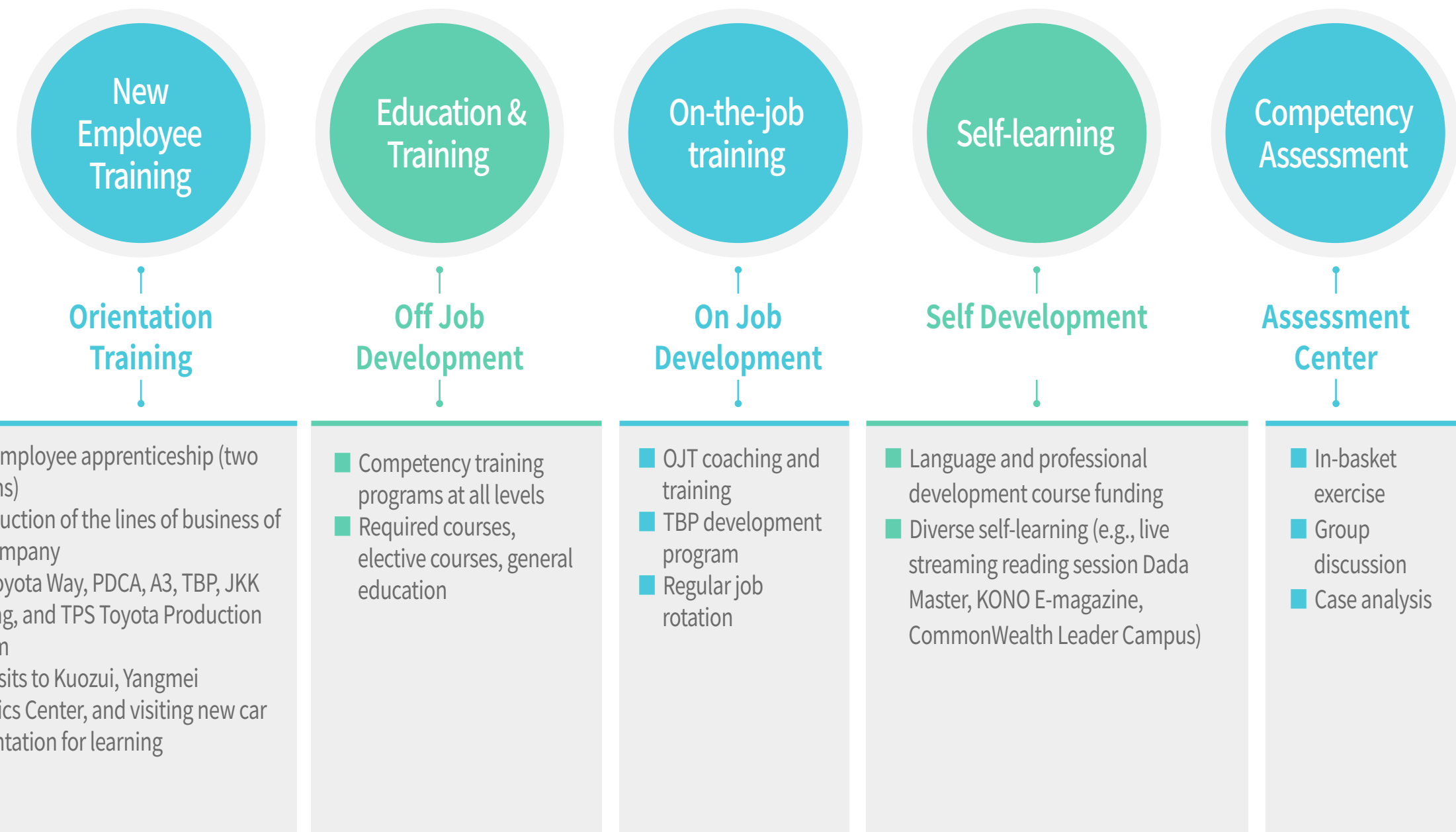
6.1.3

The Career Development Center follows Hotai Motor's multidisciplinary talent development policy in defining the competencies required for each function so that employees understand the competencies and skills required for their

positions. Through various courses that involve on-the-job training, off-the-job training, and self-development, employees are provided opportunities to improve their competencies. Employees will subsequently evaluate their

competency development progress by the Assessment Center and continue to work on the areas identified for improvement.

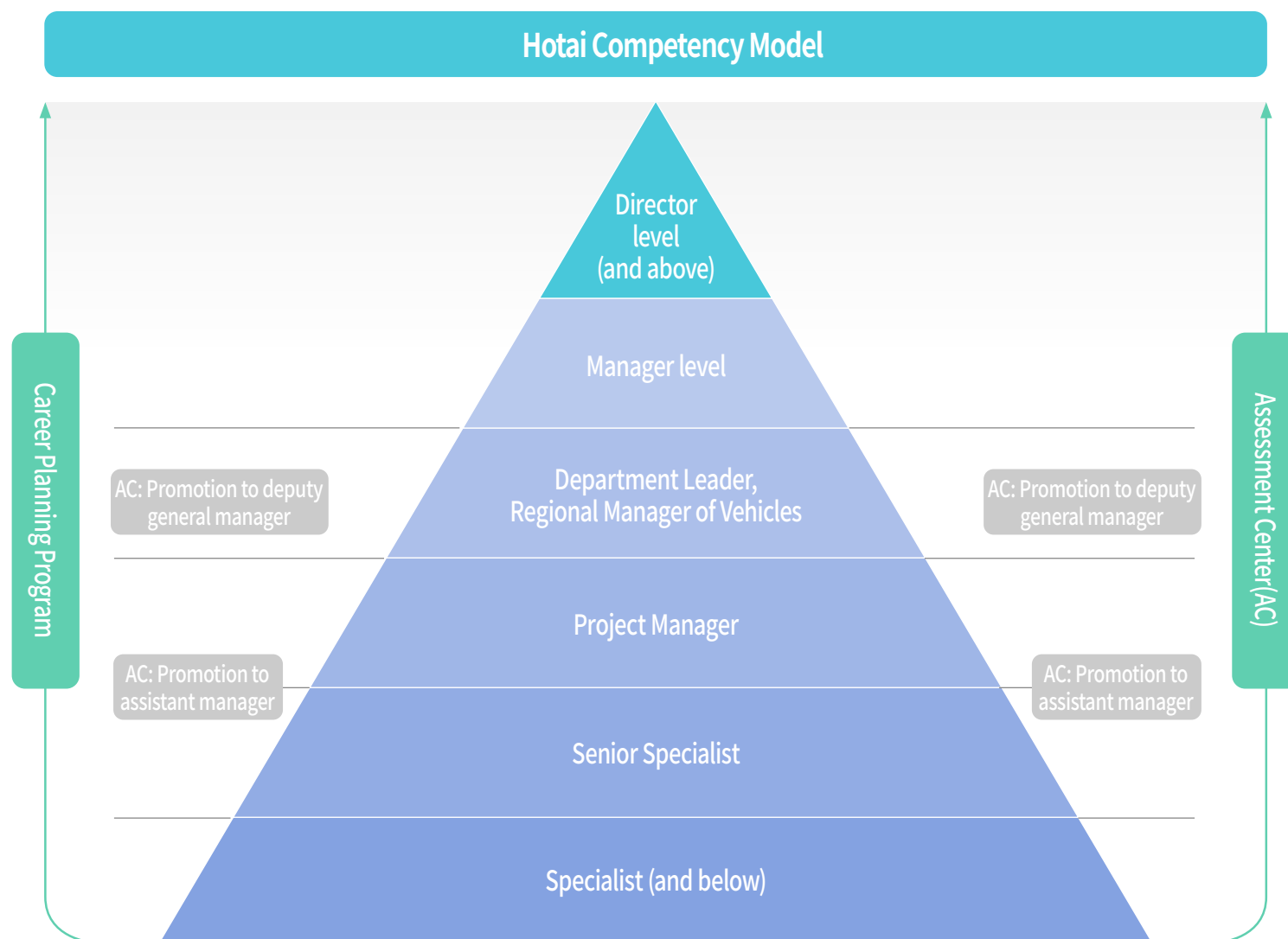
Talent Development Pathway



- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix



The training unit is also responsible for coordinating and planning every year, inviting executives and managers from within the organization and external professional consultants as appraisers and conduct competency assessment annually for top-performing employees. Our Leadership Elite Program is specifically designed for talent development at every level. The Assessment Center(AC) evaluation provides employee and their supervisors with insight into the competency level required for a promotion and areas of improvement to enable our people to grow with the organization,



Performance Review and Competency Assessment

6.1.4

Each employee of Hotai Motor is regularly assessed for their performance and competency every year. The assessment establishes key behaviors and indicators for each job grade, which helps us discover competent talent with potentials through performance and competency assessment and allow employees to reach their full potential. For employees who underperform, the Human Resources Department will work with their direct supervisors to arrange a counseling and coaching program. We

also have an employee personal data system where employees can fill out a career development interest form online, which helps us match employees with their desired positions. We believe that this practice is beneficial for the employees as well as for the company. Our current review system not only considers employee's work performance in the department, but we also have teamwork evaluation which enables us to align employees to their strengths.

Review and Assessment Guidelines

Category	Timing	Methods	Areas Reviewed
Performance	Rotation/ Year-end	Through the performance development information system, department supervisors should promptly review the tasks completed by the employees (which are logged regularly by the employees) and give a rating based on the cumulative scores of each task completed and carry out performance feedback interviews accordingly.	<ul style="list-style-type: none"> Performance rating is given based on cumulative scores received from performing employees' duties and responsibilities.
Competency	Rotation/ Year-end	By using the performance development information system, supervisors of department leader level and above assess employee's abilities against the capabilities required for their grade level and recommend a rating of each capability being assessed.	<ul style="list-style-type: none"> The scores are given based on the competencies required for the grade level of the employee being assessed. Ranked and rated according to the weighted scores of their peers from the same department in the same grade level.



- Words Of The Operator
- About Hotai
- Sustainable Management
- Customer Services
- Best Partner
- Corporate Governance
- Environment
- Employee Care
- Community Service
- Appendix



6.2 Benefits and Employee Well-being

Talent Recruitment and Retention

6.2.1

In 2021, we had a total of 563 employees and the average male to female ratio is 1.6:1, all of which are full time employees. Over the years, in terms of age distribution, 55.77% of our workforce is in the age group of 30-50, the highest among all age groups. As for position distribution, 20.07% of the employees are at management level.



Contract Type		Male	Percentage of Total in the Category (%)	Female	Percentage of Total in the Category (%)	Headquarters	Xinzhuang	Yangmei
Contract Type	Regular Employee	343	60.9%	220	39.1%	398	89	76
	Contract Employee	0	0	0	0	0	0	0
Employment Type	Full Time	343	60.9%	220	39.1%	398	89	76

Employee Distribution		Male	Percentage of Total in the Category (%)	Female	Percentage of Total in the Category (%)	Under 30	30-50	Over 50
Management Level	Executive management (director level and above)	20	100%	0	0%	0	4	16
	Mid-level management (manager level)	20	87.0%	3	13.0%	0	10	13
	Junior management (department leader level; deputy general manager)	48	68.6%	22	31.4%	0	56	14
Nonmanagement Level	Manager and assistant manager (including senior supervisor and supervisor)	65	66.3%	33	33.7%	0	73	25
	Senior specialist (including group leader)	141	57.3%	105	42.7%	46	133	67
	Specialist (and below)	49	46.2%	57	53.8%	19	38	49

In 2021, we hired a total of 32 new employees which accounted for 5.7% of our entire workforce. At Hotai Motor, we are committed to creating an inclusive work environment and building on employees' strengths to help them reach their full potential. Through a variety of channels, we continuously attract and recruit talent in relevant fields to join and grow with the organization.

New Employee Statistics

		2019		2020		2021	
		Number of New Employees	Percentage of Total (%)	Number of New Employees	Percentage of Total (%)	Number of New Employees	Percentage of Total (%)
New Employee Percentage (%)		4.2%		5.4%		5.7%	
By Gender	Male	12	2.2	14	2.5%	14	2.5%
	Female	11	2.0	16	2.9%	18	3.2%
By Location	Headquarters	20	3.6	26	4.7%	31	5.5%
	Xinzhuang	2	0.4	4	0.7%	0	0%
	Yangmei	1	0.2	0	0	1	0.2%
By Age	Under 30	14	2.5	18	3.3%	24	4.3%
	30-50	8	1.5	12	2.2%	7	1.2%
	Over 50	1	0.2	0	0%	1	0.2%

Statistics of Mid-level and Executives from Local Hires

		2019		2020		2021	
		Number of Hires	Percentage of Total (%)	Number of Hires	Percentage of Total (%)	Number of Hires	Percentage of Total (%)
By Gender	Male	36	90.0	36	85.7	37	86.0%
	Female	2	5.0	3	7.1	3	7.0%
By Location	Headquarters	33	94.3	31	91.2	32	91.4%
	Xinzhuang	4	100	7	100	7	100%
	Yangmei	1	100	1	100	1	100%

Note 1: Mid-level and executive management refers to manager level positions and above.

Note 2: The definition of local refers to Taiwanese nationality.

Our average attrition rate in the last three years is 2.23%, primarily due to our efforts in prioritizing employee development, stellar financial performance, as well as regular merit increase (an average of 3% annual raise), which are all factors that increase retention rate. As part of the measures to revitalize the organization and develop multidisciplinary talent, the company implements a rotation program that allows employees who have been working in their current department for over three years and have received outstanding performance reviews to apply to become a candidate for the program. Aside from that, we also evaluate the necessity of personnel rotation when a new business demand pops up or when essential positions become vacant. In seasons where there are rotation needs or major operational changes, we will notify the candidates and their supervisors two weeks prior to sending out the memo of transfer so that employees are given reasonable time to prepare for the transition.



Attrition Data

		2019		2020		2021	
		Number of Resignations	Percentage of Total Nonmanagement Employees (%)	Number of Resignations	Percentage of Total Nonmanagement Employees (%)	Number of Resignations	Percentage of Total Nonmanagement Employees (%)
By Gender	Male	17	3.1	36	2.9	9	1.6
	Female	4	0.7	6	1.1	8	1.4
By Location	Headquarters	15	2.7	16	2.9	15	2.7
	Xinzhuang	4	0.7	3	0.5	0	0.0
	Yangmei	2	0.4	3	0.5	2	0.4
By Age	Under 30	4	0.7	6	1.1	2	0.4
	30-50	11	2.0	4	0.7	11	2.0
	Over 50	6	1.1	12	2.2	4	0.7

Note: The above statistics include retirees at the age of retirement.

Upholding Human Rights

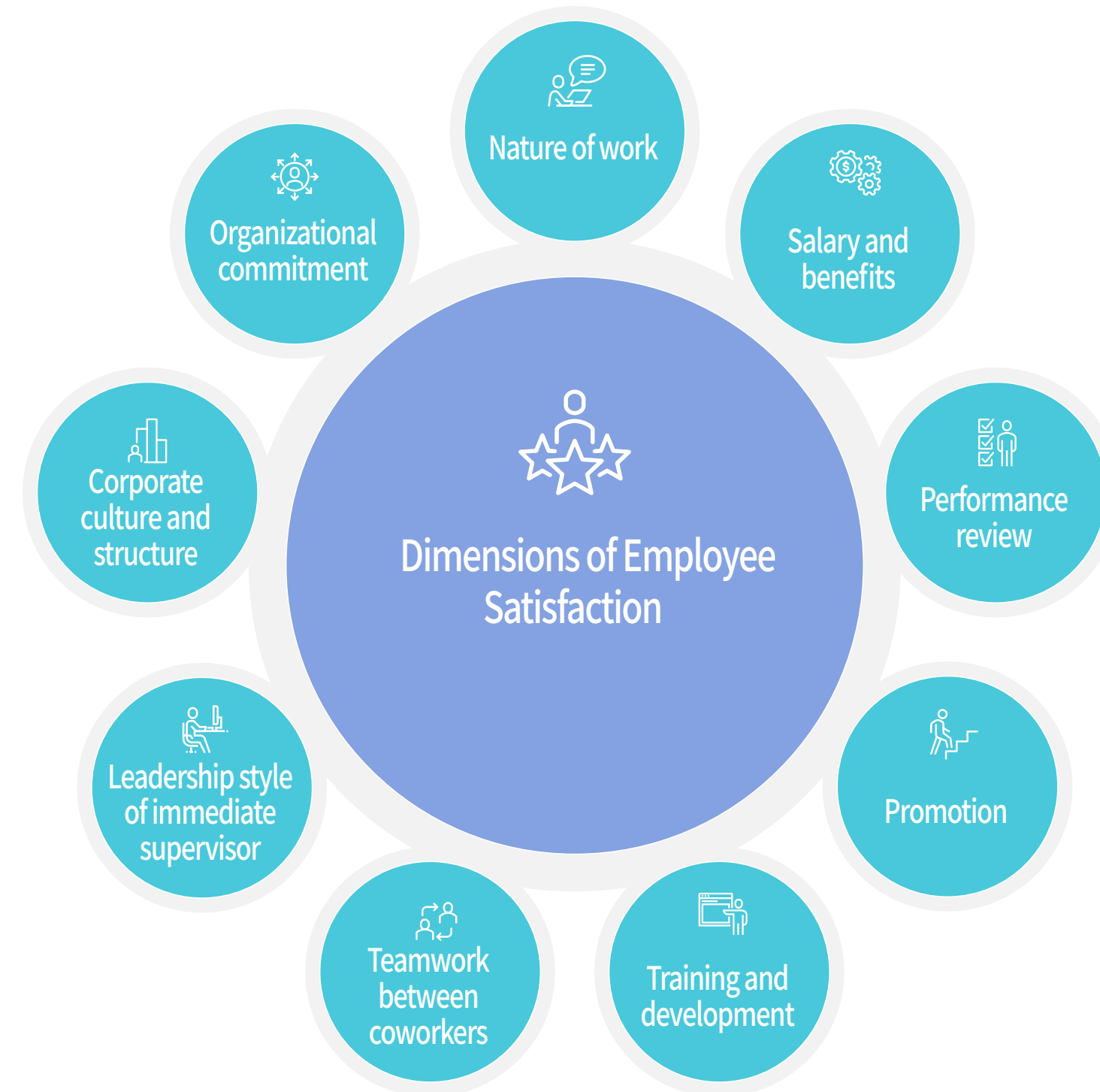
6.2.2

To ensure that employees' voices are heard, we have multiple communication platforms that are aimed to build the foundational values of mutual trust and shared responsibility between employees and the organization by facilitating conversations through these channels, including labor-management meetings, employee suggestion box, and Hotai newsletters. Most importantly, we anchor respect and harmony as the guiding principles for our relationship with employees and provide platforms where voices and concerns can be heard and addressed through quarterly labor-management meetings and various feedback channels. This comprehensive system and humane management have enabled us to operate our business without major labor-management conflicts, complaints, and disputes since the company was founded.

In supporting gender equality in the workplace, we have established Hotai Motor's Anti-Harassment Employee Complaint Center run by the general manager of the Administration Division. Employees can file a complaint with the general manager by calling his extension number or via email. We also set up a designated webpage on our intranet that provides details on the company's anti-harassment measures, incident reporting and disciplinary guidelines, and committee related information with the goal to educate employees on the topic and promote the concept of gender equality. Furthermore, as a result of the implementation of the Employee Code of Conduct and anti-harassment policy, there have not been any incidents involving harassment or discrimination within the last five years.

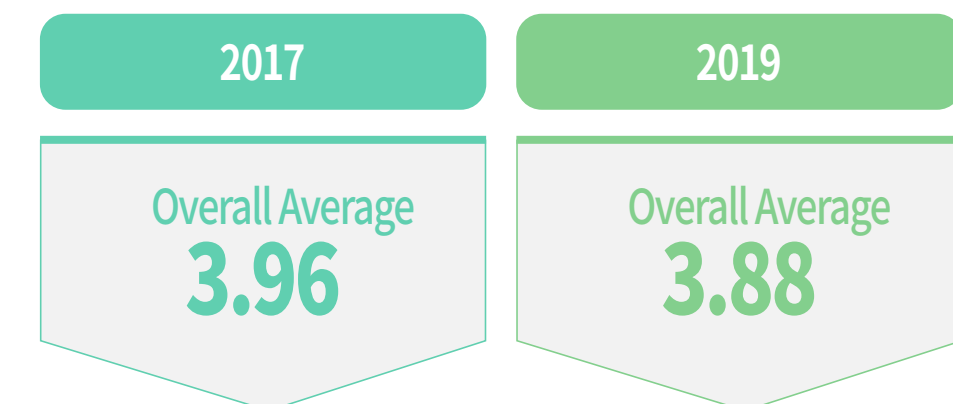
Number of opinions reflected in the communication platforms and status of processing in 2021

Communication Platform	Labor-Management Meetings	Employee Suggestion Box	Hotai Newsletters	Anti-Harassment Complaint Platform
Level of responsibility/department	Human Resource Management Department	Manager of Administration Division	Administration Division Public Relations Department	Manager of Administration Division
Number of cases	0	0	0	0
Case closure rate	-	-	-	-



Every two years, we conduct employee satisfaction surveys to better understand our employees' preferences and needs. The surveys are conducted both online and in paper format, and the respondents are all the full-time employees of the company. In our most recent employee satisfaction survey in 2019, the response rate was 75.3% and the overall satisfaction score was 3.88 (on a 5-point scale). To a large extent, the points we received were below the score in 2017. As a result, we have prioritized the three areas with the lowest scores (performance review, promotion, training and development) for a follow-up process. In view of the impact of the pandemic, the implementation of the satisfaction survey originally scheduled for 2021 has been postponed to 2022.

Employee Satisfaction Survey Results (on a 5-point scale)



Remuneration and Benefits Policy

6.2.3

At Hotai Motor, employees are paid according to the Employee Remuneration and Benefits Policy. The remuneration of executives that are director level and above is reviewed and recommended by the Remuneration Committee and approved by the Board. Our pay standards also take into consideration external salary survey reports as we work towards becoming the most attractive employer to work for in the industry.

As for our promotion policy, each grade level has a median salary and maximum/minimum values based on market value and the company's remuneration policy to ensure that the pay structure is both reasonable and fair, which also acts as an incentive for employees to improve their performance. Other than department leader positions and above, the average remuneration of male employees is higher than most female employees, mainly because male employees on average have higher seniority. We are committed to fair and equitable pay practices and do not factor gender into compensation decisions for the same position; our pay standards are based solely on education, experience, and seniority. The salary of our junior staff (specialist positions) is not influenced by gender, with their salaries being 1.42 times more than the local minimum wage. In 2009, we paid out pensions in accordance with the Labor Standards Act and settled the old pensions of our employees. During the same year, 6% of each employee's salary was placed into a personal pension account in accordance with the new labor pension system, which had a 100% participation rate.

In 2021, the average number of full-time employees at nonmanagement level was 527 and their average salary was NT\$2,425,000.

Year	2020	2021	Percentage Change (%)
Number of full-time employees at nonmanagement positions	529	527	-0.38
Average salary (NT\$ thousand)	2,336	2,425	3.81
Median salary (NT\$ thousand)	1,871	1,936	3.47

Note 1: The difference between average salary in 2019 and 2020 is mainly due to the increase in the company's operating profits

Note 2: Nonmanagement positions do not include general managers

Gender Pay Ratio

		Male to Female Ratio of Fixed Pay		Male to Female Ratio of Variable Pay	
		2020	2021	2020	2021
Management Level	Executive management (director)	-	-	-	-
	Mid-level management (general manager)	1.07	1.07	1.13	1.01
	Junior management (department leader)	1.04	1.03	1.00	1.05
Nonmanagement Level	Manager and assistant manager (including senior supervisor and supervisor)	1.12	1.09	1.11	1.07
	Senior specialist (including group leader)	1.06	1.07	1.11	1.10
	Specialist (and below)	0.97	1.00	0.95	1.06

Note: Fixed pay refers to monthly salary; remuneration refers to fixed plus variable pay (bonus).

Hotai Motors has established the Employee Assistance Program to offer a comprehensive benefits package to employees, including wedding and childbirth cash awards, bereavement and emergency/hardship consolation payments, scholarships and financial aids, holiday gifts, emergency loans, consolation payments and financial support for hospitalized employees, retirement gifts to help employees who are in need. Every year, we offer paid annual physical exams and host a wide variety of activities to promote employee health and wellness and to improve the physical and mental health of colleagues. We also fund employees' language courses as part of the preparation to grow our business overseas.



A welfare system that is more favourable than the statutory regulations

- Group Insurance**
 - Life insurance and cancer insurance fully paid by the company
 - Group Accident and Injury Medical Insurance fully paid by Employee Benefit Committee.
- Foreign language study grants**
 - Grants half of the tuition fee (excluding other miscellaneous fees) for English/Japanese courses at partnering educational institutions.
- Travel Grants**
 - NT\$ **50,000** in travel vouchers per year
- Birthday and Festival Gift**
 - Birthday gift: NT\$ **5,000** department store gift certificate
 - Holiday Bonus: NT\$ **5,000** cash/time

	2019	2020	2021
Amount of employee benefit expenses (NT\$)	140,151,782	139,916,374	141,577,045

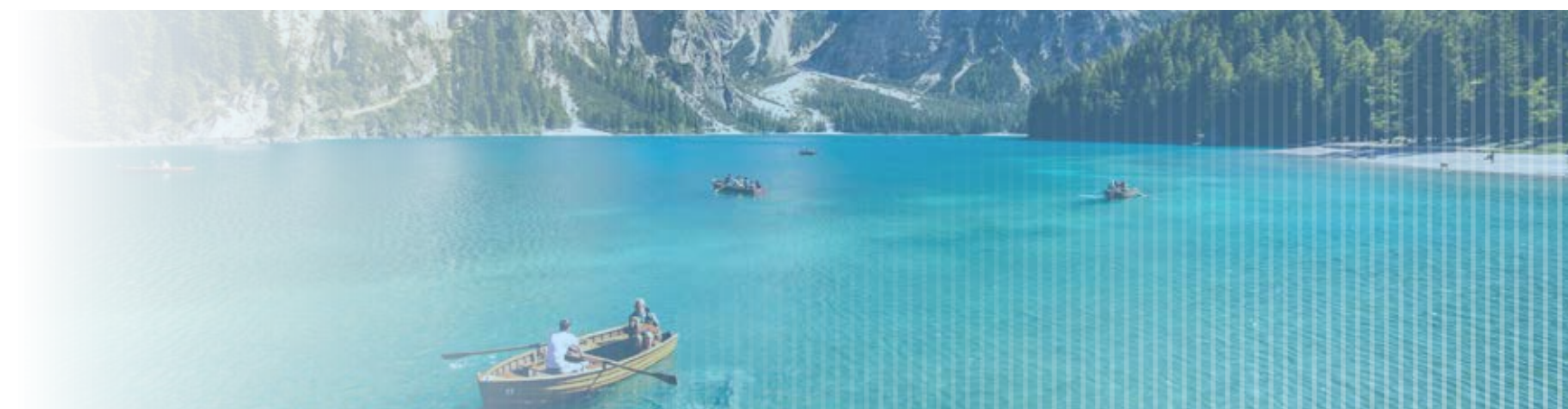
We strive to create a safe and non-discriminatory work environment for our employees. In 2021, the rate of employees returning to work from unpaid parental leave was 100%, and the retention rate was 75%, which shows that employees are willing to rejoin the workforce as we work towards the

company's mission and vision. In order to make returning to work easier for birth mothers, we also partner with daycares nearby to offer registration, school supply discounts and/or flexible drop-off/pickup times to help employees alleviate some of the stress of childcare.

Statistics of unpaid parental leave in 2021

	male	female	total
Number of employees eligible for parental leave in the current year	19	12	31
Number of employees applying for parental leave in the current year	0	3	3
Number of employees expected to return from unpaid parental leave in the current year	0	1	1
Number of employees returning from unpaid parental leave in the current year	0	1	1
Number of employees who remain on the job for another year after returning from unpaid parental leave in the previous year	0	3	3
Number of reinstatement after the previous year's parental leave	0	4	4
Application rate of unpaid parental leave (%)	0	25.0	9.7

Formula for calculating the application rate of unpaid parental leave (%): Number of employees applying for unpaid parental leave in the current year/Number of employees eligible for unpaid parental leave in the current year
 Formula for calculating the rate of returning to work from unpaid parental leave (%): Number of people returning from unpaid parental stay in the current year/Number of people who are expected to return from unpaid parental leave in the current year
 Formula for calculating retention rate of employees returning from unpaid parental leave (%): Number of employees who remain on the job for 12 months after returning from unpaid parental leave/number of employees returning to work after being on unpaid parental leave in the previous year



In implementing occupational health and safety management, we have identified various hazards in our work environment, analyzed potential risks and opportunities, and come up with response strategies. We've also formulated short, medium, and long-term occupational health and safety development plans, which adopt enhanced control measures for high-risk exposures while continually using the PDCA cycle in our management approach to mitigate risks.



6.3 Occupational Health and Safety Management

Promoting Safety Management

Our occupational health and safety policy is developed with the main objectives to create a safe, healthy and comfortable working environment and provide employee care with a personal touch, which in turn improves the effectiveness of occupational health and safety management. Since 2019, we have obtained the ISO 45001 certification for the occupational health and safety management systems in five of our facilities, including our headquarters, Xinzhuang Complex, Yangmei Logistics Center, Taichung secondary warehouse

and Kaohsiung Renwu secondary warehouse, and have acquired the renewal of certification in 2021. The management system covers all the employees working at these five facilities, including contractors and subcontractors. We use a systemic management approach to promote the management practices of occupational health and safety while improving health and safety performance in the workplace to achieve our vision of sustainable business operations and premium service.

6.3.1



Hotai Motor's Occupational Health and Safety Commitment



Hotai Motor's Occupational Health and Safety Committee is led by the president as the chair, and the heads of each facility and their employee representatives are members of the committee. The Committee consists of 15 members, five of which represent the employees. The committee meets once a quarter, and every individual who is part of the organization (including employees, contractors, and subcontractors) can share their concerns through the occupational health and safety suggestion box or their employee representatives; these concerns raised will be discussed in the committee meeting. Members

of the committee also make recommendations on the proposed workplace health and safety policies, review, coordinate, advise on health and safety related topics in the meeting, as well as devise, oversee, and promote health and safety management practices. The Occupational Health and Safety Office has a dedicated email address and a hotline that are designed for employees to report potential workplace health and safety issues at any time. From there, the Occupational Health and Safety Office will address and respond to the concerns and/or suggestions.

2021 Self Inspection Improvement Description

Suggested Improvement	Improvement Measures	Completion date of improvement
<ol style="list-style-type: none"> The automatic checklist of forklift still remains in the checklist of internal combustion type, without revision to the check item of electric type. The old version A form is still used in the employee training record form. 	<ol style="list-style-type: none"> Added a new checklist for electric forklift. The Occupational Health and Safety Office has compiled the latest master document list of ISO-45001 management system and notified employees by mail to pick up the list from the public storage tank when they use it. 	Completed at 2021/12/31.

Fostering a Safe Workplace

6.3.2

At Hotai Motor, we provide comprehensive physical exams packages; annual physical exams budget for employees is NT\$2,200, NT\$11,000, and NT\$15,000, depending on the level of the employee. The annual physical exams are provided to all employees including dispatching companies, and we have contracted with 10 Physical Examination Center to provide multiple packages for employees to choose from according to their needs. In 2020, the company-wide health screening rate was 87%, and it subsequently climbed to 89% in 2021. Through comprehensive health screening t Through comprehensive

physical exams, we discovered that, in recent years, metabolic syndrome is a primary health concern for our employees and workers. As part of our ongoing efforts to address this concern, we've designed health and wellness promotion activities and talks on relevant topics, including the "Winning ticket in walk" campaign for a daily average of 8,000 steps to reach the prize, which allows employees to upload data to their phone apps by tapping the employee IDs, helping employees monitor their health to promote wellness. Meanwhile, we provide expert consultation on workplace health and wellness, offering

personalized healthcare services.

In addition to wellness activities, through the results of the four programs, employees who are identified as needing care or assistance will be arranged for nursing visits or consultation with doctors to be provided with health guidance. For the Maternal Health Protection Program, there is a pregnancy supplement program with a NT\$2,000 for each pregnant mother to apply. In addition to health activities, a total of 10 safety and health seminars were held in 2021 to promote the concept of safety and health among employees and workers.



Hotai Motor's Wellness Activities in 2021

Activity	Description	Sessions	Number of Employees Participated
Onsite Health Clinic	Every a month, we invite the doctor of Family Medicine from Taiwan Adventist Hospital to our onsite health clinic to provide health consultation to employees. The clinic offers one-on-one consultation and is completely confidential.	14	226
Wellness Station	Download Health Home APP software pedometer, transfer the data to personal mobile phones, and design a daily average of 8,000 steps to reach the target prize in order to encourage colleagues to participate, so that they can achieve the good habit of daily walking..	4	1050
Health and Wellness Talks	Based on employees' physical exam outcomes and epidemic trends, we organize health and wellness talks on relevant topics and invite family members, contractors, affiliates, and dealers to join the events.	3	Online seminars due to the epidemic
Four Key Programs— Consultation Clinic*	For employees that are considered high-risk under the four key programs or those with pre-existing health conditions, we offer one-on-one consultation with a physician and ongoing follow-up. No residual risk personnel after the physician consultation and interview survey in 2021.	3	26
Occupational Health and Safety Committee Training	We offer health talks for members of the Occupational Health and Safety Committee to remind them that taking care of their own health is just as important as looking after our people's health.	1	15
Annual participation			1,317

*The four programs here include Maternity Protection, Human Hazard Prevention, and Abnormal Workload; the contents of illegal infringement in the workplace are explained in 6.2.2

Hotai Motor's Workplace Safety Promotion Activities in 2021

Activity	Description	Sessions	Number of Employees Participated
Workplace Safety Inspection	We hire occupational health physicians and doctors specialized in occupational medicine to visit the facilities where work is performed and inspect the work environment.	6	24
Indoor Air Quality Monitoring	Once every six months, the safety officers and registered nurses from the Occupational Health and Safety Office meet with employees from the dedicated unit charged with occupational health and safety matters to audit the CO2 levels in the workplace.	6	24
Workplace Environmental Monitoring	Conduct voluntary monitoring and testing of the work environment in our facilities once every six months, including VOC, dust particles, noise and lighting, PM2.5, and Respiratory Protection Program.	4	18
ISO 45001 Training	Design regulatory and system related training programs for employees who are in charge of implementing ISO 45001 from each business unit (e.g., internal audit training, code of contracting, management review, identification of legal requirements, hazard identification, risk assessment)	6	125
Annual participation			191

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

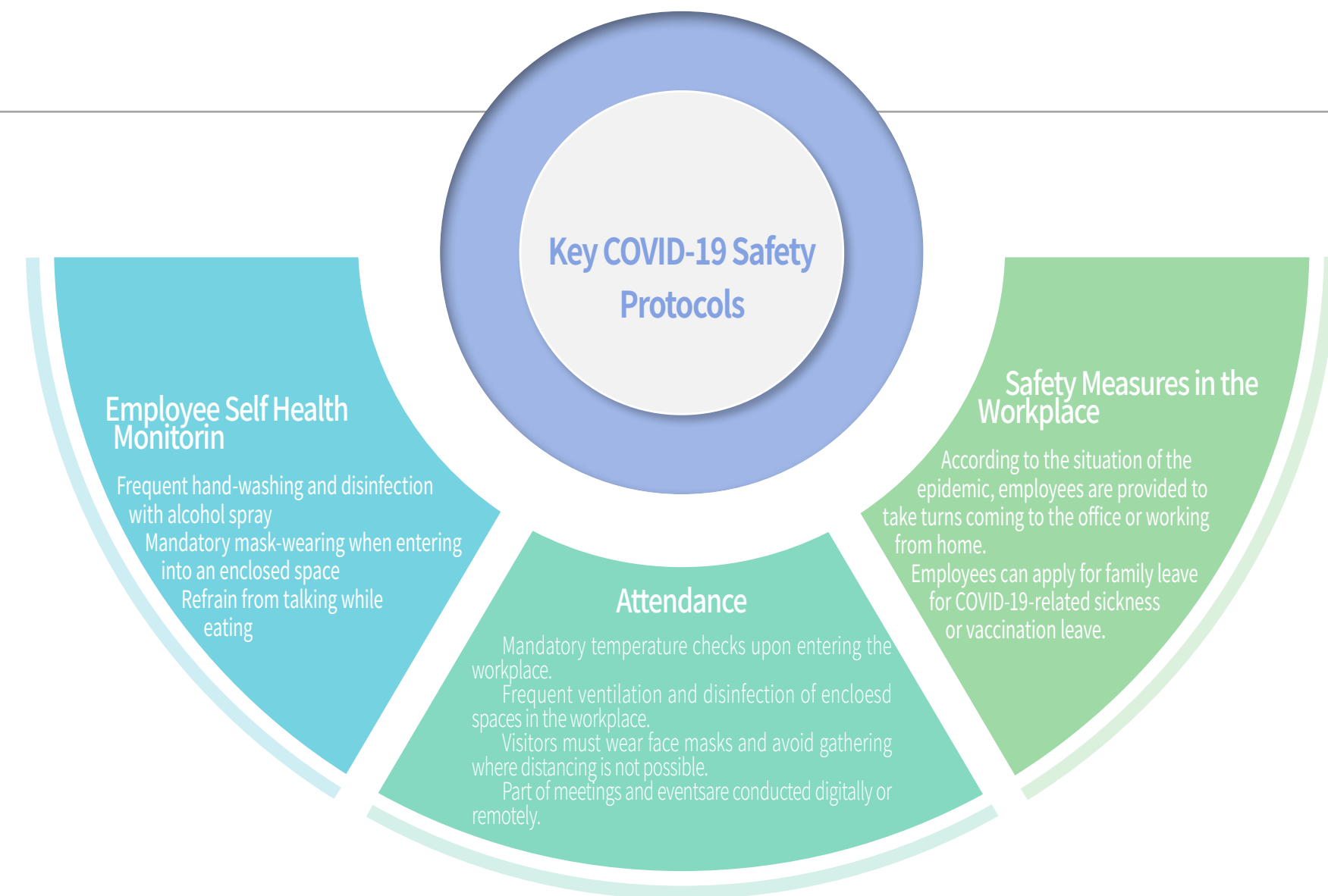
Risk Management and Prevention

6.3.3

At Hotai Motor, we are committed to safety in everything we do and aspire to achieve our goal of zero workplace incidents by creating a safe working environment. By developing and implementing relevant safety prevention measures and through effective management, we haven't had any fatal incidents in recent years.

In order to implement the "risk prevention" of the occupational health and safety policy, which would provide workers with a safe, comfortable environment that could facilitate emotional care, Hotai Motor has been implementing a regular workplace exposure prevention-related environmental

monitoring action plan every year to continuously reduce potential hazards from environmental and personal safety. In order to reduce the exposure of workers to hazards, in addition to the inventory of hazards used (a total of 128 types), regular monitoring of organic solvents with chemical hazards is conducted, and all monitoring data are far below the allowable standards. Meanwhile, physical factors, including dust and PM2.5, are regularly checked to provide a healthier and safer working environment.



Establish Safety Standards

- Conduct risk assessment, establish standards for the use of personal protective equipment in different areas in the warehouse, and standards for the use of various equipment and tools in the warehouse.

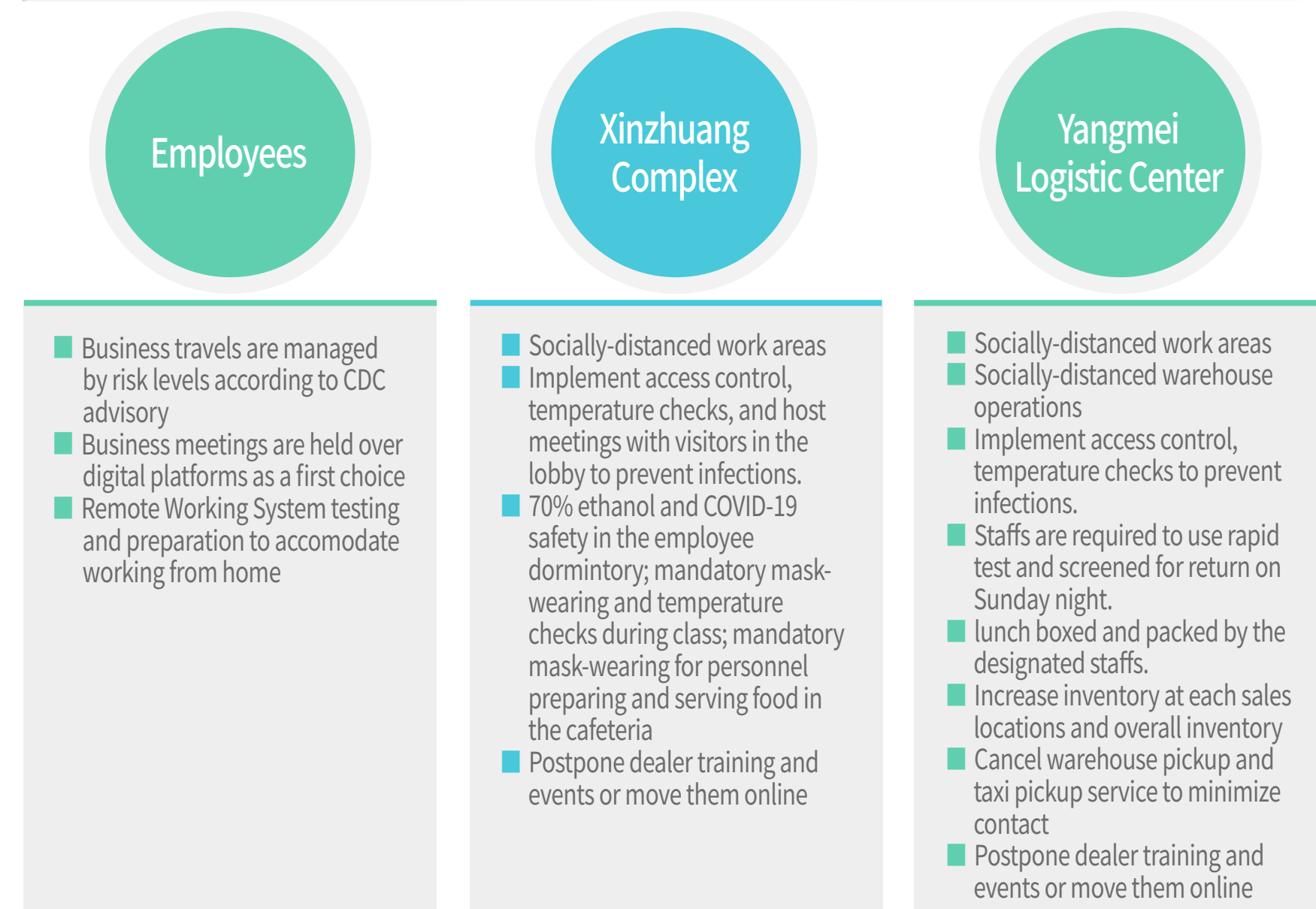
Implement Safety Measures

- Conduct safety inspection at all levels, provide safety training, and install safety displays.
- Establish traffic direction and mark stop lines on the floor to reduce clashing from opposite directions when operating forklifts.
- Ensure the operation of equipment and machinery is in an isolated area to ensure the safety of workers operating the equipment and machinery.
- Mark the direction of travel and stop lines on the floor to ensure workers' safety in the warehouse when on foot.
- Improve storage racking to reduce risks of physical hazard.

In response to the coronavirus (COVID-19) pandemic, we have formulated pandemic notification and response guidelines to prevent the spread of the pandemic within the company, and have adjusted to different work model (e.g., working from home, grouping, and shifting) on a rolling basis

depending on the outbreak situation. With the implementation of labor regulations, which are in compliance with government standards, we have ensured the protection of labor rights related to pandemic prevention.

COVID-19 Safety Measures by Facilities



Preventing Work-Related Incidents

6.3.4

To ensure employees' health and safety in the workplace, an occupational safety and health task team is formed by employees representing each department (all have received ISO45001 internal auditor training) to regularly examine (and whenever regulatory changes occur) whether the occupational health and safety regulations apply to the operations of each department, the operating procedures of the facilities and equipment, and identification of environmental hazards and risk assessment. The risks are rated and managed on a five-point scale; if the risk score is above three, immediate measures will be implemented to improve the risk area and subsequent progress will be tracked. In the 2021 risk assessment, no unacceptable risks (with a score of 3 or more) were found. For low-risk improvement programs, such as "serious infectious diseases" and "risk of electrical leakage from water dispensers and rice steamers in humid conditions", relevant action measures were taken to continuously reduce the occurrence rate.

We believe that everyone has the responsibility to ensure health and safety in the workplace. Therefore, when a worker discovers

known or potential hazards, they can report safety concerns to the Occupational Health and Safety Office through the occupational health and safety hotline, email, or an employee representative, which can be done anonymously. The Occupational Health and Safety Office will review the reports and discuss with relevant departments to determine corrective actions and improvements needed.

We also hire occupational health physicians to inspect the work environment in our facilities and conduct on-site assessment to verify that there are no health and safety hazards in our work environment. We proactively promote workplace safety awareness and educate employees on how to prevent accidents and incidents from happening at work. Once an incident occurs, the operations will be suspended immediately and the supervisor of the unit within which the incident occurred must fill out the incident report form within the prescribed period and file an investigation report based on the results of investigation so that future incidents can be prevented.

Our Work-Related Incident Investigation and Processing Protocol provides a guideline on how work-related incidents and near-miss incidents should be managed. When an incident occurs, we follow the Protocol in subsequently processing and tracking the incident. Every year, we conduct trainings for Yangmei and Xinzhuang complex. Training for occupational health and safety supervisors and emergency response team on how to prevent work-related incidents, and how to properly handle the incidents when they do happen. In addition, we conduct regular education and training for occupational health and safety supervisors and emergency response team, as well as training at external organizations to strengthen the knowledge and understanding of the latest regulations; each complex conducts various drills according to its own characteristics, such as fire drills (including situation notification, evacuation guidance, firefighting, and first aid) and chemical spill response drills. In 2021, a "Firefighting and chemical spill drill" was conducted in Yangmei, with about 120



participants and 0.5 hours of training; a "Vehicle self-defense fire drill" was conducted in Xinzhuang complex, with about 23 participants and 4 hours of training.

In addition, we implement driver management which includes medical exams and assessment, accident insurance coverage, and promoting freight transportation safety. Before every trip, drivers are required to receive alcohol testing and assess their own fitness to drive so that we can ensure zero crashes and zero injuries in our day-to-day operations.

Work-related Incident Investigation Process



Employee Work-related Incident Statistics

Item	By gender	2017	2018	2019	2020	2021
Recordable work-related incidents	Male/Female	0/0	0/0	0/0	0/0	0/0
Recordable work-related incidents in percentage	Male/Female	0/0	0/0	0/0	0/0	0/0
Incidence rate of work-related injuries	All employees	0	0	0	0	0
Incidence rate of work-related illnesses	All employees	0	0	0	0	0
Fatality	All employees	0	0	0	0	0
Incidence rate of contractor's work-related injuriesAll employees	0	0	0	0	0	0

Incidence Rate (IR) = Number of Injuries and Illnesses (Number of Incident) x 200,000/Total Days Away from Work

Lost Day Rate (LDR) = Total Number of Lost Days x 200,000/ Total Days Away from Work

Community Service



12 bloodmobiles

A cumulative of 12 bloodmobiles have been donated

52 students

The number of students who joined the Campus Recruiting Program

NT\$800,000

Training expenses funded for the release of rescued leopard cats into the wild

Shared Mobility

Meet the mobility needs of disadvantaged children

Words Of The Operator

About Hotal

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

Appendix

At Hotai Motor, we have made a long-term investment in the communities as we understand the importance and value of giving back. We combined resources from within and outside the Group and worked with stakeholders to develop three focus areas of community engagement and volunteer programs involving people, cars, and the environment, and actively host events that benefit the welfare of the public. Our aspiration is to drive continual human progress by creating positive impact as we move towards shared prosperity.



In parallel with existing community engagement programs, we dedicate our efforts in building the three focus areas. In the area of "people", we launched the Campus Recruiting Program, matching soon-to-be graduates from high schools, vocational schools, universities, and technical colleges with our service centers across Taiwan so that students can have the opportunity to spend one semester to experience career life through an internship. The program allows students to gain technical skills and prepares them to transition seamlessly into the workplace. In the area of "cars", we developed a program in 2021 utilizing the shared mobility service provided through our core business. Starting in 2022, we will offer yoxi and iRent services to meet the mobility needs of children in disadvantaged or marginalized communities. In the area of "environment", we started the Taiwan Wildlife Conservation Program. Under the program, we donated a TOYOTA RAV4 4WD to aid the rescue of native animals and funded the training expenses for the release of rescued leopard cats into the wild. Going forward, we aspire to further develop our community engagement programs and create greater social contribution and impact.



	Core Commitment Areas of Hotai Motor's Community Engagement	Corresponding SDGs
People	By putting people at the center of everything we do, we have made a long-term commitment to engaging in community outreach and developing young talent in the society through youth empowerment.	SDG 4 SDG 8
Cars	We invest in community engagement efforts that incorporate products and services from our core business and commit to awareness campaigns and events that promote road safety. Our efforts have received high marks and accolades from industry peers and the public.	SDG 3 SDG 11
Environment	We dedicate our efforts in introducing eco-friendly vehicles and organize various environmental activities to raise public awareness, creating a positive contribution to environmental sustainability.	SDG 13 SDG 14

	Short-term Goals 2022	Medium-term Goals 2023	Long-term Goals
People	Volunteer hours to average at 8 hours per person Aim for the entry of 4,000 contestants for our Public Welfare Dreamer online contest	Volunteer hours to average at more than 8 hour per person Create a youth empowerment public policy think tank Make a long-term commitment to sponsor organizations that support disadvantaged, marginalized, and/or indigenous children and youth	Reinforce our image as the most trusted company through community engagement
Cars	Donate a cumulative of 120,000 sets of crossing guard equipment Donate one full-size bloodmobile Provide free mobility service to 300 people	Increase the donation of crossing guard equipment and expand the variety of vehicle models donated as bloodmobiles	
Environment	Achieve a modified attendance goal of 2,700 for the Environmental Month activities (subject to changes depending on pandemic conditions) Achieve the goal of 10,000 volunteers at the beach cleanup	Achieve the attendance goal of 3,100 for the Environmental Month activities and continue to invest in local community engagement and partnerships Achieve a larger scale of volunteer participation	

As part of the efforts to achieve sustainable operation, Hotai Motor encourages employees to give back through volunteering. We've offered one day of paid volunteering leave a year since 2017 and implemented the policy across the Group starting in 2019 (including a total of 20 affiliated companies). Each year, we host several volunteering events and encourage employees to roll up their sleeves and support Taiwan's local communities. In 2021, we delivered a total of 32,494 volunteering hours group-wide.

In promoting community engagement events and activities, we've started a Facebook fan page, Hotai Group ESG and created an account on Instagram to share our community engagement efforts since 2017. Through likes, comments, and shares by our followers, we are sending positive vibes to the communities around us. In 2021, we continued our vision in community engagement through a new campaign "Standing by Our Beautiful Taiwan", among which, posts related to leopard cats from our Wildlife Conservation Program received the most hits.



5 teams

5 teams from the Hotai Public Welfare Dreamer contest are matched with industry experts to receive coaching and mentoring

NT\$55.36 million

The cumulative value of high-tech teaching devices and materials donated has exceeded NT\$55.36 million

NT\$45 million

Our sales locations around Taiwan purchased over NT\$45 million baked goods from the Children Are Us Foundation bakery as of 2021

7.1 Core Commitment Area

People

Hotai Motor understands the importance and value of giving back and has long been committed to serving and advocating for disadvantaged and marginalized groups. Every TOYOTA sales location purchases baked goods from the Children Are Us Foundation. And since 1991, we have been donating vehicle teaching materials and parts to help vocational students develop their skills. Over the last few years, we improved our efforts in the areas of social contribution and talent development by hosting public interest project proposal contest for young adults and offering training courses for corporations to inspire creativity and independent thinking in young adults and students, thereby discovering and developing young talent for the benefit of society.

offer guidance to students in completing their public interest projects against the backdrop of the pandemic.

Letting the Dreams Take Root: Feedback and Suggestions from Mentors

To counsel students on how to approach and design public interest initiatives in the post-pandemic era, we invited five experts in the areas of education and social innovation to provide mentoring and coaching to the students; the experts include Deputy Director General of the Youth Development Administration, Wang Yu-Chun, Professor of Social Work at Taiwan National University, Feng Yen, Director

of Commonwealth Magazine, Xiong Yi-Xi, COO of Impact Hub Taipei, Oliver Chang, and member of Hotai Motor's CSR Committee, Huang Wen-Jui. Prior to the implementation stage of the projects, five teams of contestants from the third Public Welfare Dreamer had the opportunity to meet with their mentors twice online where they presented their projects and the target groups, issues addressed and proposed solutions, to which they received feedback and suggestions from their mentors who offer constructive advice and direction for their project implementation.

To amplify the effectiveness and impact of the public interest projects and executions, we match the teams with industry/NGO experts to provide mentoring and coaching on project implementation based on the issues addressed and their target groups. Under the guidance of the industry/NGO experts, the teams are coached on how to better reach out to target groups in the pandemic and bring added focus and deliver more impact through these initiatives. In 2021, five teams completed their public interest projects with the help of industry/NGO mentors, delivering positive impacts for the society.

Realizing Public Interest Objectives: One-on-one Industry Experts/NGO Mentoring

Public Welfare Dreamer

7.1.1

Over the years, Hotai Motor has invested significant efforts in corporate social responsibility to give back and closely followed the talent development of the youth. Since our first sponsored Hotai Public Welfare Dreamer in 2019, we've been encouraging corporations to work with young adults to help them live out their blueprint for public interest causes and make positive contributions to the society.

In June 2021 as Taiwan was going through its worst COVID outbreaks, we noticed a new group of people that were in need of help due to disruption of business and manufacturing activities. So instead of pausing our public interest efforts, we recruited contestants from our first and second Public Welfare Dreamer and launched the third annual Public Welfare Dreamer event against the backdrop of the pandemic as we continue to reach out to those that are in need. Once again, we invited the Youth Development Administration to fill the advisory role and partner with non-governmental organization, City Wanderer, combining academia, government, and industry resources to

Teams	Men in the Darkroom	Chih-chueh Chih-chueh	Green Pearl Voice	Foodeast	Wen Fu Chinese Language Center Volunteers
Issue Addressed/ Impact	For individuals who were previously incarcerated, re-entering into the society and looking for a job or starting a business already pose significant challenges. And the pandemic created added difficulties to their realities. Through our workshops, we seek to encourage them to have a positive mindset and stay driven.	In the post-pandemic era, we seek to help relieve teen parents' anxiety in interacting with their children and offer guidance on how to learn to let go of control, respect, and trust their children's choices.	Under the pandemic, the business of many eco-conscious stores took a hit. It is our hope that through these eco initiatives, we can encourage consumers to change their purchasing patterns and daily habits and mobilize everyone to take part in eco-conscious living.	Through a food-themed board game, we seek to break through limitations during the pandemic, achieve cultural literacy for immigrant families, and help immigrant children learn the culture of their parent(s) through innovative approaches.	Host online cultural exchange courses and talks, design digital learning materials to help migrants integrate into the society, and continue to offer volunteer services in the pandemic
Target Groups	Individuals previously incarcerated	Teen parents	Eco-conscious stores	New immigrants	Migrants
Industry Mentors	Lin Li-Ching, author of The Workers	Yan Tian-Hao, founder of LIS (Learning in Science)	Jason Huang, RE-THINK CEO	Makarove Hong, FlyingCrazyer CEO	Kevin Chen, co-founder of One-Forty
Funds Invested	NT\$150,000	NT\$200,000	NT\$200,000	NT\$200,000	NT\$70,000

Caring for Children with Intellectual Disabilities

7.1.2

In 2015, we partnered with Children Are Us Foundation to launch the sheltered workshop program. Every TOYOTA sales location in Taiwan makes a long-term commitment to purchase their baked goods. Our goal is to support these children and provide them with the opportunity to stand on their own. As of 2021, we have made over NT\$45 million worth of purchases from the Children Are Us Foundation bakery.

TOYOTA Global Dream Car Art Contest

7.1.3

Our desire to inspire children's imagination and elevate the quality of art contests led us to organize the Toyota Dream Car Art Contest. In 2021, it was our 15th year hosting this contest and we've received an accumulation of over 639,000 submissions over the years. The Toyota Dream Car Contest is by far the only children's drawing contest in Taiwan that is held on a global scale.

Last year, we collaborated with Simbalion Taiwan who shares the same passion for art development in children, and a favorite character for both kids and adults, Rilakkuma. In 2021, we received a record-high 106,000 submissions as children around the island showed great enthusiasm for the contest. Without a doubt, the Dream Car event is the most celebrated Global Art Contest in Taiwan.

"A Colorful Fishmobile Under the Sea"
Submission by contestant Miao En-Jia, Taipei Municipal Yong-An Elementary School



Group	TOYOTA Global Dream Car Art Contest				
	11th	12th	13th	14th	15th
A (Ages 7 and under)	16,656	27,235	37,522	33,353	26,660
B (Ages 8 to 11)	24,294	33,757	36,408	49,231	68,803
C (Ages 12 to 15)	2,623	1,143	4,833	2,613	10,653
Total	43,573	62,135	78,763	85,197	106,116

Donating High-tech TOYOTA Teaching Materials

7.1.4

To help students explore their career choices and facilitate work-integrated learning, we partner with our dealers to organize company visits for students from T-TEP (TOYOTA Technical Education Program) partner schools. The visits include an orientation to the company, live demonstrations, and Q&A, photo sessions. In 2021, we organized a total of 49 visits to dealers' service

centers for students from 32 schools enrolled in T-TEP. (Course satisfaction score: 94%; number of students visited: 1,841; number of T-TEP Facebook reach: 49,529).

- Donating high-tech TOYOTA teaching materials
- Body & Paint winter camp



Body & Paint Winter Camp

7.1.5

The camp offers a total immersion experience in Body & Paint and allows students from T-TEP partner schools to boldly try new things and discover their potential, which help students who are a vehicle mechanics major improve their practical knowledge and understanding of sheet metal painting. In Taiwan, there are only a handful of schools that offer Body & Paint programs, and dealers in the industry are facing issues such as difficulty recruiting first-line sheet metal workers and growing skill gaps. Both of which prompting us to design the Sheet Metal Painting Winter Camp based on the model of the "Sheet Metal Painting Experience Camp" that boasts a highly rewarding hands-on experience. In 2021, we organized 6 rounds (2 days per round) of camps and 71 students from T-TEP partner schools participated. (Satisfaction score: 98.5%; 45 posts of behind-the-scenes photos of the event were shared on the T-TEP and Happiness at TOYOTA Facebook groups; number of Facebook user reach: 23,000)

Campus Recruiting Program

7.1.6

As our services evolve, the company's need for talent grows. To plan for future personnel needs, Hotai Motor partners with eight dealers to launch the Campus Recruiting Program for the first time, matching soon-to-be graduates from high schools,



vocational schools, universities and technical colleges with our service centers across to give students the opportunity to spend one semester to experience career life. For out-of-city students, they have the option to choose a dealership that is closer to home for their internship. (As of February 2022, 52 students have joined the internship program.) As long as the students complete their internship and pass the technical assessment prior to graduation, an after-sales service support certification will be issued to them by TMC. Students can subsequently

apply for jobs at any TOYOTA service center in Taiwan by presenting this certificate. Through systematic training and assessment, this program allows students to gain experience and technical skills while completing their academic studies; it helps cultivate a positive work attitude as well. Starting career planning early can help students equip themselves with relevant skills and transition seamlessly into the workplace.

Technical Exchange and Sharing Between Industry and Academia

7.1.7

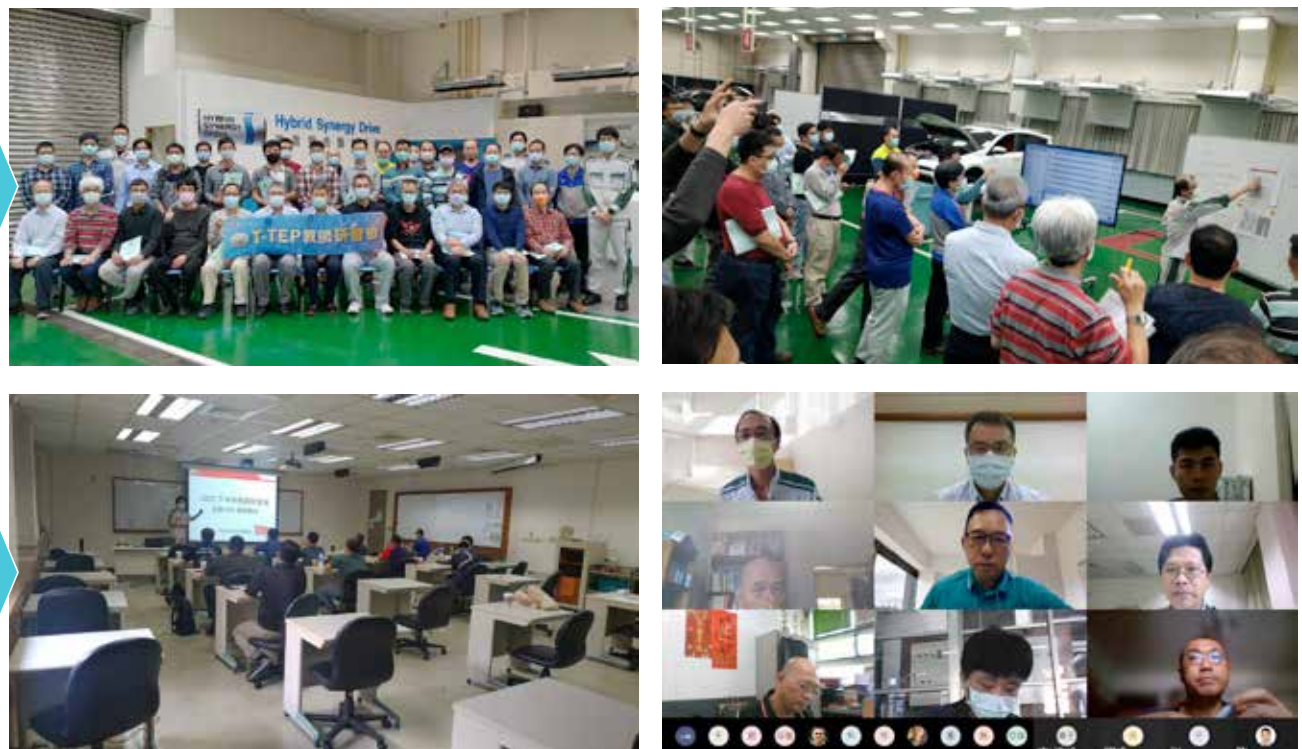
Twice a year, we work with dealers to organize training and development conferences on various topics and share the latest automotive technologies and practices in the industry with members of academia. We invite teachers from 32 schools that are enrolled in the T-TEP program to the events to increase the exchange of information and experience between industry and academia. Hotai Motor and dealers also provide venues, equipment and send 59 seasoned technicians to share their experience in the field as well as the latest vehicle technology and information to help teachers and students learn about industry practices and trends. It is also a great opportunity for students to gain insight into the job market and employment environment early on and work on improving their competencies, which leads to making suitable career choices and helps them transition seamlessly from school to the workplace, supporting career readiness.

Equipment Donated to Schools under T-TEP

	2019	2020	2021
Equipment	Four wheel drive(4WD) simulator and 236 pieces of Continuously Variable Transaxle(CVT)	One ALTIS and RAV4 study vehicles and equipment including EM tool carts and oscilloscopes	64 compressors, two EM tool carts, and one HV transmission 3D model
Value (NT\$)	23,472,276	887,354	3,532,000

2021 Training Conferences Hotai Motor

First half of the calendar year	Individuals Attending the Training Teachers from T-TEP partner schools	Topics "The Theory Behind Electronically Controlled Brake (ECB)" Basic diagnostic techniques for ECB maintenance and failures
Second half of the calendar year	Individuals Attending the Training Teachers from T-TEP partner schools	Topics "HV Advanced Diagnostics" The course is offered both online and in-person so that employees can receive uninterrupted training during the pandemic.



TOYOTA Dealers

Individuals Attending the Training Teachers from T-TEP partner schools	Topics TSS active safety features and HV hybrid power system
--	--



T-TEP Facebook Group

In June 2020, we created a T-TEP Facebook group as a platform to facilitate the exchange of vocational information between schools.	Currently, there are 3,330 students and teachers from 32 schools who joined the group and an average of ten posts per month.
---	--



Arts and Culture Development and Events 7.1.8

Lexus has long been dedicated to promoting the arts and cultural industries in Taiwan through organizing a variety of events, including Lexus Design Award and Short Film Contest—Lexus My Film which have been around for nearly a decade. For three consecutive years, Lexus partnered with the Taipei City government and VOGUE Magazine to sponsor "Taipei Fashion Week x VOGUE Fashion's Night Out". As a brand that strives for craftsmanship, Lexus also sponsored "Monster Party" in 2021 to promote outstanding makers in various fields. We aspire to be a brand that could be fully integrated into the lives of car owners and continue to bring the ultimate "Experience Amazing" to the public. Our long-term efforts in organizing and sponsoring arts and cultural events reflect the brand's unconditional commitment to the development of the industries.

TOYOTA supports the sports industry and partners with professional basketball team New Taipei CTBC DEA in the T1 league to promote the games of basketball; we also sponsor music events by working with popular music program, Jungle Voice 3, to encourage the young generation to boldly pursue their dreams. In 2021, TOYOTA continued to work with "Garena Legend Dual" and sponsor the 2021 GCS Spring/Summer Professional League, encouraging the young generation to find their own paths.



110,000 sets

Completed two rounds of donation of crossing guard equipment to elementary schools nationwide in 2020 and began the third round of donation in 2021

12 bloodmobiles

Donated a total of 12 HINO full-size bloodmobiles as of 2021 as the enterprise with the highest number of bloodmobile donation in Taiwan

840,000 people

As of 2021, over 840,000 contestants entered the National Road Safety Children's Drawing Contest in the 21 years of its history

7.2 Core Commitment Area

Cars

Hotai Motor has made a long-term commitment to invest in community engagement activities related to our core business. We incorporate products and services from our core business and develop philanthropic programs centered on road safety campaigns and bloodmobile donations, including donating crossing guard equipment, organizing road safety drawing contest, and donating bloodmobiles to make a difference for the healthcare industry in the country. The positive impact we've created can be seen all around Taiwan.



Year	Crossing Guard Equipment Donation				
	2017	2018	2019	2020	2021
Crossing Guard Equipment (Sets)	11,000	10,000	12,000	12,000	10,000

Donating Crossing Guard Equipment 7.2.1

At Hotai Motor, we've invested considerable efforts to engage the community to promote road safety, and we are constantly working to improve the safety of crossing guard volunteers on duty. Since 2011, we have been making crossing guard equipment donations (including reflective safety vests and handheld flags) to local elementary schools every year by rotating through different counties and cities. For 11 years, we've donated nearly 110,000 sets of crossing guard equipment. In 2021, we began the third round of donation, maintaining road safety for more crossing guard volunteers and school children.

National Road Safety Children's Drawing Contest 7.2.2

Since 2001, we've partnered with Chun Ching Social Welfare Foundation to sponsor the National Road Safety Children's Drawing Contest. Every year, we design themes that are centered on road safety related topics for the contest. It is our hope that through drawing, "Road Safety" will be instilled in children's minds to bring profound influence over time. Each contestant is asked to pay NT\$2 per drawing paper, and we double the amount of fees charged and donate to school-age children who come from disadvantaged families and remote communities. We have been sponsoring the contest for 21 years now, and over 840,000 children participated. Millions of dollars have been donated and continued to benefit the causes of road safety and the interest of the public.

Vehicle Safety Experience Camps 7.2.3

As a continuation of our vehicle safety experiential event in 2020, we've loosened participant eligibility in 2021 to include teachers from T-TEP partner schools, as well as administrators at dealers headquarters and workshop to afford them the opportunity to experience firsthand vehicles equipped with the TSS (Toyota Safety Sense) feature. In addition to a variety of the original topics covered, including tire traction and braking performance, performance testing of brake fluid water absorbing/boiling point, pre-collision system (PCS) sensors of pedestrians and other vehicles, lane tracing assist (LTA), and all-speed adaptive cruise control (ACC) road tests, we've also added a workshop on how shock absorber functions. The Vehicle Safety Experience Camp receives a 99.7 score in our course evaluation survey from student participants, which effectively helps employees who are in the first line of engagement with customers understand the safety features of our vehicles and deliver an accurate message on safe driving and vehicle maintenance to car owners.



Bloodmobile Donation

7.2.4

Hotai Bloodmobiles

Hotai Motor has been donating bloodmobiles—full size Hino vehicles that are equipped with the latest blood donation equipment—to numerous blood centers each year since 2011 with the goal to encourage blood donation among citizens and to provide a comfortable and quality donation environment. To date, Hotai Motor has donated 12 full-size bloodmobiles, which served over 750,000 blood donors and collected nearly 1.5 million bags of blood (250 c.c. per bag). As the enterprise with the most mobile blood bus donations, our bloodmobiles

currently account for 17% of all the available mobile blood buses in the country.

Hotai Group's One-day Blood Donation Event

Since the beginning of the pandemic in 2021, people reduced the time spent outside their homes and blood centers around the island experienced a sharp decline in blood supply as a result, causing blood supply to hit emergency levels. In addition to donating bloodmobiles to alleviate this blood shortage crisis, Hotai Motor organized a Group-wide one-day blood donation

event and mobilized all 12 bloodmobiles to set up temporary donation centers in cities and counties across Taiwan. The event was joined by our employees, dealerships, owners, and the public in answering our call to roll up their sleeves and give blood, supporting the supply of blood for medical use with action. As of November 30, 2021, we have collected 224,975 bags of blood supply through Hotai Motor's bloodmobiles, which accounts for 9% of the annual blood donations nationwide last year.



Free Mobility Service Campaign

7.2.5

To this day, there are numerous children from disadvantaged, marginalized communities in certain areas of Taiwan who lack proper mobility access, and their needs for transportation to move between remote areas, to receive medical care, education, and care packages, and to have social workers reach them in emergency situations remain largely unfulfilled. Seeing the needs, Hotai Group has developed the Free Mobility Service Campaign by utilizing the shared mobility service provided through our core business (e.g., yoxi and iRent) to meet the mobility needs of children from these disadvantaged, marginalized communities. In 2021, we partnered with the Social Welfare Department of New Taipei City Government and Family Support Center in New Taipei City to officially launch the service in 2022. We are prepared to invest approximately NT\$700,000 to fund the charges of yoxi rides in the first half of the year and sponsor short trips for disadvantaged, marginalized families from the Family Support Center in New Taipei City. By incorporating yoxi and Hotai volunteers, the service is estimated to help dozens of children's welfare centers offering approximately 2,000 yoxi rides and servicing around 4,000 people. We plan to launch this campaign in other counties and cities in the future to reach other children from these communities as we become the most socially responsible corporation that offers mobility services.

273 metric tons

Over 273 metric tons of used toys were collected, recycled, and given new life as of the end of 2021

540,000 trees

Over 540,000 trees have been planted along the coast as of the end of 2021

8 rounds

Environmental Month activities

7.3 Core Commitment Area

Environment

At Hotai Motor, our goal has always been to achieve TMC's environmental vision to bring harmony between people, cars, and the planet and create a healthier and more comfortable living environment. To that end, we dedicate significant efforts in the recycling and reuse of resources and environmental sustainability practices to build a sustainable future for our beautiful planet.

TOYOTA Environment Month

7.3.1

Every year in June, Hotai Motor partner with dealers in joining in on TOYOTA's Global Environment Month to promote community green redevelopment projects. We also give back through local sourcing to increase engagement with the local communities and raise environmental awareness to create a greener environment.

Since the Environment Month initiative launched in 2005, participation continues to grow, including our top eight dealers from around Taiwan who joined in on the cause in 2009. Since 2013, we have come together to promote the community green redevelopment projects. Through the Toyota Environment Month initiative, we hope to inspire local communities to support the government's policy of revitalizing abandoned urban space and improve quality of life. In 2018, we began working with non-government organizations and government agencies. For a period of three years, we are committed to investing in the local communities. As of 2021, we've hosted 101 rounds of Toyota Environment Month activities and 36,000 volunteers participated. Due to the pandemic, our Environment Month campaign last year was organized on a smaller scale to include only a handful of activities like cleaning up the environment and tree planting. We also partnered with Loo Koo Association and organized 35 sessions of environmental education for local elementary schools.

Year	2009~2012	2013~2017	2018~2020	2021
Event Theme	Community mobilization to clean up the environment	Community mobilization to go green	Local engagement	Local engagement +α
Number of Sessions	32	36	25	8



Data collected by the Recycling Management Foundation of the Environmental Protection Administration shows that each kilogram of waste reduced is equivalent to the reduction of 2.06 kg carbon emissions. According to the Council of Agriculture, each tree can absorb 5 to 10 kg of CO2 in one year; our figures are calculated using the median value, 8.5 kg.

TOYOTA Toy Sharing

7.3.2

In 2016, we launched the TOYOTA Toy Sharing program. Our aspiration is to promote environmental sustainability through the recycling and regeneration of used toys. Towards the end of 2017, TOYOTA donated an INNOVA compact MPV to the Taiwan Toy Library Association as campaign vehicle, which drives around the city to deliver pre-loved toys to children in need. As of the end of 2021, an accumulated total of 273 metric tons of toys were recycled through the program, the equivalent of the carbon absorption of 70,318 trees in one year. Over 180,000 people have participated in our events since the program launched, including toy recycling, "Toy Easter", "Little Technician" (career exploration activity), "Love in a Backpack", and the "Toy Drive". A total of NT\$920,000 registration fees collected from our events through 2018 to 2021 has been entirely donated to Eden Social Welfare Foundation, which continues to inspire positive changes to the society.



One Tree for Every Toyota

7.3.3

Hotai is committed to safeguarding the coastline of Taiwan by planting trees and making good on the promise to protect our island. Through working with specialists, the survival rate of these trees along the coastline is as high as 90%. Since the campaign kicked off in 2017 and as of the end of 2021, we have planted over 540,000 trees spanning over 180 acres and 13 cities and counties along the coast, reducing approximately 13,000 metric tons of carbon emissions. In 2021, we launched the campaign in Kinmen for the first time and donated 14,000 water-storing seedling pots to aid the Kinmen County Forest Affairs in its efforts of coastal afforestation. The pots keep seedlings moist for up to a month and effectively increase their survival rate from 10% to 70%, which aid the coastline afforestation efforts of

Kinmen County Forest Affair.

We continually convey this message through different channels with the aim to expand our influence and gain public support. In 2021, we published an innovative ASMR video using sensory stimulation to raise public awareness of the importance and process of coastal afforestation. We also produced a short film, 500,000 Trees, depicting the challenges encountered and accomplishments achieved in the last four years through the One Tree for Every Toyota campaign, increasing public awareness of the coastal erosion crisis. To reach the younger demographics, we utilize social media to regularly run campaigns for our One-Tree-for-Every-Toyota eco-supporters and promote knowledge about tree planting along coastal

shorelines through publishing posts to amplify the conversation. In 2021, we hosted the "One Tree for Every Toyota" Campus Creativity Contest for the first time and invited university students to submit proposals and videos using their creativity to promote the One Tree for Every Toyota vision; we received submissions from a total of 1,011 teams. Since 2019, we've been organizing tree planting events every year and invite car owners and the public to volunteer to plant trees. Each volunteer can experience the joy of personally planting a tree and become one of the driving forces behind the movement to protect the coasts of Taiwan.



2021 One Tree For Every Toyota ASMR video, Let's Go Plant Some Trees By the Coast



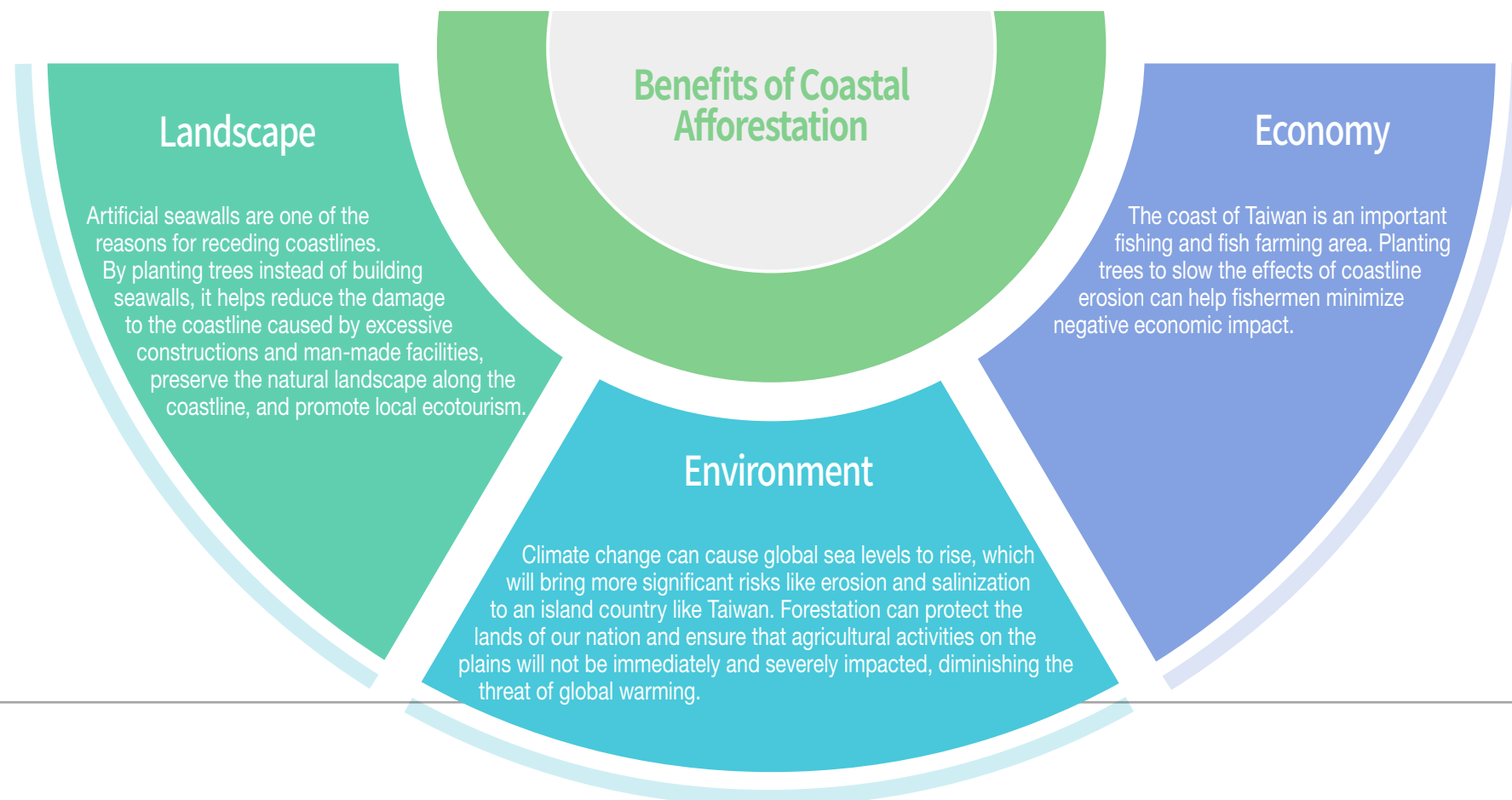
One Tree for Every Toyota achieved 500,000 trees planted



2021 One Tree for Every Toyota Campus Creativity Contest



2021 One Tree for Every Toyota tree-planting event held along the coastline of Kinmen

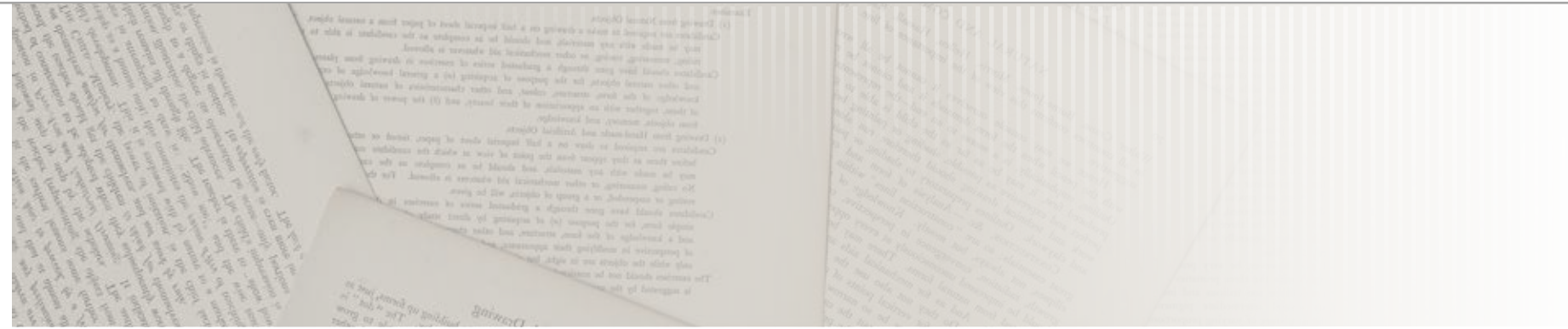


Conservation education of leopard cat on Hotai Group ESG Facebook fan Page.

Wildlife Conservation Program

7.3.4

Hotai Group and Hotai Motor have a strong presence in Taiwan's market for over seven decades and we have long been an advocate for environmental sustainability causes. To protect the beautiful and rare animal species that are native to Taiwan, we started the Taiwan Wildlife Conservation Program in 2021 and partnered with the only government organization in Taiwan that specializes in research, conservation, and promotion of native animals and plants, Endemic Species Research Institute, Council of Agriculture of the Executive Yuan. In addition to donating a TOYOTA RAV4 4WD to aid the rescue of native animals, we also fund the NT\$800,000 training expenses for the release of rescued leopard cats into the wild and participate in the rescue efforts of rare animal species.



About This Report



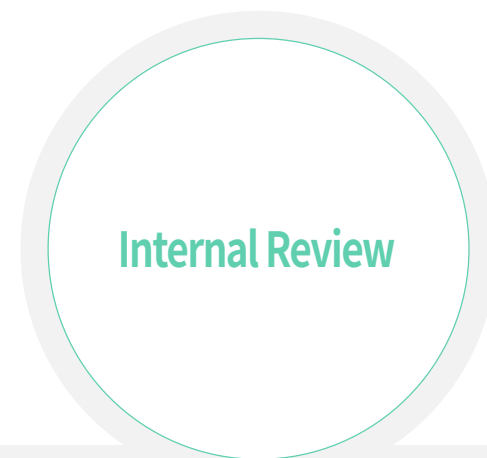
In June 2022, Hotai Motor published the 2021 Sustainability Report, our 10th year of sustainability reporting. This report places great emphasis on the identification of the impact, risks and opportunities of sustainable development and addresses the high-priority areas, expectations, and requirements of our stakeholders on the topic. Our last report was published in June 2021. By implementing management approaches and working with our partners, we are moving towards the goal of integrating our operational strategies with the UNSDGs and realize our vision of sustainable operations.

Reporting Scope, Boundary, and Data

This report contains information disclosure of Hotai Motor's operations for the reporting period from January 1, 2021 to December 31, 2021, which includes corporate governance, business performance, supply chain management, environmental sustainability, human capital, and community engagement practices and performance data. Impacts that occur in Hotai Motor's subsidiaries and entities in the value chain are mainly reflected through the description of Hotai Motor's management approaches, strategies, and future plans. While there have been no significant changes to our material topics and boundaries, the number of sustainability topics increased from the previous year primarily because some topics are broken down into subtopics so that we can develop a more defined management approach. Where relevant, changes of boundaries, measurement techniques, and results of previously reported data are included as footnotes in the paragraphs or noted at the bottom of the diagrams and charts.



This report has been prepared according to GRI Standards: Core Option based on a Type 1 assurance (medium assurance level). By meeting the objectives of disclosure and the report content and quality required by the Guidelines, the CSR Task Team gather sustainability issues and establish the process of identifying material topics with the help of an independent consultant team. Based on the results of our materiality assessment, we identify material topics that are priority to us in 2021 and their corresponding GRI Standards, and disclose the management approach, objectives, and implementation for each material topic.



The information and data in this report are collected and compiled by the employees of each department and reviewed by department heads, then submitted to the CSR Task Team in collaboration with an independent consultant team to advise on the changes and improvements needed. To ensure the reliability and quality of the data and information, once compiled, the report will be reviewed by department heads and approved by executive management before being published.



This report has been verified by the British Standards Intuition Pacific Limited's branch in Taiwan (BSI Taiwan), and all the financial figures are taken from the annual financial statements audited by PwC Taiwan for the reporting period, denominated in New Taiwan dollars.

Publication

Hotai Motor publishes sustainability reports annually (originally titled the Corporate Social Responsibility Report, it is now titled the Sustainability Report to reflect the change in the amended Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies), and the electronic version of which are available for download on our Corporate Social Responsibility website <http://pressroom.hotaimotor.com.tw/csr/article/EMIOLumvx>.



Contact Information

We welcome your feedback and questions regarding this report or the sustainability practices of Hotai Motor. Please get in touch with us using the following contact information.
 Attn: Ms. Ann Hsiao
 External Affairs & Legal Division
 Hotai Motor
 Address: 4F., No. 121, Songjiang Rd. Zhongshan Dist., Taipei City, Taiwan
 Telephone: +886-2-2506-2121#1847
 Email: annhsiao@hotaimotor.com.tw

GRI Content Index

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER	CHAPTER TITLE	PAGE NUMBER	
GRI 102	GENERAL DISCLOSURES	102-1*	Name of the organization		About Us	002	
		102-2*	Activities, brands, products, and services		About Us	002	
		102-3*	Location of headquarters		About Us	002	
		102-4*	Location of operations		About Us	002	
		102-5*	Ownership and legal form		About Us	002	
		102-6*	Markets served		About Us	002	
		102-7*	Scale of the organization		About Us	002	
		102-8*	Information on employees and other workers	6.2	Benefits and Employee Well-being		090
		102-9*	Supply chain		About Us		002
				3.2	Hotai Motor's Supplier Management System		049
		102-10*	Significant changes to the organization and its supply chain		There were no significant changes		
		102-11*	Precautionary Principle or approach	4.4	Risk Management		058
		102-12*	External initiatives	1.1	Corporate Sustainability Policy		010
		102-13*	Membership of associations	1.5	External Engagement		023
		102-14*	Statement from senior decision-maker		Leadership Message		001
		102-15	Key impacts, risks, and opportunities	4.4	Risk Management		058
		102-16*	Values, principles, standards, and norms of behavior	4.2	Compliance		055
		102-17	Mechanisms for advice and concerns about ethics	4.2	Compliance		055
		102-18*	Governance structure	4.1	Board Structure and Functions		053
		102-19	Delegating authority	1.2	Sustainable Development Committee		011
		102-20	Executive-level responsibility for economic, environmental, and social topics	1.2	Sustainable Development Committee		011
		102-21	Consulting stakeholders on economic, environmental, and social topics	1.2	Sustainable Development Committee		011
		102-22	Composition of the highest governance body and its committees	4.1	Board Structure and Functions		053
		102-23	Chair of the highest governance body	4.1	Board Structure and Functions		053
		102-24	Nominating and selecting the highest governance body	4.1	Board Structure and Functions		053
		102-25	Conflicts of interest	4.2	Compliance p. 77 of the 2021 Annual Report		055
		102-26	Role of highest governance body in setting purpose, values, and strategy	1.2	Sustainable Development Committee		011
		102-27	Collective knowledge of highest governance body	4.1	Board Structure and Functions p. 50 of the 2021 Annual Report		053
		102-28	Evaluating the highest governance body's performance	4.1	Board Structure and Functions		053
		102-29	Identifying and managing economic, environmental, and social impacts	1.2	Sustainable Development Committee		011
		102-30	Effectiveness of risk management processes	1.2	Sustainable Development Committee		011
		102-31	Review of economic, environmental, and social topics	1.2	Sustainable Development Committee		011
		102-32	Highest governance body's role in sustainability reporting	1.2	Sustainable Development Committee		011
102-33	Communicating critical concerns	1.2	Sustainable Development Committee		011		

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER	CHAPTER TITLE	PAGE NUMBER		
GRI 102	GENERAL DISCLOSURES	102-34	Nature and total number of critical concerns	4.1	Board Structure and Functions	053		
		102-35	Remuneration policies	4.1	Board Structure and Functions	053		
		102-36	Process for determining remuneration	4.1	Board Structure and Functions	053		
		102-37	Stakeholders' involvement in remuneration	4.1	Board Structure and Functions	053		
		102-38	Annual total compensation ratio		p. 92 of the 2021 Annual Report 6.2 Benefits and Employee Well-being		090	
		102-39	Percentage increase in annual total compensation ratio		p. 92 of the 2021 Annual Report 6.2 Benefits and Employee Well-being		090	
		102-40*	List of stakeholder groups	1.4	Materiality Assessment		013	
		102-41*	Collective bargaining agreements		We did not enter into any collective bargaining agreement with our employees			
		102-42*	Identifying and selecting stakeholders	1.4	Materiality Assessment		013	
		102-43*	Approach to stakeholder engagement	1.4	Materiality Assessment		013	
		102-44*	Key topics and concerns raised	1.4	Materiality Assessment		013	
		102-45*	Entities included in the consolidated financial statements	1.4	Materiality Assessment		013	
		102-46*	Defining report content and topic Boundaries	1.4	Materiality Assessment		013	
		102-47*	List of material topics	1.4	Materiality Assessment		013	
		102-48*	Restatements of information	Appendix	About This Report		109	
		102-49*	Changes in reporting	Appendix	About This Report		109	
		102-50*	Reporting period	Appendix	About This Report		109	
		102-51*	Date of most recent report	Appendix	About This Report		109	
		102-52*	Reporting cycle	Appendix	About This Report		109	
		102-53*	Contact point for questions regarding the report	Appendix	About This Report		109	
		102-54*	Claims of reporting in accordance with the GRI Standards	Appendix	About This Report		109	
		GRI 103	MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	1.4	Materiality Assessment	013
		GRI 103	MANAGEMENT APPROACH	103-2	The management approach and its components	1.4	Materiality Assessment	013
		GRI 103	MANAGEMENT APPROACH	103-3	Evaluation of the management approach	1.4	Materiality Assessment	013
		GRI 201	ECONOMIC PERFORMANCE**	201-1	Direct economic value generated and distributed	4.6	Financial Performance	061
				201-3	Defined benefit plan obligations and other retirement plans	6.2	Benefits and Employee Well-being	090
				201-4	Financial assistance received from government	4.6	Financial Performance	061
		GRI 202	MARKET PRESENCE	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.2	Benefits and Employee Well-being	090
202-2	Proportion of senior management hired from the local community			6.2	Benefits and Employee Well-being	090		
GRI 203	INDIRECT ECONOMIC IMPACTS	203-1	Infrastructure investments and services supported	7	Community Engagement	099		
GRI 204	PROCUREMENT PRACTICES	204-1	Proportion of spending on local suppliers	3.2	Hotai Motor's Supplier Management System	049		
GRI 205	ANTI-CORRUPTION**	205-1	Operations assessed for risks related to corruption	4.2	Compliance	055		
		205-2	Communication and training about anti-corruption policies and procedures	4.2	Compliance	055		
		205-3	Confirmed incidents of corruption and actions taken	4.2	Compliance	055		

Words Of The Operator

About Hotai

Sustainable Management

Customer Services

Best Partner

Corporate Governance

Environment

Employee Care

Community Service

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER	CHAPTER TITLE	PAGE NUMBER	
GRI 206	ANTI-COMPETITIVE BEHAVIOR**	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.2	Compliance	055	
GRI 301	MATERIALS	301-2	Recycled input materials used	5.4	Eco-Friendly Product Design	081	
GRI 302	ENERGY**	302-1	Energy consumption within the organization	5.2	Green Operations	070	
		302-2	Energy consumption outside of the organization	3.1	Dealer Management	037	
		302-3	Energy intensity	5.2	Green Operations	070	
		302-4	Reduction of energy consumption	5.2	Green Operations	070	
		302-5	Reductions in energy requirements of products and services	5.4	Eco-Friendly Product Design	081	
GRI 305	EMISSIONS**	305-1	Direct (Scope 1) GHG emissions	5.2	Green Operations	070	
		305-2	Energy indirect (Scope 2) GHG emissions	5.2	Green Operations	070	
		305-3	Other indirect (Scope 3) GHG emissions	3.1	Dealer Management	037	
		305-4	GHG emissions intensity	5.2	Green Operations	070	
		305-5	Reduction of GHG emissions	5.2	Green Operations	070	
		305-6	Emissions of ozone-depleting substances (ODS)	There were no ODS emissions from our facilities			
		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.1	Dealer Management	037	
GRI 307	ENVIRONMENTAL COMPLIANCE	307-1	Non-compliance with environmental laws and regulations	None occurred			
GRI 401	EMPLOYMENT	401-1	New employee hires and employee turnover	6.2	Benefits and Employee Well-being	090	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2	Benefits and Employee Well-being	090	
		401-3	Parental leave	6.2	Benefits and Employee Well-being	090	
GRI 402	LABOR/MANAGEMENT RELATIONS	402-1	Minimum notice periods regarding operational changes	6.2	Benefits and Employee Well-being	090	
GRI 403	OCCUPATIONAL HEALTH AND SAFETY**	403-1	Workers representation in formal joint management-worker health and safety committees	6.3	Occupational Health and Safety Management	095	
		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.3	Occupational Health and Safety Management	095	
		403-3	Workers with high incidence or high risk of diseases related to their occupation	6.3	Occupational Health and Safety Management	095	
		403-4	Worker participation, consultation, and communication on occupational health and safety	6.3	Occupational Health and Safety Management	095	
		403-5	Worker training on occupational health and safety	6.3	Occupational Health and Safety Management	095	
		403-6	Promotion of worker health	6.3	Occupational Health and Safety Management	095	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.3	Occupational Health and Safety Management	095	
		403-8	Workers covered by an occupational health and safety management system	6.3	Occupational Health and Safety Management	095	
		403-9	Work-related injuries	6.3	Occupational Health and Safety Management	095	
		403-10	Work-related ill health	6.3	Occupational Health and Safety Management	095	
GRI 404	TRAINING AND EDUCATION	404-1	Average hours of training per year per employee	6.1	Career Development and Training	086	
		404-3	Percentage of employees receiving regular performance and career development reviews	6.1	Career Development and Training	086	
GRI 405	DIVERSITY AND EQUAL OPPORTUNITY	405-1	Diversity of governance bodies and employees	4.1	Board Structure and Functions	053	
		405-2	Ratio of basic salary and remuneration of women to men	6.2	Benefits and Employee Well-being	090	

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER	CHAPTER TITLE	PAGE NUMBER
GRI 406	NON-DISCRIMINATION	406-1	Incidents of discrimination and corrective actions taken	6.2	Benefits and Employee Well-being	090
GRI 409	FORCED OR COMPULSORY LABOR	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None occurred		
GRI 412	HUMAN RIGHTS ASSESSMENT	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	There were no significant investments		
GRI 413	LOCAL COMMUNITIES	413-1	Operations with local community engagement, impact assessments, and development programs	7.4	Core Commitment Area – Environment	105
GRI 415	PUBLIC POLICY	415-1	Political contributions	None occurred		
GRI 416	CUSTOMER HEALTH AND SAFETY**	416-1	Assessment of the health and safety impacts of product and service categories	2.3	Product Design and Manufacturing	032
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3	Product Design and Manufacturing	032
GRI 417	MARKETING AND LABELING**	417-1	Requirements for product and service information and labeling	Our main supplier is TMC. 2.3 Product Design and Manufacturing 5.2 Green Operations		
		417-2	Incidents of non-compliance concerning product and service information and labeling	2.3	Product Design and Manufacturing	032
		417-3	Incidents of non-compliance concerning marketing communications	2.3	Product Design and Manufacturing	032
GRI 418	CUSTOMER PRIVACY**	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.5	Information Security and Customer Data Protection	061
GRI 419	SOCIOECONOMIC COMPLIANCE**	419-1	Non-compliance with laws and regulations in the social and economic area	4.2	Compliance	055

*: Core options ** Material topics GRI 303 and 403 are based on the 2018 GRI Standards; other indicators are based on the 2016 GRI Standards.

SASB Reference Table

TOPIC	CODE	METRIC	REFERENCE	PAGE NUMBER
Energy Management in Retail & Distribution	CG-MR-130a.1	Total energy consumed	5.2.1 Energy and Resource Management 3.1.4 Environmental Performance of Dealers	044 070
	Data Security	Description of methods for identifying and managing information security risks	4.5.1 Information Security Management System	062
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks		062
	CG-MR-230a.2	(1) Number of data breaches		062
		(2) percentage involving personally identifiable information (PII)		062
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	None of the employees or workers currently hired by Hotal Motor are from a different racial group, and there are no legal proceedings against the company associated with hiring discrimination.	
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination		
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	5.4.1 Compliance and Certification	081
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	5.4.2 Minimizing Environmental Impact	082
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	5.4.2 Minimizing Environmental Impact	082

CODE	ACTIVITY METRIC	REFERENCE	PAGE NUMBER
CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	About Us	007
CG-MR-000.B	Total area of: (1) retail space and (2) distribution centers		007



INDEPENDENT ASSURANCE OPINION STATEMENT

Hotai Motor Co., Ltd. 2021 Sustainability Report

The British Standards Institution is independent to Hotai Motor Co., Ltd. (hereafter referred to as Hotai Motor in this statement) and has no financial interest in the operation of Hotai Motor other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Hotai Motor only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Hotai Motor. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Hotai Motor only.

Scope

The scope of engagement agreed upon with Hotai Motor includes the followings:

1. The assurance scope is consistent with the description of Hotai Motor Co., Ltd. 2021 Sustainability Report.
2. The evaluation of the nature and extent of the Hotai Motor's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Hotai Motor Co., Ltd. 2021 Sustainability Report provides a fair view of the Hotai Motor sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Hotai Motor and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Hotai Motor's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Hotai Motor's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Hotai Motor's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 10 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Hotai Motor has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Hotai Motor's inclusivity issues.

Materiality

Hotai Motor publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Hotai Motor and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Hotai Motor's management and performance. In our professional opinion the report covers the Hotai Motor's material issues.

Responsiveness

Hotai Motor has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Hotai Motor is developed and continually provides the opportunity to further enhance Hotai Motor's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Hotai Motor's responsiveness issues.

Impact

Hotai Motor has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Hotai Motor has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Hotai Motor's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Hotai Motor provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Hotai Motor's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the Hotai Motor's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



...making excellence a habit.™

Statement No: SRA-TW-2021104

2022-06-11

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.

A Member of the BSI Group of Companies.



和泰集團
Hotai Group

和泰汽車股份有限公司
Hotai Motor Co., Ltd.

www.hotaimotor.com.tw