



和泰集團
與美好台灣同行

2022 Sustainability Report



和泰集團
Hotai Group

和泰汽車股份有限公司
Hotai Motor Co., Ltd.



Leadership Message 002

About Us 003

History of Hotai Motor	003
Group Operations	004
70 Years of Rich History	004
Vision, Mission and Operational Objectives	006
Sales Network and Services	008
2022 Sustainability Highlights	009

Sustainable Management 010

1.1 Corporate Sustainability Policies	011
1.2 Sustainable Development Committee	012
1.3 Sustainability Milestones and 2022 Sustainability Objectives	013
1.4 Materiality Analysis	014
1.5 External Engagement	022
1.6 2022 Awards and Honors	022

Customer Service 023

2.1 "Happiness at TOYOTA" Service Culture	024
2.2 Customer Relationship Management	025
2.3 Product Design and Manufacturing	031

Best Partner 035

3.1 Dealers Management	036
3.2 Hotai Motor's Supplier Management System	049



Corporate Governance 052

4.1 Board Structure and Functions	053
4.2 Compliance	057
4.3 Information Disclosures	060
4.4 Risk Management	060
4.5 Information Security and Customer Data Protection	063
4.6 Financial Performance	067

Environment 068

5.1 Climate Change Management	069
5.2 Green Operations	073
5.3 Environmental Sustainability Vision	080
5.4 Eco-Friendly Product Design	083

Employee Care 087

6.1 Career Development and Training	088
6.2 Benefits and Employee Well-being	092
6.3 Occupational Health and Safety Management	098

Community Engagement 104

7.1 Core Commitment Area: People	107
7.2 Core Commitment Area: Car	113
7.3 Core Commitment Area: Environment	115

Appendix 118

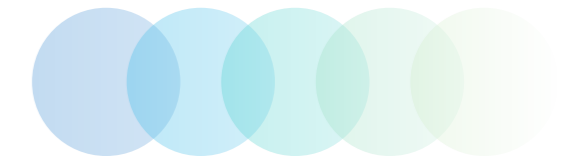
About This Report	118
GRI Content Index	119
SASB Reference Table	120
Verification Opinion Statement	121

In the rapidly changing global environment and the continuous major changes in the automotive industry, Hotai Motor always prioritizes customer needs, keeps the vision of "Think Amazing", and further integrates the spirit of "Do Amazing" into the work. While pursuing growth for our investors and stakeholders, Hotai Motor continues its efforts to invest resources and 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.

Hotai Motor Chairman



Hotai Motor President



As we enter 2023, our operational objective is to "Rise Up Against Adversity, Be Vigilant and Beware of Danger, Beyond Evolution, Return To The Top," 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" in order to bring the customers the best mobile products and services and create the new era of mobile sustainability.

Operating Growth

In recent years, under the influence of the pandemic, the demand for mobility has increased in Taiwan. With the support of Toyota Motor Corporation ("TMC"), we launched all-new vehicle models: TOYOTA TOWN ACE, bZ4X, GR86, and manual models of GR SUPRA, redesigned models TOYOTA GRANVIA, COROLLA Sport, LEXUS LC, RX, UX series in 2022. We also became the first among commercial vehicle brands to introduce brand new HINO 300 Series Hybrid Electric commercial vehicles 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 2022 reached 150 thousand units, putting us at the top among automakers in Taiwan in 22 consecutive years. In addition, TOYOTA continued to be the winner in both domestic and imported vehicles. Our sales record showed the outstanding performance of COROLLA CROSS, RAV4, ALTIS and YARIS, which were listed among the top 10 passenger cars for the year. Also, Lexus RX ranks top in sales in the Luxury Midsize-Large SUVs, NX ranks top in sales in the Midsize SUVs, UX ranks top in sales

in the compact SUVs, and ES ranks top in sales in the Luxury Midsize-Large RVs segment.

Intensive Governance

Hotai Motor attaches great importance to corporate governance and information disclosure, which is reflected in the high rankings we received in the Corporate Governance Evaluation in the last few years. We also have covered 100% of all employees in legal compliance education for four consecutive years since 2019. Our sustainability efforts are recognized by the various awards we received—we first time won the highest level "National Sustainable Development Awards," the TCSA Sustainability Report Award and Sustainability Performance Award for several consecutive years, the Taiwan Corporate Sustainability Award in the Social Inclusion category for seven consecutive years, and the Excellence in Corporate Social Responsibility Award hosted by Commonwealth Magazine for eight consecutive years.

Strengthen Public Welfare

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 and create a more positive impact on society. We have also provided one-day paid volunteer leave to encourage employees to engage in public welfare activities. We have already provided 2,488 hours of volunteer leave to colleagues and achieved the target of 8.7 hours per year of volunteer hours per employee in 2022. Philanthropic investment in road safety is one of our long-term commitments. As of 2022, we have donated over 120,000 sets of crossing guard equipment to public elementary schools across Taiwan. In order to cultivate young talent, Hotai Motor

not only provides scholarships, but also provides free vehicle teaching aids and parts to help vocational students develop their skills. We even took a step further and 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 they have the opportunity to experience career life through internships, and we also create three benefits of industry cooperation, matching employment and training of professional 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. We focused on the topics of "social care," "mobility service" and "environmental protection" and allowed the seeds of change to take root and grow through these public interest projects. Meanwhile, grouping Original Dream National Team to bring the talented Atayal Children's Choir to the international competition stages; Planning the "Mobile Public Welfare Happiness Action" to provide regular mobility services for disadvantaged groups and volunteers. In addition, Hotai leveraged the connection between its core business and public welfare activities. We have donated 12 full-size HINO bloodmobiles to blood centers. We are the enterprise that has donated the most mobile blood buses. In terms of our environmental efforts, over 330 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 2022. As we enter into the 5th year of our "One Tree for Every TOYOTA" campaign, over 660,000 trees have been planted. 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. We have also jointly developed the "TOYOTA DRIVE+ CONNECT Animal Hotspot" with a group of businesses, the Council of Agriculture,

and navigation companies to expand the application of transportation industry resources and protect rare animals in Taiwan.

Environmental Sustainability

With the six major challenges of the 2050 environmental vision set by TMC, Hotai Motors strives to promote various environmental management initiatives with "carbon neutrality" as the ultimate goal. 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. We continue to adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework to manage the risks and opportunities of Climate change in order to achieve the ambitious goals, including zero CO2 emissions from new vehicles 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. We also actively implement various energy conservation initiatives and continue to enhance and improve energy efficiency to mitigate the impact of climate change. We have reduced greenhouse gas emissions by 91.2 metric tons in 2022. We promise to continue to support the environmental actions of our partners to ensure that all areas are taken into consideration for environmental risks. At the same time, we would fully cooperate with the requirements of TMC for environmental protection and integrate the Group to drive the group towards a new era of mobility sustainability.

Founded in 1947, Hotai Motor has gone through more than 70 years, 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). The Headquarter is located at 8-14F., No. 121, Songjiang Rd., Zhongshan Dist., Taipei City.

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 21 consecutive years.

0.1

History of Hotai Motor



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

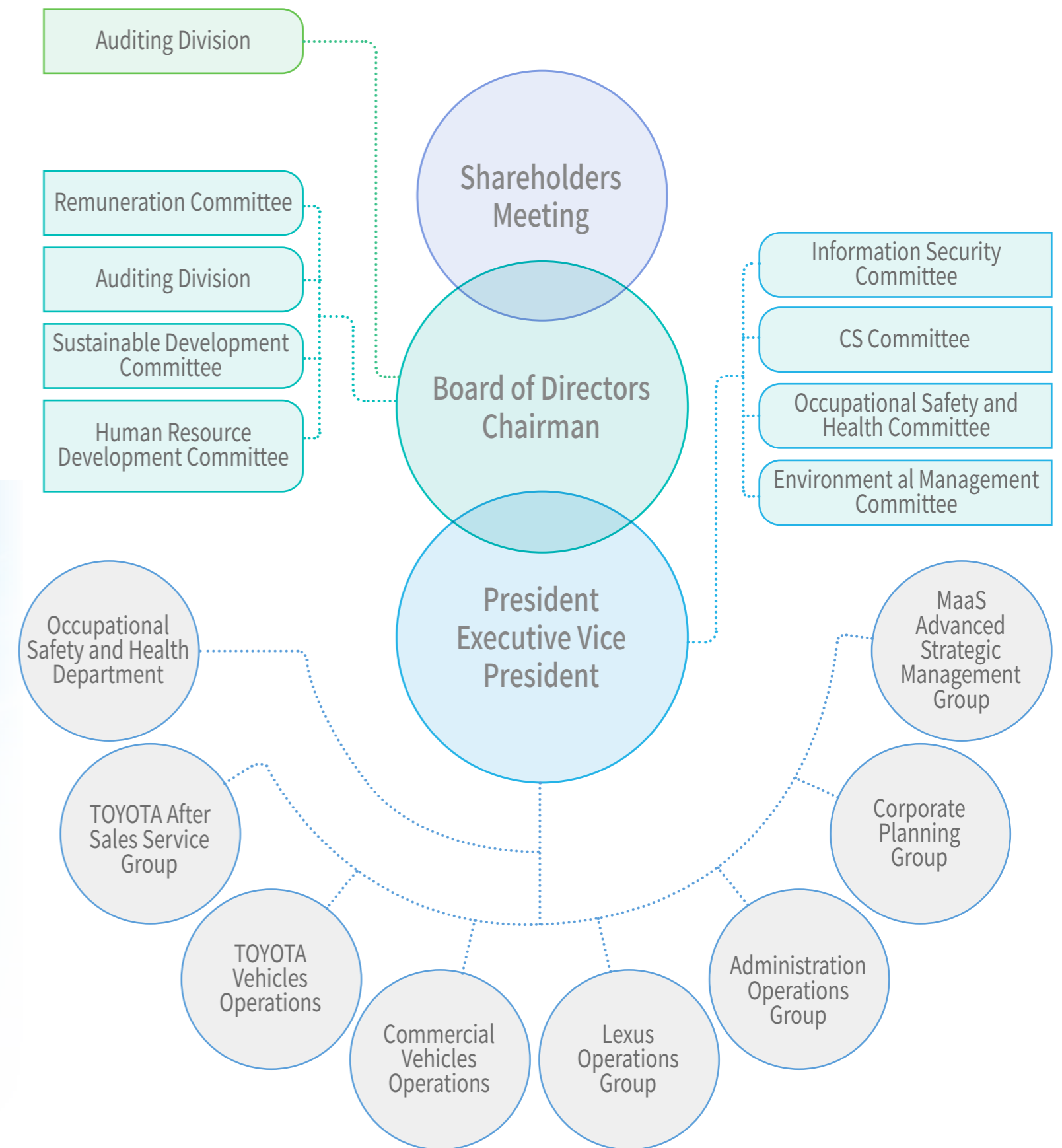
With the goals to surpass ourselves, the status quo and industry peers, we aspire to stand up to the challenges and create a bold path forward.

Innovation

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



Organizational Structure



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.

0.2

Group Operations



0.3

70 Years of Rich History

76



2022~

- 2022.12 Hotai Motor remains the top auto brand in Taiwan for 21 consecutive years, recording a total of 150,000 units of TOYOTA, Lexus and HINO vehicle sales in 2022, with TOYOTA COROLLA CROSS being the bestselling model for two consecutive years; HINO ranks top in sales in the commercial vehicle category for two consecutive years.
- 2022.12 All-new TOYOTA TOWN ACE van debuts
- 2022.12 TOYOTA launches the industry's first voice intelligent customer service.
- 2022.12 All-new HINO 3.49 metric tons commercial vehicle debuts
- 2022.12 Hotai Motor receives the "National Sustainable Development Awards" from "the National Development Council of the Executive Yuan"
- 2022.11 Hotai Motor receives the "Taiwan Enterprise Sustainability Award" from the Taiwan Enterprise Sustainability Training Center (TCSA) for seven consecutive years.
- 2022.11 All-new LEXUS RX debuts
- 2022.11 iRent receives "the 31st Taiwan Excellence Awards"
- 2022.10 All new redesigned TOYOTA COROLLA Sport debuts
- 2022.10 All-new TOYOTA GR SUPRA debuts
- 2022.10 All-new TOYOTA HIACE debuts
- 2022.10 iRent receives the honor in "the best product category" at the 19th National Brand Yushan Awards.
- 2022.10 Hotai Leasing receives the honor in the "Excellent Enterprise National First Award" at the 19th National Brand Yushan Award.
- 2022.09 Hotai Group's commitment in donating crossing guard equipment for twelve consecutive years. A cumulative of over 120,000 sets of crossing guard equipment has been donated.
- 2022.09 Hotai Group launches the "Original Dream National Team" public welfare program.
- 2022.09 TOYOTA TOWN ACE won "The Best of Media Planning" at the YouTube Works Awards.
- 2022.09 Hotai Motor won the Model Award in the "Business Model Transformation Award - Large Enterprise Group" of Digital Transformation Awards of the "Harvard Business Review."
- 2022.08 TOYOTA launches a Carbon neutrality brand image exhibition.
- 2022.08 All-new LEXUS UX debuts
- 2022.08 All-new TOYOTA GR86 debuts and launches the industry's first NFT – GaRage 86
- 2022.08 Kuozui Motors AFC energy storage field started using
- 2022.08 Ho Young Travel Agency CO., LTD. is established by Hotai Group.
- 2022.06 Hotai Group initiates blood donation activities on "World Blood Donor Day."
- 2022.06 Hotai Group launches the Wildlife Conservation Program
- 2022.05 All-new TOYOTA bZ4X debuts
- 2022.04 The management team of Kuozui Motors has been changed, and the general manager is Mr. 古屋敷博文
- 2022.04 Hotai Group launches the "yoxi Free Mobility Service Campaign."
- 2022.04 The "One Tree for Every TOYOTA" campaign first set foot in Penghu.
- 2022.04 Hotai Group's online mall -- "Hotai Go" grand opening
- 2022.04 iRent 2.0 receives "the best experience innovation award" from BUSINESS NEXT.
- 2022.03 All-new TOYOTA COASTER mid-size buses debut
- 2022.03 All-new TOYOTA GRANVIA 8 seater debuts
- 2022.02 All-new HINO 300 Series Hybrid Electric commercial vehicles debut
- 2022.02 All-new TOYOTA TOWN ACE debuts
- 2022.01 TOYOTA introduces a new type of service base - community-type maintenance and repair station

1947-2021

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.

2021.12 All-new redesigned Lexus NX launches

2021.12 Hotai donates the 12th mobile blood bus; over 1.5 million bags of blood donations have been collected in the last eleven years.

2021.11 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.

2021.10 Hotai Leasing honored with the Gold Award in the car rental category in The Best Service in Taiwan for the third time

2021.10 For the 8th consecutive year, Hotai Leasing is honored with the Gold Award in The Best Service in Taiwan by Commercial Times.

2021.10 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

2021.09 All-new Lexus UX300e debuts

2021.09 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.

2021.04 Donates NT\$24 million to the pandemic relief fund

2021.03 All-new TOYOTA SIENNA debuts

2021.03 One Tree for Every TOYOTA campaign launches in Kinmen

2021.03 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

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

2020.12 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.

2020.12 One Tree for Every TOYOTA campaign achieves a milestone of 400,000 tree planted

2020.12 Hotai Motor donates the 11th bloodmobile to local blood center and over 280 million c.c. of blood supply has been collected from donors

2020.12 All new SIENNA CROSSOVER debuts

2020.12 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.

2020.11 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)

2020.10 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.

2020.09 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)

2020.09 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

2020.08 All new Lexus LC CONVERTIBLE debuts

2020.08 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)

2020.08 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

2020.07 Lexus honored with the gold award by Commercial Times in the Best Service in Taiwan 2020

2020.07 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

2020.01 One Tree for Every TOYOTA campaign achieves a milestone of 300,000 tree planted

2020.01 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.

2019.12 Hotai Finance becomes a listed company on the Taiwan Stock Exchange.

2019.12 All new Lexus LM debuts.

2019.12 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 Receives the "Sustainability Award" from "British Standards Institution" (BSI) for two consecutive years.

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

2019.09 TOYOTA Group's beach cleanup activity to reduce plastics was attended by tens of thousands of volunteers

2019.09 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.

2019.08 Receives the "Commonwealth Magazine CSR Corporate Citizenship Award" for the fifth consecutive year.

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

2019.05 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

2019.01 Hotai Motor's affiliate Hotai Leasing Co., Ltd. invests in the incorporation of Hoing Mobility

2019.01 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

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

2018.06 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

1997.09 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 Xinzhong 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

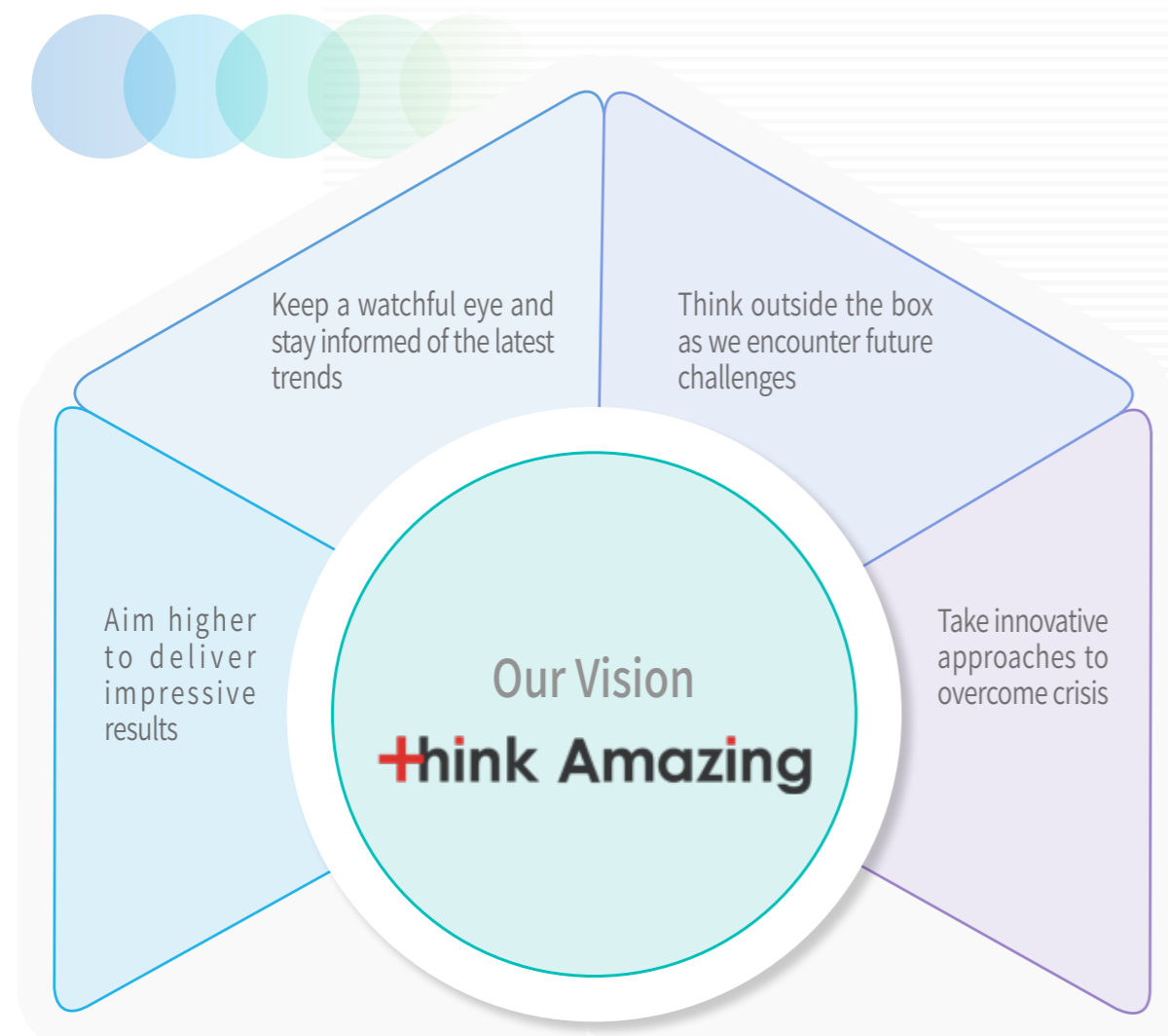
1949.08 Hotai signs a distribution agreement with TMC and Yokohama Tire as the exclusive distributor for the Taiwan region

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

"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."

0.4

Vision, Mission and Operational Objectives



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, "+think 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. What is expected is that every colleague should be indefatigable, have the courage to try and challenge breakthrough new thinking and practices, and extend "do Amazing" as the driving method at this stage. Hotai encourages colleagues to actively implement with unlimited thinking and action to create more amazing results, to continue to pursue innovation, to face the future, and to promote the sustainable development of the group!

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.



2023-2027 Mid-term and Long-term Plans


Based on this mission, we have formulated our development goals for 2023-2027. Through the introduction of new generation products and new forms of services, we continue to improve the surrounding value chain and accelerate mobile transformation, and hope that the brands of Hotai Automobile and its affiliated companies will become the leading benchmarks in various industries. Through the following strategies, "Actively Increase Market Share With New Generation Sales Idea", "Integrate Intelligent Service and Community into the Life Zone of Customers", "Strategic Transformation In Advance, Value Chain Improvement Without Limit", "Improve the Comprehensive Effect of Resource Utilization and Expand the Scale of the Group", "Committed to corporate social responsibility and promote carbon neutrality" to strengthen the core business, customer service, group management, talent cultivation, and social responsibility, etc. and to promote the sustainable development of the Group. At the same time, in order to respond to short-term environmental changes and business operation issues, we have also formulated an annual policy of making the plans at the beginning of the year and reviewing/revising the plans in the middle of the year to ensure that the mid-term and long-term plans are gradually achieved.

2023 Operational Objectives

Looking ahead to 2023, although the overall domestic economy has concerns about slowing growth, the global shortage of automotive chips is expected to ease. Coupled with the loosening of epidemic control in various countries, the recovery of private consumption, and the domestic policies of replacing the old with the new and the reduction of goods tax/license tax for electric vehicles. In this optimistic situation, our operational objective is to "Rise Up Against Adversity, Be Vigilant and Beware of Danger, Beyond Evolution, Return to The Top." Anticipating the future and staying vigilant, controlling risks prudently, 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: Rise Up Against Adversity, Be Vigilant and Beware Of Danger, Beyond Evolution, Return To The Top

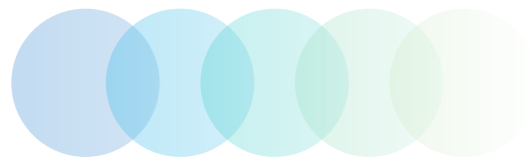
Operational Strategies	Goals/Approaches
<p>Selling Ideas – Super Leading Intelligence Service – Super Satisfied</p> 	<ul style="list-style-type: none"> Vehicle <ul style="list-style-type: none"> TOYOTA: Occupy the whole class and create a new peak in sales Lexus: Leading electrical energy and driving the future Commercial vehicle: Driving the future and creating strategies Service <ul style="list-style-type: none"> TOYOTA: Create intelligence services and continue the brand CS No.1 Lexus: Intelligent protection and the extreme experience Commercial vehicle: Digital Innovation and developing the opportunities
<p>Strategic Transformation – Super Comprehensive Leading Arrangement – Super Forward-Looking</p> 	<ul style="list-style-type: none"> Hotai Finance: Diversify installment business and strict control of the cost of funds and lending risks Hotai Leasing: Develop new products/new services, improve customer stickiness, and widen the leading gap between leasing/used cars CarMax: Strengthen product quality, improve development efficiency, expand channels/markets, and expand profit scale Chang Yuan: Strengthen the car sales, implement customer classification/intelligence service, and improve business scale and service capabilities Motor: Proactively transform to increase profits, expand used cars and warehouse business, and increase the proportion of electric vehicles/leasing Toyota Material: Make progress in stability and develop new business in the face of severe challenges Handling Taiwan: Enhance organizational structure and implement risk management, and promote the most suitable insurance strategy portfolio Hotong: Proactively enhance the popularity of yoxi/iRent/online mall/rewards, and expand the overall benefits of the subscription economy Hotai Insurance: Complete commercial coachwork line-up, and improve production efficiency and quality Maas& Cyber Connection: Continue to layout a solar-plus-storage-plus-charging business, move towards reducing carbon footprints, and hold on to green business opportunities in the future Hotai Coachwork Manufacturing Green Energy Ecosystem
<p>Operation Controlling – Super Prudent Management System – Super Complete</p> 	<ul style="list-style-type: none"> Improve risk response, establish a risk control mechanism in Hotai Group, and optimize the control and supervision practices of affiliated companies Establish a complete human resources and training system to strengthen talents to get together and employee recognition Strengthen the cloud/cybersecurity technology and build the strongest technology development and cybersecurity team to create a personal data protection system
<p>Corporate Governance – Super Solid Sustainable Management – Super Responsible</p> 	<ul style="list-style-type: none"> Promote the carbon reduction management system and implement carbon neutrality to enhance the image of environmental protection Expand Hotai Group's image in social engagement and enhance the goodwill of mobility service brands Continue to engage in ESG practices and improve compliance culture to promote the sustainable development of the Hotai Group

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 108 TOYOTA dealerships and 183 service centers, 25 Lexus dealerships and 26 service centers, 18 HINO dealerships and 19 service centers, and six Toyota Material Handling dealerships.

0.5

Sales Network and Services



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

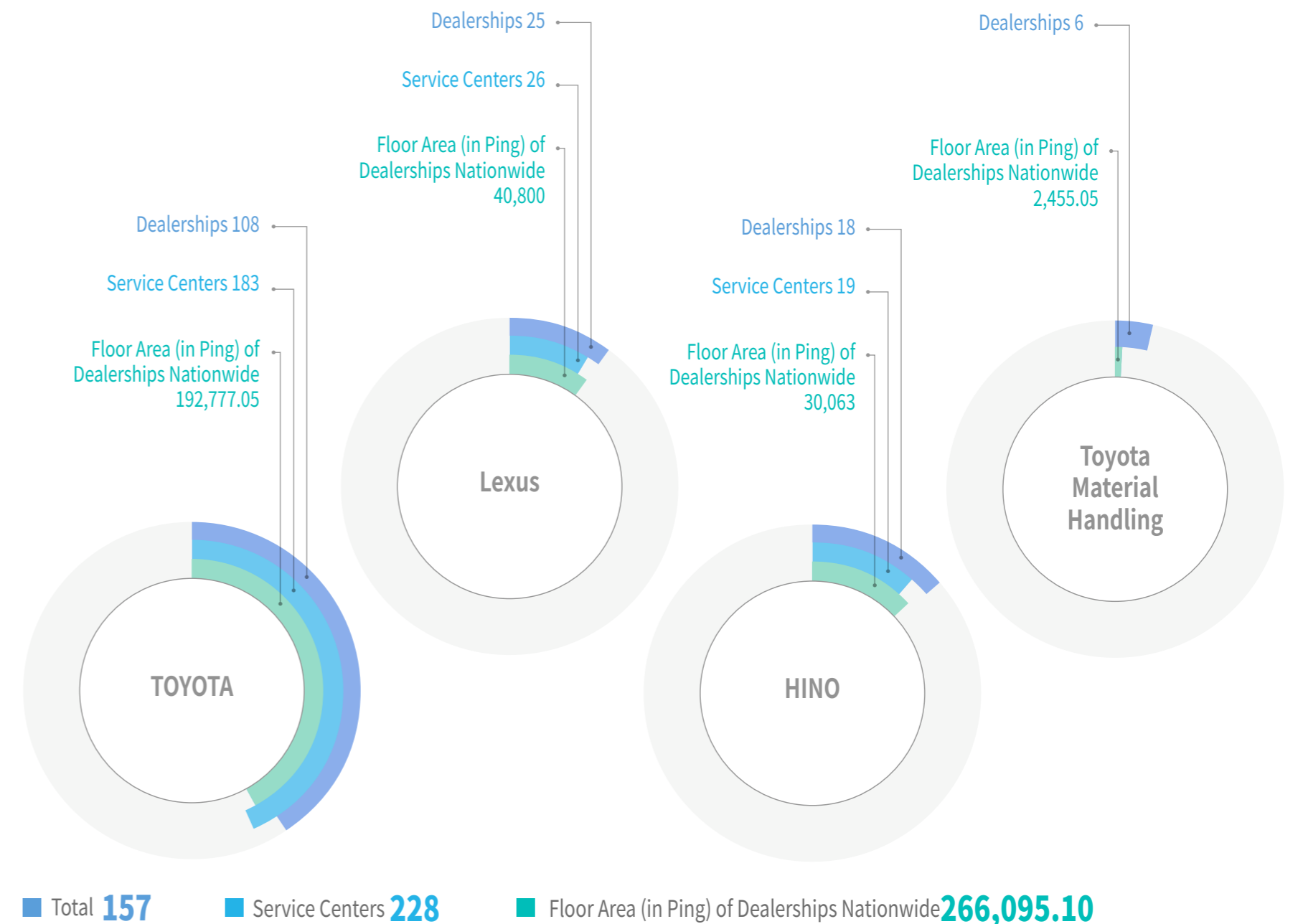
The three main areas of the Xinzhuang Automotive Complex include the "Passenger Vehicle Repair Building," "Chang Yuan Motor's Xinzhuang Facilities," and the "Research and Learning Building."

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.

High-quality, High-capacity 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 proving ground for the development of talent for automotive parts management positions, offering a fully-equipped, professional space for employees to learn.



Economic

33.2 %

Maintained the largest market share in the automotive market for **21**th consecutive years

100 %

All the new employees have completed anti-bribery training

increase **2.25** %

Percentage increase of local sourcing in **2022** compared to **2021**

Environmental

59 metric tons

The amount of VOC emissions (volatile organic compounds) reduced in **2022** by using environmentally friendly waterborne paint

24,454 metric tons

In **2022**, our dealerships collectively recovered **19.58** metric tons of refrigerant through the R134a machines, equivalent to the reduction of **24,454** metric tons of CO2 emissions.

100 %

All our vehicle models meet the carbon emissions, noise control, CO2 emissions, and fuel economy regulations and standards.

47.6 million

By installing a central oil supply system, we have reduced an accumulative **47.6** million motor oil bottles as of **2022**.

Social and Employee Related

100 %

The rate of employees returning from unpaid parental leave in **2022** is 100%

2,488 hours

The total of 2,488 hours of "Paid Volunteer Leave" for our employees in **2022**.

120,000 sets

Donated an accumulative of nearly **120,000** sets of crossing guard equipment as of **2022**

2,000 metric kilometers

An accumulated total of 2,000 metric kilometers from our "Free Mobility Service Campaign" as at the end of **2022**.

NT\$ **63.76** million

Donated an accumulated total of over NT\$**6,376** million hi-tech automotive teaching aids and materials

330 metric tons

An accumulated total of over **330** metric tons of pre-loved toys were recycled and given new life as at the end of **2022**.

Over **660,000** trees

Over **660,000** trees have been planted from our "One Tree for Every TOYOTA" campaign, reducing approximately **18,000** 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**

10 GRI Topics

Identifying **10** GRI topics that align with our material and prioritized issues

3 Sustainable Development Goals

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

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 (<https://pressroom.hotaimotor.com.tw/lib/f/201812281403-01.pdf?tcmp=20181228020320>) 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 ESG 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

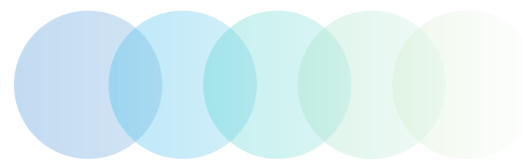
Enhancing Corporate Social Responsibility Disclosures

- 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

SDGs



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 2022 ESG performance was presented to the Board in December last year. When there is a major event or issue, each unit will first report with each director, adjust the content of the issue according to the director's suggestion, and then submit it to the audit committee in accordance with the law, and finally, submit it to the board of directors for discussion. If the director has a suggestion, it will also be recorded in the meeting minutes. There was no material key event occurring in 2022.



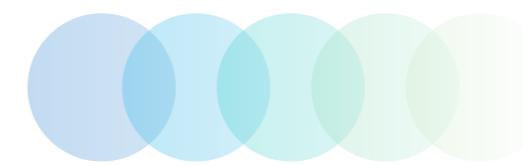
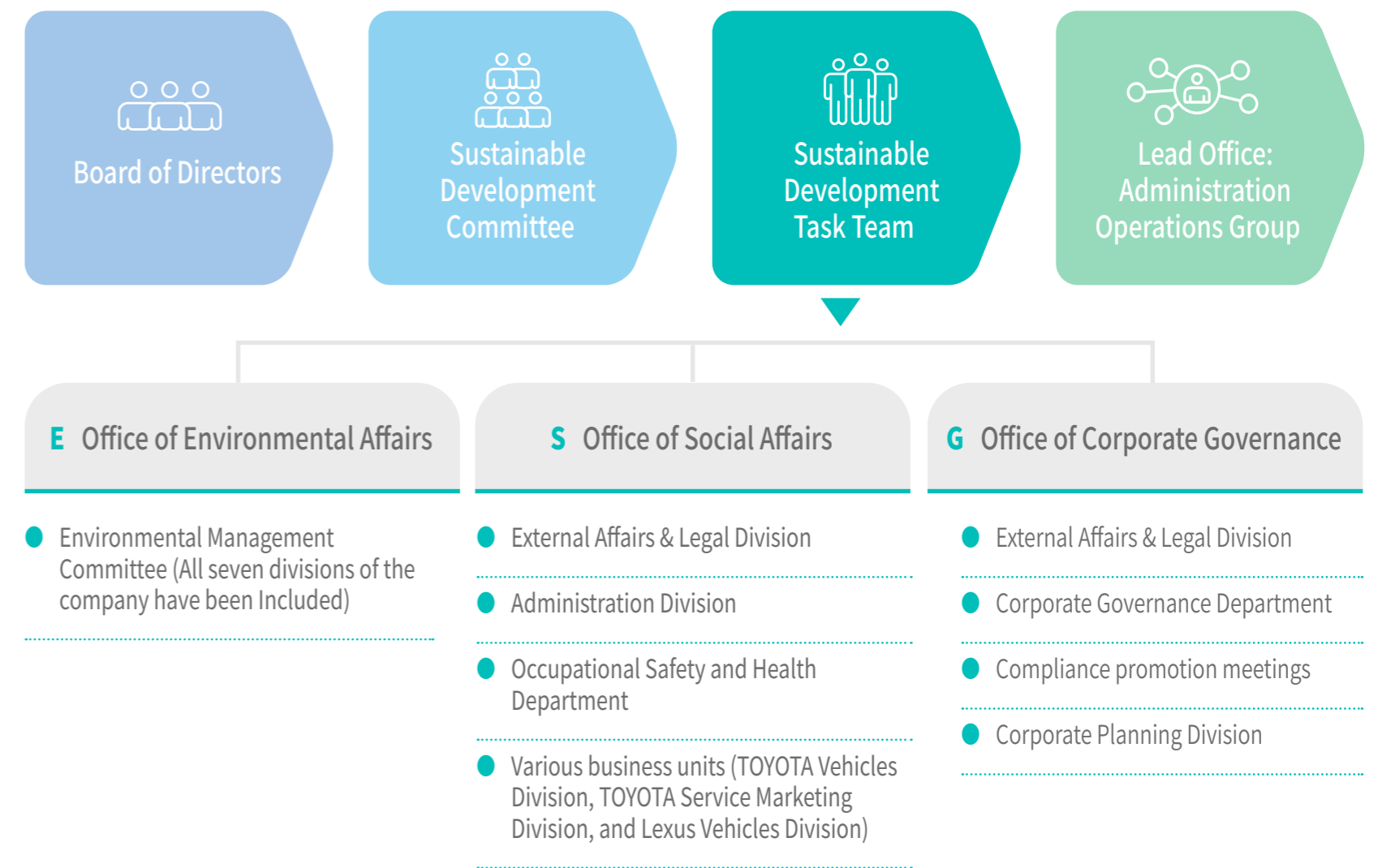
Summary Of ESG Operational Results Presented To The Board In 2022

Environmental (E)	<ul style="list-style-type: none"> Established the No.1 benchmark for Toyota's environmental management in the Asia-Pacific region Expanded the environmental influence of the Brand/Group
Social (S)	<ul style="list-style-type: none"> Connected the industry/brand/volunteer resources to establish the warmest mobility service corporate image and expand the Group's ESG public welfare brand voice Protected Taiwan's native environment and residents, and connected local emotions with public welfare actions Cultivated the arts and culture Expanded the brand of operating employer Promoted the Group's common good and resumed the "Common Good Softball Game"
Governance (G)	<ul style="list-style-type: none"> Strengthen corporate governance and compliance with the law Manage and control the Group's illegal risks, and improve the management mechanism through evaluation and education Established signing SOP and education training to ensure no defects in order Strengthen the Group's compliance with the law through multiple methods and new media, and continuously improve internal staff's awareness of compliance

Please refer to the website of Hotai Motor (<https://pressroom.hotaimotor.com.tw/csr/>)

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 responsibility of developing and implementing 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.

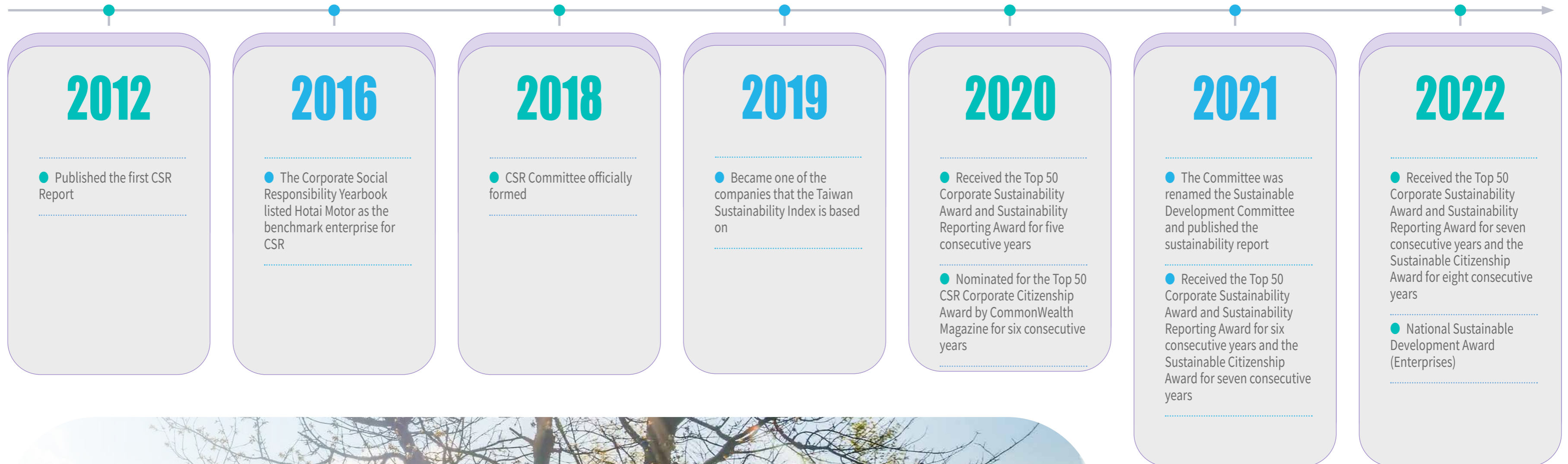
Organizational Structure of Hotai Motor's Sustainable Development Committee



1.3

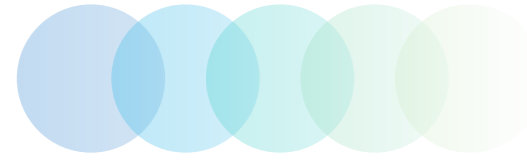
Sustainability Milestones

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 2023 sustainability objectives and measures based on environmental (E), social (S) and governance (G) aspects, which is another step toward our goal of sustainable operations.





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 are 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, Hotai Motor considers the head office, Xinzhuang and Yangmei business locations, and follows the recommendations of the GRI Standards in the context of sustainability and the 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. In which we identified 21 sustainability topics from five categories pertinent to our operations and assessed the positive and negative impacts on the economy, environment, society and human rights.

1 Steps to Materiality Analysis

A total of **54** operational activities were identified

- Organization Context: Identify all activities in the value chain and partnerships where activities occur upstream and downstream by group. Discuss related issues in the context of sustainability. Identify the main stakeholders and investigate the topics that they focus on.

A total of **31** operating activities had economic impact

- Impact Identification: Summarize all activities along the value chain and identify the actual and potential impacts involved or likely to be involved, whether positive or negative, short-term or long-term, intentional or unintentional, reversible or irreversible.

A total of **21** operating activities had environmental impact

A total of **38** operating activities had social and human rights impact

The top three positive impact activities are product and service quality, brand management and marketing, sales strategies, and fair trade.

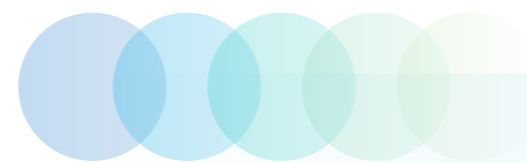
- Degree of significance: Integrating the identification results of economic, environmental, social and human rights impacts. The positive impacts that have occurred are judged according to their scope and scale, and the negative impacts are considered in terms of their irreparability. Potential positive and negative impacts are considered in terms of their incidence rate.

The top three negative impact activities are product and service quality, customer privacy protection, and risk and crisis management.

A total of **10** significant positive impact issues were determined

- Significant Decision: Summarize all activities into sustainable issues, and draw a materiality matrix based on the magnitude of positive and negative impacts and the degree of concern of stakeholders.

A total of **10** significant negative impact issues were determined



2 Organization Context

In order to accurately grasp the issues concerned by stakeholders, we have dedicated departments engaging in regular conversations with key stakeholders, which include the exchange of our sustainable concepts 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 in 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 the assessment of 2022, six key stakeholder groups are identified: dealers, employees, media reporters, customers, suppliers, and shareholders, 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.

3 Impacts Identification

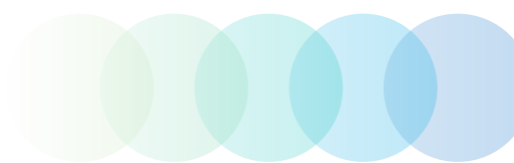
In the identification process of impact significance, we divide them into positive and negative impact assessments. The factors for positive impacts include actual impacts (scale, scope) and potential occurrence, while the factors for negative impacts include actual shocks (scale, scope, irreparability) and potential occurrence. Among the 54 operating activities identified under life cycle considerations, 31 activities have economic impacts, 21 activities have environmental impacts, and 38 activities have social and human rights impacts. The negative impacts of economic, environmental, social and human rights aspects are slightly higher than the positive impacts.

4 Significant Degree

Taking into account the impact assessment results from the three aspects of economic, environmental, social and human rights, the comprehensive negative impact of all the operating activities of Hotai Motor is slightly higher than the comprehensive positive impact. After grouping the 54 activities into 21 sustainable issues, the main stakeholders were asked about the degree of concern for each issue. The number of returned surveys was 89 for dealers, 87 for employees, 38 for media reporters, 33 for customers, 20 for suppliers, and 17 for shareholders, totaling 284. The issues of concern to each stakeholder are shown in the table below:

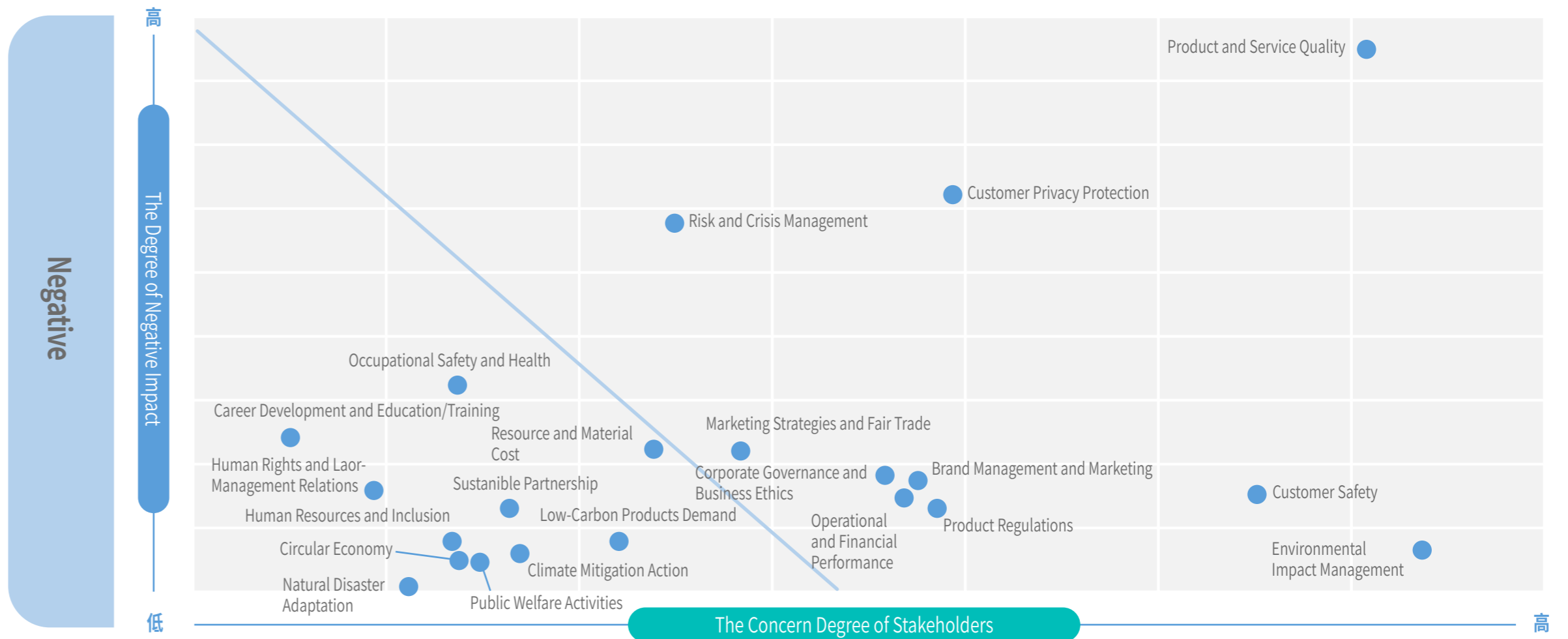
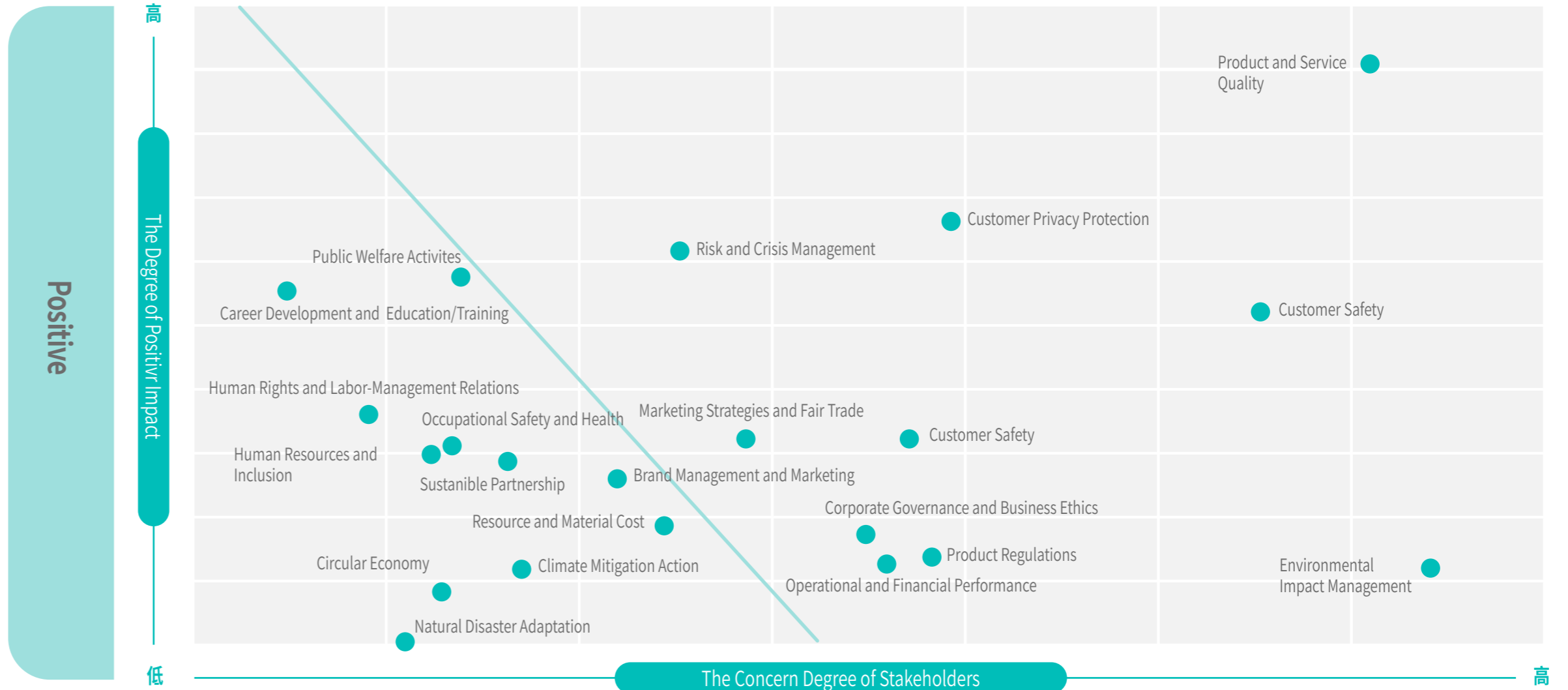
Account Ability 1000 Stakeholder Engagement Standard 2015

Stakeholder Group	1 st Concerned Issue	2 nd Concerned Issue	3 rd Concerned Issue
Dealers	Customer privacy protection	Occupational safety and health	Customer safety
Employees	Corporate governance and business ethics	Product and service quality	Customer safety
Media Reporters	Product and service quality	Customer safety	Brand management and marketing
Customers	Product and service quality	Customer safety	Brand management and marketing
Suppliers	Product and service quality	Sustainable partnership	low-carbon products demand
Shareholders	Operational and financial performance	Product and service quality	Customer safety







5 Decision Significant Topic

The material issues matrix is drawn with stakeholder concerns as the X-axis, and positive and negative impacts as the Y-axis. As the key points disclosed in the report, we selected 10 material issues with high concern and impact in the positive impact matrix and selected 10 material issues in the negative impact matrix. Compared with the previous report, the total number of material issues increased from 8 to 10 (combined positive and negative). Compared with the material issues in the previous report, the material issues in sustainable management and the automotive industry in 2022 will remain the same as last year. The difference is that the regulations of product and sales strategies and fair trade were added in corporate governance in 2022. However, climate adaptation, which was a material issue last year, was not included in the statistical results of the returned survey in 2022.





Management Approach

Main Topics	GRI Topics	Policy/Commitments	Impact Description		Engaged Person	Engaged Channel	Engaged Frequency	Plan/Action	Performance Indicator	Goal	SDGs
			Positive (Actual/Potential)	Negative (Actual/Potential)							
Corporate Governance and Business Ethics	GRI 2-27	Conduct Board company-wide training	Positive Actual Impact: 1.Regularly implement and evaluate according to the corporate governance evaluation indicators 2.Optimize the announcement reporting system to improve the efficiency of group announcement information	-	Shareholder	1.Annual Report 2.Sustainability Report 3.Annual shareholders meeting 4.Investor conference 5.Investor Relations section on our website	Once a year, 4 times a year or irregularly	1.Remain at the top 5% in the corporate governance ranking 2.Regularly host investor conferences	Remain at the top 5% in the corporate governance ranking 5%	Becoming the benchmark enterprise for corporate governance	
					Supplier	1.Annual Report 2.Sustainability Report 3.Annual shareholders meeting 4.Investor conference 5.Investor Relations section on our website	Once a year, 4 times a year or irregularly				
					Media	1.Annual Report 2.Sustainability Report 3.Annual shareholders meeting 4.Investor conference 5.Investor Relations section on our website	Once a year, 4 times a year or irregularly				
Risk and Crisis Management	GRI 2-25	Regularly conduct risk assessment	Positive Actual Impact: Formulate risk management policies and report to the board of directors Positive Potential Impact: Proposal to establish risk control organization and control mechanism	Negative Potential Impact: Implement reporting procedures for high-risk business operations	Supplier	1.Annual Report 2.Sustainability Report	Once a year	Regularly conduct risk assessment	Zero critical incidents	Conduct risk assessment annually and achieve zero critical incidents	-
					Media	1.Annual Report 2.Sustainability Report 3.Annual shareholders meeting	Once a year or irregularly				

Main Topics	GRI Topics	Policy/Commitments	Impact Description		Engaged Person	Engaged Channel	Engaged Frequency	Plan/Action	Performance Indicator	Goal	SDGs
			Positive (Actual/Potential)	Negative (Actual/Potential)							
Risk and Crisis Management	418	<ol style="list-style-type: none"> 1. Privacy policy briefing 2. Disclose customer Relationship management activities and results 3. Information Security Committee progress report 	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> 1. Enhance cloud platform identity authentication protection 2. Establish a comprehensive customer personal data protection system 	<p>Negative Potential Impact:</p> <p>Establish automatic vulnerability scanning mechanism</p>	Supplier	<ol style="list-style-type: none"> 1. Annual Report 2. Sustainability Report 3. Posts 	Once a year	No major breaches of customer privacy	<ol style="list-style-type: none"> 1. Strictly comply with applicable privacy laws and regulations 2. Communicate privacy policy to stakeholders 3. Disclose customer relationship management activities and results 4. Information Security Committee progress report <p>No major product quality incident</p>	No major breaches of customer privacy	
					Shareholder	<ol style="list-style-type: none"> 1. Annual Report 2. Sustainability Report 3. Corporate Website 	Once a year or irregularly				
					Employee	<ol style="list-style-type: none"> 1. Annual Report 2. Sustainability Report 	Once a year				
					Customer	<ol style="list-style-type: none"> 1. Annual Report 2. Sustainability Report 3. Corporate Website 	Once a year				
Risk and Crisis Management	416	<ol style="list-style-type: none"> 1. Product certification 2. Environmental health and safety management system 	<p>Positive Actual Impact:</p> <p>Commodities and parts comply with government regulations or green supply chain requirements</p>	<p>Negative Potential Impact:</p> <p>Introduce more vehicle safety equipment to actively remind driving safety</p>	Supplier	<ol style="list-style-type: none"> 1. Supplier business meetings 2. Product training 3. Onsite audit 4. Online training 5. Recalls 	irregularly	Strictly comply with relevant laws and regulations	No major product quality incident	No major product quality incident	
					Customer	<ol style="list-style-type: none"> 1. Survey 2. Free Line 3. APP 4. Email 	irregularly				
Risk and Crisis Management	416	<ol style="list-style-type: none"> 1. Product management system 2. Customer service system 3. Regularly monitor market conditions and relay the information to dealers and suppliers 	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> 1. Introduce products that meet market demand (such as electric vehicles) 2. Improve the capability of sales and maintenance of employee 	<p>Negative Potential Impact:</p> <p>Use automated parts demand forecasting system to reduce the risk of material shortage</p>	Employee	<ol style="list-style-type: none"> 1. TV/print advertising/press release 2. Hotai newsletters 3. Email and meeting 	irregularly	<ol style="list-style-type: none"> 1. Product certification 2. Dealer rating system 	No major product quality incident	Maintain the largest market share	
					Customer	<ol style="list-style-type: none"> 1. TV/print advertising/press release 2. Survey 3. Free line 4. APP 5. Email 	irregularly				

Main Topics	GRI Topics	Policy/Commitments	Impact Description		Engaged Person	Engaged Channel	Engaged Frequency	Plan/Action	Performance Indicator	Goal	SDGs
			Positive (Actual/Potential)	Negative (Actual/Potential)							
Brand Management and Marketing	417	<ol style="list-style-type: none"> 1. reate an annual brand marketing plan 2. Communicate the latest news from within and outside the organization to employees through press release and Hotai newsletter that's regularly published 3. Host new vehicle test drive event for the press so that they can gain firsthand experience and increase their understanding of our products 	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> 1. Use social media to expand influence on target customer groups 2. Make topics (such as track) activities to strengthen brand performance image 	<p>Negative Potential Impact:</p> <p>Actively contact the car owner and provide corresponding measures for events that affect the experience of car owner</p>	Customer	<ol style="list-style-type: none"> 1. TV/print advertising/press release 2. Survey 3. Free line 4. APP 5. Email 	irregularly	<ol style="list-style-type: none"> 1. Organize a variety of events based on the themes of our community engagement and encourage employee participation of volunteering 2. Disseminate information about our community engagement activities 	<ol style="list-style-type: none"> 1. No major product quality incident 2. Achieve annual and interim sales targets 3. Disclose important company information regularly and on a timely basis 	Maintain the largest market share	
					Supplier	<ol style="list-style-type: none"> 1. Supplier business meetings 2. Product training 3. Onsite audit 4. Online training 5. Recalls 	irregularly				
Product Regulations	417	<ol style="list-style-type: none"> 1. Product management system 2. Product certification system 	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> 1. Establish the awareness of compliance with the law for the colleagues 2. Ensure that the products or policies meet the requirements of government regulations 	-	Employee	<ol style="list-style-type: none"> 1. TV/print advertising/press release 2. Hotai newsletters 3. Email and meeting 	irregularly	<ol style="list-style-type: none"> 1. Product certification 2. Dealer rating system 	No major product quality incident	Maintain the largest market share	
					Customer	<ol style="list-style-type: none"> 1. TV/print advertising/press release 2. Survey 3. Free line 4. APP 5. Email 	irregularly				
Operational and Financial Performance	201-1	<ol 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 	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> 1. Regularly grasp the business performance of the company and related enterprises, and strengthen management efficiency 2. Regularly review and revise the annual policy 	-	Shareholder	<ol style="list-style-type: none"> 1. Annual Report 2. Sustainability Report 3. Annual shareholders meeting 4. Investor conference 5. Investor Relations section on our website 	Once a year, 4 times a year or irregularly	<ol 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 	The largest market share	Maintain the largest market share	

Main Topics	GRI Topics	Policy/Commitments	Impact Description		Engaged Person	Engaged Channel	Engaged Frequency	Plan/Action	Performance Indicator	Goal	SDGs
			Positive (Actual/Potential)	Negative (Actual/Potential)							
Marketing Strategy and Fair Trade	206-1	<ol style="list-style-type: none"> Market products sale strategy Communicate the latest news from within and outside the organization to employees through press release and Hotai newsletter that's regularly published Technology Development and Market Layout 	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> Set annual sales targets for each brand and review them regularly Release product announcements and event information through internal and external channels for stakeholders to know 	-	Customer	<ol style="list-style-type: none"> TV/print advertising/press release Survey Free line APP Email 	irregularly	<ol style="list-style-type: none"> Description of our sales and business performance Timely disclosure of marketing strategies information 	No major product quality incident	Maintain the largest market share	
					Supplier	<ol style="list-style-type: none"> Supplier business meetings Product training Onsite audit Online training Recalls 	irregularly				
					Employee	<ol style="list-style-type: none"> TV/print advertising/press release Hotai newsletters Email and meeting 	irregularly				
Environmental Impact Management	301 302 303 305 306	Toyota Environmental Management System, ISO14001, ISO14064	<p>Positive Actual Impact:</p> <ol style="list-style-type: none"> Implement the Group's carbon neutrality and build a net zero blueprint The Group implements the carbon reduction and waste reduction plan 	-	Shareholder	<ol style="list-style-type: none"> Annual Report Sustainability Report Annual shareholders meeting Investor conference Investor Relations section on our website 	Once a year, 4 times a year or irregularly	Annual target to reduce carbon emissions by 3%	Reduced carbon emissions by 9% from a 2019 baseline	Reduce carbon emissions by 18% from a 2019 baseline by 2025	
					Employee	<ol style="list-style-type: none"> TV/print advertising/press release Hotai newsletters Email and meeting 	irregularly				
					Customer	<ol style="list-style-type: none"> TV/print advertising/press release Survey Free line APP Email 	irregularly				
					Supplier	<ol style="list-style-type: none"> Annual Report Sustainability Report Posts 	irregularly				

In addition to the Sustainable Development Committee held in December each year to discuss the annual ESG policy, the results of discussions with stakeholders are also reported at this meeting. Questions or improvement suggestions are raised by each committee, and the revised content is reported to the Board of Directors in the same month. The results and the suggestions or questions of the directors are also recorded in the minutes of the meeting. In 2022, Board members engaged with stakeholders and reviewed the mechanism and frequency of engagement efficiency on the following occasions, as shown in the following table:

Stakeholders	Suppliers	Shareholders	Employees	Media
Engagement Occasion	Commendation Conference Policy Conference	Shareholders meeting	Labor-Management Committee	Chinese New Year Media Celebration Car Launch Conference
Engagement Frequency	Once to twice a year	Once a year	Four times a year	Once a year irregularly
Check the engagement efficiency method	Vehicle sales per month	Annual report Meeting handbook	Turnover rate (four times a year) Employee Satisfaction Rate (once a year)	The content and number of monthly media news reports



7

重視利害關係人權益

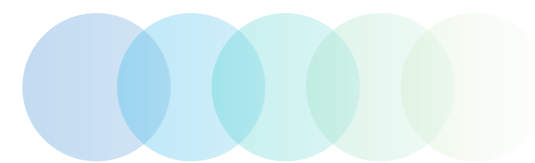
In order to strengthen the company's attention to stakeholders' rights and interests, and to cooperate with the spirit of corporate governance and abide by the code of practice for corporate social responsibility, the Sustainable Development Committee will compile the "Stakeholder Communication Situation" of the previous year and report it to the Board of Directors every year. The identification results of 2022 are expected to be reported to the board of directors at the end of 2023. Hotai Motor has identified 6 main stakeholders, and the summary of their concerns is as follows:

Stakeholders	Dealer	Shareholder	Employee	Customer	Supplier	Media	Summary of response
Customer Privacy Protection	✓	✓	✓	✓			Provide full disclosure of our customer management and privacy protection policy.
Corporate Governance and Business Ethics		✓			✓	✓	Timely disclosure of important financial and operational information and regular presentation of our business performance to the public
Product and Service Quality			✓	✓			Regularly communicate product information with employees and conduct training and reviews on service personnel to provide the best solutions to customer requests.
Environmental Impact Management		✓	✓	✓			Environmental management systems and policies Responses to climate change mitigation and adaptation The methods and results of gas control/noise management during maintenance services Product strategy for the sales market
Marketing Strategies and Fair Trade	✓		✓	✓			Technological development and market layout Ensure the competition is not monopolized by the market to protect consumers Partner alliance strategy
Custom Safety	✓			✓			Describe the safety considerations of the product, and provide best solutions to customers.
Brand Management and Marketing	✓			✓			Brand image and positioning Marketing expenses and strategies Performance indicators and surveys Network and media evaluation Net promoter score indicators Product recall disposal
Product Regulations			✓	✓			Strictly comply with laws and regulations. Introduce and import products that comply with the laws and regulations of Taiwan and obtain multiple certifications.
Risk and Crisis Management					✓	✓	Disclose risk and crisis management policy
Operational and Financial Performance		✓					Regularly disclosure of financial information, business operation, dividend policy and future prospect.

1.5










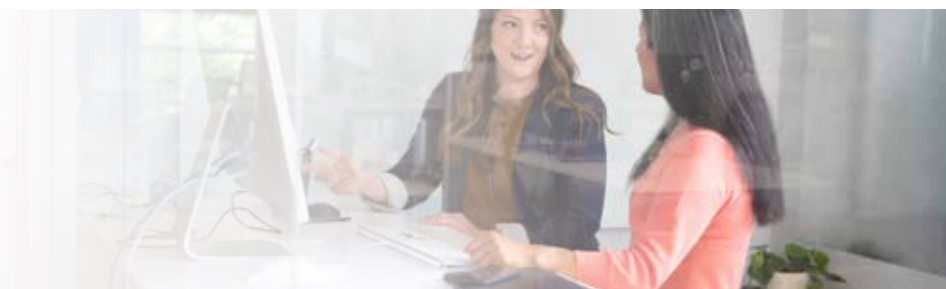

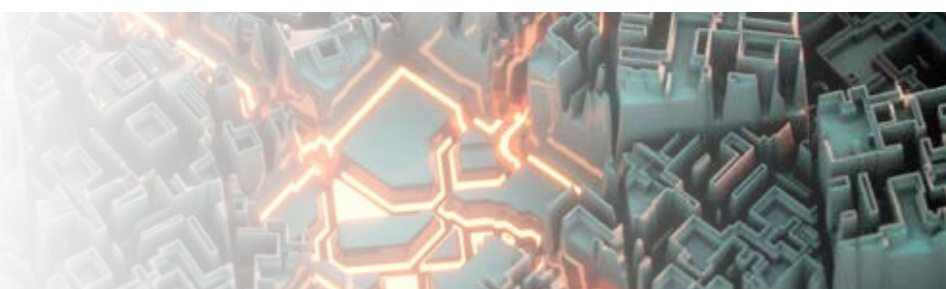
External Engagement

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

2022 Awards and Honors

Awards	Description	Organization Giving the Award	
9 th Annual Corporate Governance Evaluation Ranking Among the Top 6-20%	Ranks in the top 5% among TWSE listed companies in the last 4 years		
2022 TCSA Taiwan Enterprise Sustainability Award	7 th consecutive year		
#16 in the 2022 Commonwealth Magazine CSR Corporate Citizenship Award	8 th consecutive year and a third-time nomination as top 16		
Gold award in The Best Service in Taiwan 2022	9 th consecutive year		
National Sustainable Development Award (Enterprises)	First time		
The Model Award of Digital Transformation Awards	First time		



02

Customer Services

97.8%

Average supply rate of automotive parts in the last four years

1.1 million users

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

21 consecutive years

as the number one company in Taiwan's automotive industry

Over **97%**

2022 customer satisfaction score

Our people-first culture is what enables us to maintain a leading position in Taiwan's automotive industry for 21 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

Creating a Culture that Prioritizes Employee Satisfaction and Customer Satisfaction

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 TOYOTA SSI/CSI results.

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

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



2014

"High 5", a high-performance team



2015

A trusted team that demonstrates care to our customers



2016

A team that works together to deliver personalized services

2016

2017~2022

Only for YOU
The Key to Activate Service Culture

- ▶ 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)

Happiness at TOYOTA

- ▶ 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

Happiness at TOYOTA

- ▶ 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
- ▶ Star Project: Comprehensive evaluation of ES/CS performance and selection of excellent service centers
- ▶ Happy T Happy Life Quarterly: Sharing excellent improvement cases, personnel praise, new car information, workplace and life, etc.
- ▶ 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

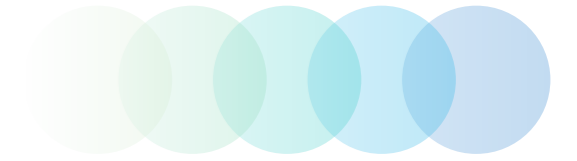
The "Happiness at TOYOTA" service culture serves as a foundation for our commitment to putting customers first. By having the needs of customers at the heart of everything we do, we aspire to create personalized experience with a human touch for each customer interaction with TOYOTA.

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 complaints and feedback. In 2016, TOYOTA customer service center became ISO 10002 certified. And in 2017, we introduced several mechanisms to improve overall service quality and customer relationship through total process management, 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 strengthening customer relationship.

In light of increased internet access of customers, 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 continue to improve our service chatbot capabilities and expanding our FAQ database. In addition to existing sales/service topics, we expanded the question answering datasets to include video and audio accessories, brand activities, mobile apps, and survey sweepstakes. We also added topics related to our affiliate business, 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 a one-stop shop for customized services. In 2021, TOYOTA customer service chatbot was upgraded and handled over 60% of the incoming customer inquiries and became the main source of VOC, which allowed us to achieve customer diversion and successfully transform customer service interactions. In order to further improve the customer experience and convenience, we introduced the first intelligent customer service voice input in the industry in November 2022. Through the advanced voice recognition function combined with AI-powered customer service chatbot to provide more convenient inquiry services. In 2020, Lexus also introduced the customer service chatbot function.

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 (AI-powered customer service chatbot), customer satisfaction survey (e.g., phone interview, paper survey, online survey), and mobile apps. By fostering an environment where voices are heard, we turn customer feedback into opportunities to deliver quality service.



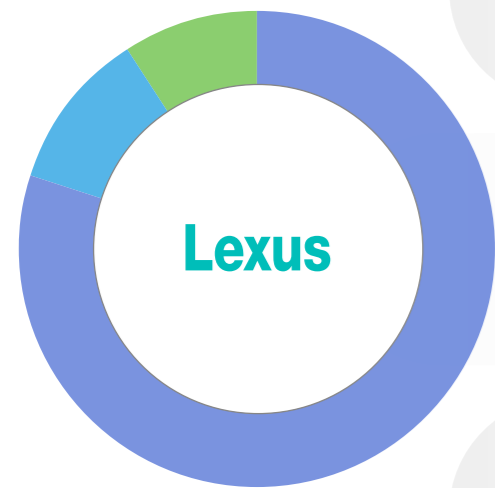
	TOYOTA	Lexus	HINO
24-hour Customer Service Hotline	0800-221-345 (02) 5599-7299	0800-036-036	0800-522-567
Corporate Website	www.toyota.com.tw	www.lexus.com.tw	www.hino.com.tw
Phone Interview	<ul style="list-style-type: none"> Calls are made to all customers SSI respondents: owners who have taken delivery of their cars for more than seven days CSI respondents: a survey through APP or text message is sent out to owners who have picked up their cars from the shop to ask about the owner's service satisfaction and car condition; 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 sent out to owners who have taken delivery of their new cars for more than seven days; if the message remains unresponded, a follow-up call will be made to the car owner. CSI respondents: a text message is 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"> Monthly random sampling (SSI/CSI: sample size: 800 respondents per month) 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: a LINE survey is 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. SSI respondents: monthly new car owners. CSI respondents: owners who have brought their cars in for service per month
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, we added a follow-up question in the survey using skip logic regarding long-term service provided to marginalized communities to explore the root causes of customer dissatisfaction. 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) 	
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 understand the needs of customers to which we actively respond. Customer feedback is organized into four categories: general customer inquiries (inquiries), dissatisfaction with customer service expressed by customers (complaints), affirmation and encouragement expressed by customers towards the service personnel or service received at the sales locations (compliments), and suggestions from customers on what the company or personnel can improve on that have not amounted to a complaint (suggestions). Most of the feedback we receive is either inquiries, compliments, or suggestions.

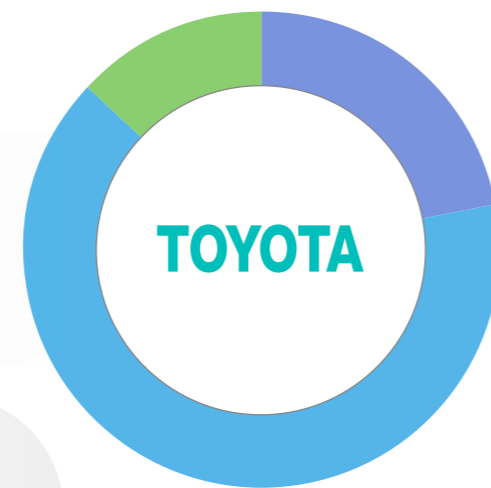
2022 of VOC



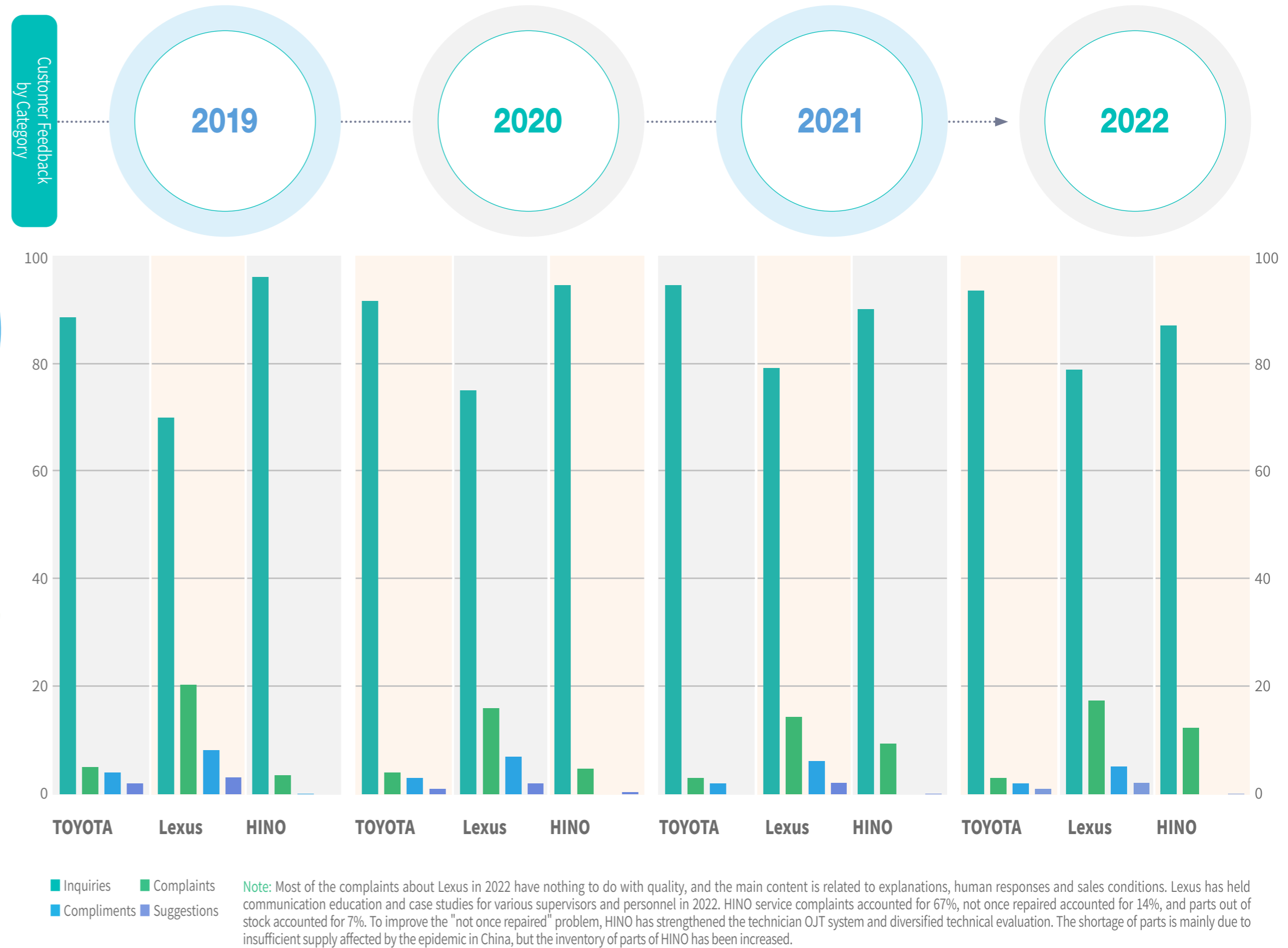
Phone calls **22%**
Corporate website **65%** Customer service chatbots + emails
Phone interview, mail survey and online survey **13%**

Phone calls **80%**
Corporate website **11%** Customer service chatbots + emails
Phone interview, mail survey and online survey **9%**

Phone calls **12%**
Corporate website **1%** Customer service chatbots + emails
Phone interview, mail survey and online survey **87%**



Phone calls	Business Units Customer service divisions of TOYOTA and Lexus HINO: Commercial Vehicles Technical Training Office
Corporate website	
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.



Customer Satisfaction

At Hotai Motor, we put the customer at 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 meet and exceed customer expectations.

Through a variety of customer satisfaction survey methods (e.g., phone interview and mail survey), customer feedback collected is handed over to the Customer Service Center. We also require dealers and first-line representatives to implement changes and improvements based on customer feedback to enhance customer satisfaction. In 2022, the results from each of the customer satisfaction surveys have met the target value. Over the years, we've invested significant resources in educating employees on the importance of customer satisfaction. We see employee satisfaction as the foundation of customer satisfaction. With the participation of top management and timely improvement on the sales floor by first-line representatives, we aspire to create an enjoyable work experience for our employees at TOYOTA. By consistently responding in empathy, we believe that we will earn customer trust and confidence and maintain TOYOTA's leading position in the market.

Brand	Survey Method	2019	2020	2021	2022	2023 Target
TOYOTA	SSI phone interview (score)	9.7	9.81	9.82	9.8	9.8
	CSI phone interview (score)	9.7	9.70	9.71	9.7	9.7
Lexus	SSI (completion rate)	99%	99%	99%	99.6%	95%
	CSI (completion rate)	99%	99%	99%	99.2%	95%
	SSI (satisfaction score)	990	991	990	992	980
	CSI (satisfaction score)	985	984	986	987	975
HINO	CSI-Survey	97.4	96.1	95.8	95.4	93
	SSI-Survey (satisfaction score)	94.8	98.3	98.2	99.1	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.
- Customers who spend more than NTD \$500 on repairs are included in the customer sample number of the satisfaction survey

Lexus

- Survey completion rate: the average score based on 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).
- Surveys are made to all customers.

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.
- Surveys are made to all customers.

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 fully support nine key features for drivers as an industry first, which emphasize the concept of all-in-one lifestyle apps. In addition, TOYOTA and Lexus owners are given access to an exclusive "Vehicle Assistant" feature to assist car owners to keep 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 log into one account and access different platforms. 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 (TOYOTA 878,517 registered users) in 2022. 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, and periodically sends push notifications of customer service and brand information, which offers a more streamlined experience for users.

In recent years, Hotai Group has actively promoted MaaS (Mobility as a Service) related services and culture, hoping to perfectly meet the various needs of every customer in the "mobility process." In order to further understand consumers' imagination and expectations for mobility services, we focused on the theme of "combining smart technology and sharing economy" and first time held the MaaS Data Hackathon in 2022. In addition to releasing valuable internal mobility service data, we also provide \$1,000,000 as a proposal reward, which successfully assemble people from more than 250 colleges and new/large enterprises across the country to team up, compete, develop unlimited creativity, implement what they have learned, and create a new generation of mobile carbon reduction. Mr. Nan-Guang Huang, the chairman of Hotai Motor, visited the finals in person and said that the group spared no effort to promote the growth and development of Taiwan MaaS, and hoped that the younger generation would have a deeper understanding of mobile services by providing business data and a stage for competitions and adopting one-by-one guidance from 20 top professional teachers in the workshop to assist the team in optimizing data value and proposals. Hotai cultivates local young students with practical actions and encourages young student's innovative thinking to create a sustainable, economical, and convenient smart mobile new life and bring a better mobile future in Taiwan.



New Generation of Service Centers—TOYOTA Neighborhood Service Stations

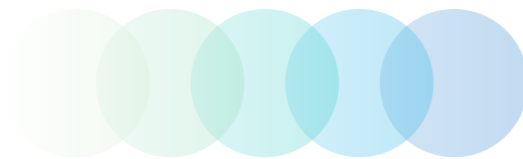
Since 2017, Hotai Motor has been conducting internal and external trend studies and collecting surveys from owners on service and maintenance activities. Through our studies and surveys, we've discovered that "location" and "speed" are the primary requirements of customers in after-sales service. After two years of planning, Hotai Motor brought service centers to the local neighborhood in 2019 and created the first TOYOTA Neighborhood Service Stations in the industry. These service stations provide express maintenance, basic repairs, tire change and battery replacement to meet the needs of car owners. As at the end of 2022, there are 60 TOYOTA Service Stations which have serviced 147,000 customers who visited. The customer satisfaction rate is as high as 96% and up to 98% of the customers are willing to come back. Our goal is to expand to 100 service stations by 2024, together with our existing 122 TOYOTA service centers, we will have a total of 223 service locations nationwide to provide owners with a convenient and higher density after-sales support network.



Customer Relationship Management

2.2.2

The automotive industry today has evolved from traditional manufacturing to vehicle services. As such, building strong and long-lasting relationships with customers to gain their trust becomes a foundational element for us to thrive in this industry. By 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 life experience and real-time interactions with customers, which demonstrate our service expertise and passion as we live out the vision of "Think Amazing".



TOYOTA

Vehicle Purchase and Delivery

Once the customer places an order, the information is logged into the i-follow system and a manager from the sales location will make a follow-up call to the customer to confirm the order.

Provide customized delivery services according to customer requests to improve the satisfaction of the delivery experience. A customer care message is sent on the third day after taking delivery of the vehicle to inquire about their vehicle use; if the message remains unresponded, a follow-up call will be made to the car owner after seven days.

Customer Care

Communicate information regarding vehicle use, insurance renewal, scheduled service, and inspection reminder to TOYOTA owners via SMS.

A customer care message is sent on the third day and fifth day after the customer brought in their vehicle for maintenance or service. If a customer has not replied to the message, we will make a phone call to the said customer on the seventh day. These efforts are to ensure that each customer is satisfied with their driving and maintenance experience.

A Variety of Customer Events

We work with our dealers to host a variety of owners events periodically. These events include DIY for families, family health talks, environmental sustainability activities, online community interactions, little technicians camps, holiday parties, and customer lounge digital interactive activities which increase our interactions with car owners and reinforce the idea of sustainability, thereby elevating brand service as we build relationship with car owners.

Customer care



Lexus

Taking the Initiative to Reach Out

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.

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.

Visits by Sales Representatives

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 years

Customer Events

We work with dealers to host a variety of owner events, such as makers and crafts, 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.

Quarterly Magazine

We include a survey at the back pages of every issue of the Lexus magazine to survey vehicle 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.

HINO

Sales Representative

A call is made to the customer three days after taking delivery of the vehicle to inquire about their vehicle use

Sales Manager

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

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 each of our vehicles and parts, and the standardized assembly process have 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 and immediately send out a "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.

In 2022, TOYOTA issued five voluntary recalls which affected 5,811 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 Recalled
The millimeter wave sensor for C-HR, GR YARIS models	1,588
Update Vehicle Stability Control (VSC) system for RAV4 HV, SIENNA models	3,663
Front seat back frame for SIENNA models	384
A flaw with the wheel hub bolts for bZ4X models	88
Left and Right CSA problem for bZ4X models	88



2.3

Product Design and Manufacturing

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

2.3.1

Customer needs have always been one of our top priorities. Before the introduction 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 Introduction Evaluation Process

Market Research

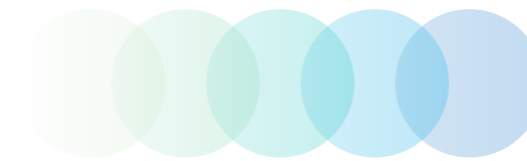
Study the needs, behaviors and background information of new vehicle buyers using the New Car Buyers Survey (NCBS) database and DLR hearing, and analyze future consumer trends.

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, electric vehicles 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 our brand vision, Hotai Motor became the first company in the industry to introduce electric vehicles 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.

Electric Vehicles Sales Volume

單位：台

2019	2020	2021	2022
TOYOTA			
16,923	21,671	29,708	29,739
Lexus			
5,106	5,747	6,423	6,036
HINO			
130	25	4	6
Total			
22,159	27,443	36,135	35,781



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. Each model under our brands is 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. If there is an event that affects the car owner safely using the product, such as the flaw with the wheel hub bolts of bZ4X, Hotai Motor will actively contact the car owner and provide solutions for proper handling. The vehicles sold and the scrapped vehicles disposed of by Hotai Motor are in compliance with the safety regulations of the government and TMC to ensure the safety of drivers. In 2022, 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.

Crash Tests

Analyze crash event data and conduct extensive crash testing in order to continuously implement new safety features to reduce crash fatalities. All vehicles of Hotai Motor have passed the front and side crash tests required by regulations.

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.

Integrated Safety Management Concept

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 making vehicles that help reduce crashes.

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 13 vehicle models are packed with these safety features to ensure driver and passenger safety.
- As of the end of 2022, vehicle models with TSS account for approximately 82% 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 2022, all Lexus series have implemented the Lexus Safety System+, an active safety feature, providing maximum protection for drivers. In addition, all Lexus Electrified Vehicle 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.



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 as we 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 insurance against theft, third-party liability insurance, parts insurance, and typhoon insurance. On average, we spend over NT\$15 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 factory 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 240 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 2022, our parts supply rate has met our targets and averages at 97.8%.

01



Service information

integration system that connects all the parts supply around Taiwan and enables customer record searches in real-time

02



Online parts

catalogue that is updated in real time to ensure that inventory status of all the parts is up to date

03



The parts logistics

information system and B2B delivery from factory to dealerships provide the flexibility to meet customers' needs

04



TOYOTA Club On Line

an internet-based service on TOYOTA's website

05



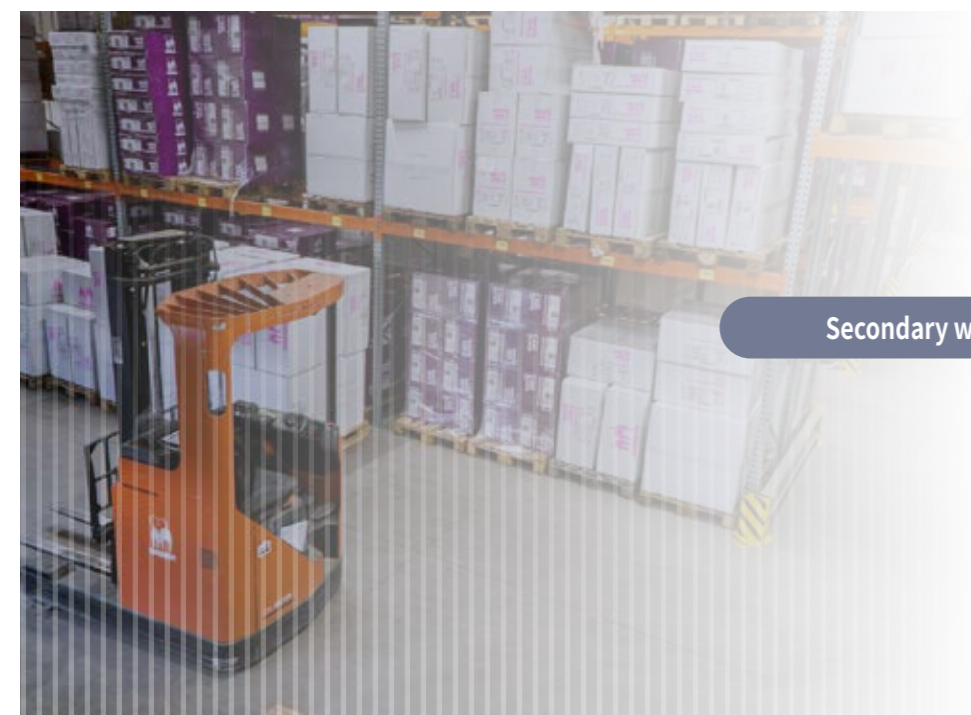
Insurance assessment of sheet metal painting via iPad so that customers can retrieve their vehicles within the shortest time possible

Subject	2019	2020	2021	2022	2023 Target
Purchase Order Volume	26,114	26,746	24,631	25,341	-
Sales in Total (in NT\$ thousand)	12,197,408	12,529,308	12,889,677	14,286,655	-
Parts Supply Rate	97.8%	97.6%	97.8%	98.0%	97.8%
Number of Delivery Locations	174	184	205	240	-

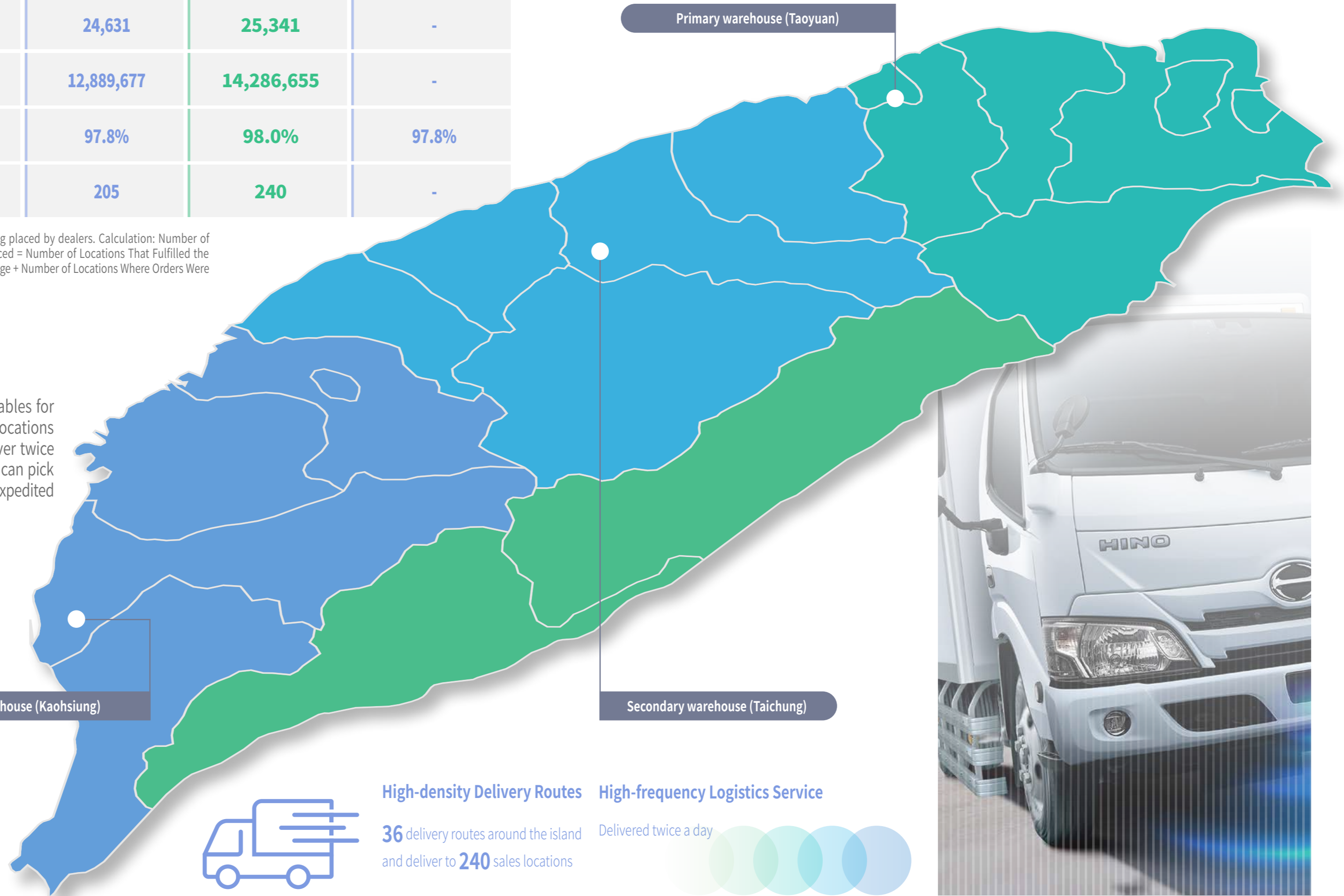
Note 1: Parts supply rate refers to the percentage of parts that are ready to ship upon orders being placed by dealers. Calculation: Number of Locations from Which the Parts Were Shipped / Number of Locations from Which Orders Were Placed = Number of Locations That Fulfilled the Orders / (Number of Locations That Fulfilled the Orders + Number of Locations With Inventory Shortage + Number of Locations Where Orders Were Cancelled)

Note 2: In 2022, the target parts supply rate is 97.8%, which has been achieved.

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.



Secondary warehouse (Kaohsiung)



Primary warehouse (Taoyuan)

Secondary warehouse (Taichung)



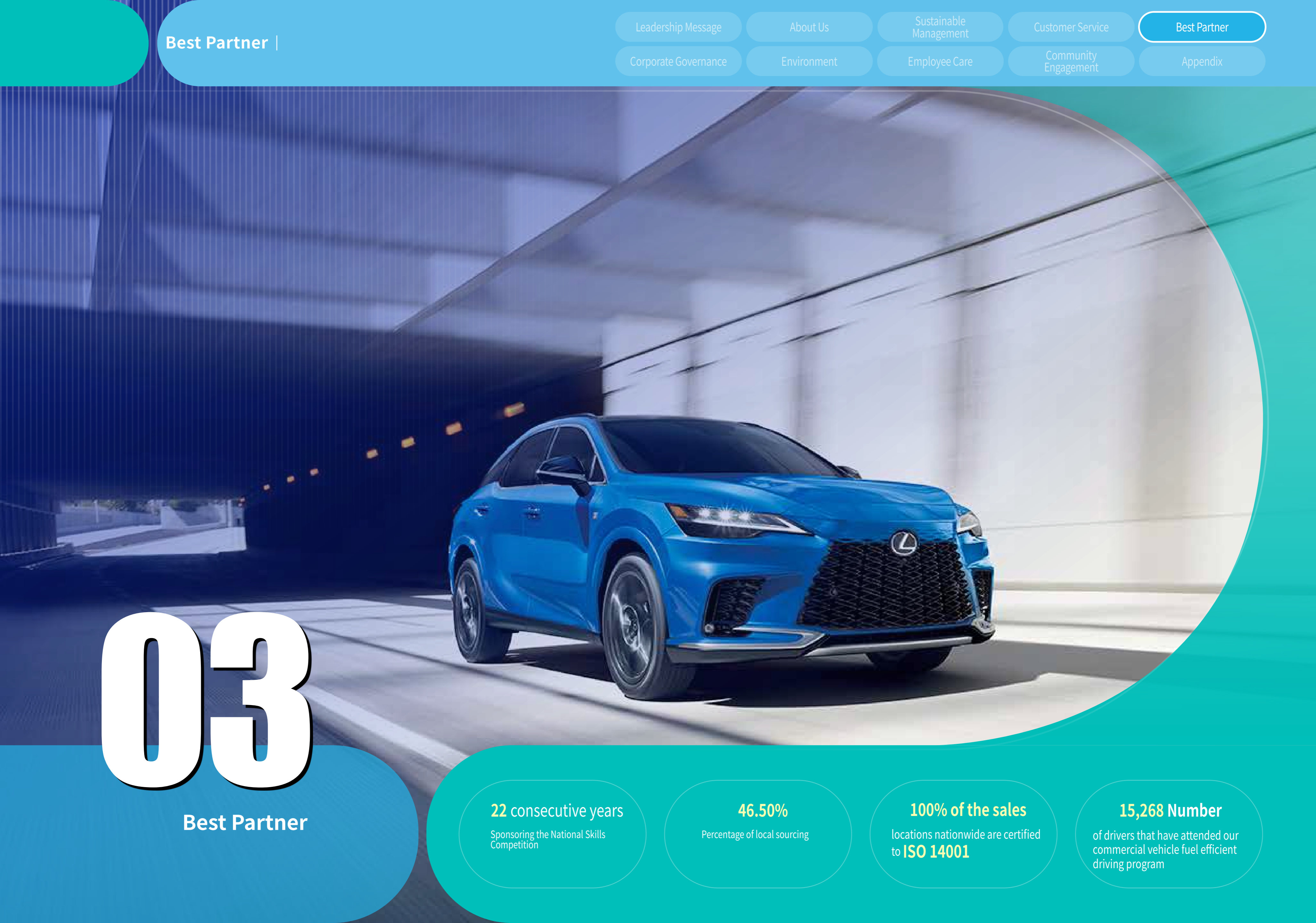
High-density Delivery Routes

36 delivery routes around the island and deliver to **240** sales locations

High-frequency Logistics Service

Delivered twice a day





03

Best Partner

22 consecutive years

Sponsoring the National Skills Competition

46.50%

Percentage 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

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. In order to ensure that dealers can provide customers with high-quality services and professional maintenance and repairs, TOYOTA conducts technical skill tests for dealers twice a year (junior-level personnel in June, mid-level and high-level personnel or re-examination personnel in October) and conducts on-site inspections of the technical capabilities of various occupations in the first and second half of the year. In addition, Lexus conducts skill tests twice a year for service specialists and technicians and conducts random testing of technical capabilities in the fourth quarter of each year. The purpose is to hope that after the service personnel are trained in Hotai, they will not only improve their technical skills, but also apply what they have learned in the service center to make cars safety. HINO provides regular standard courses and annual tests for service specialists and technicians, and also implements OJT training for technicians. HINO assesses the OJT results of the technicians quarterly to ensure that there is solid education and training in and out of the classroom to continuously improve their technical skills.



Passenger Vehicle Dealers

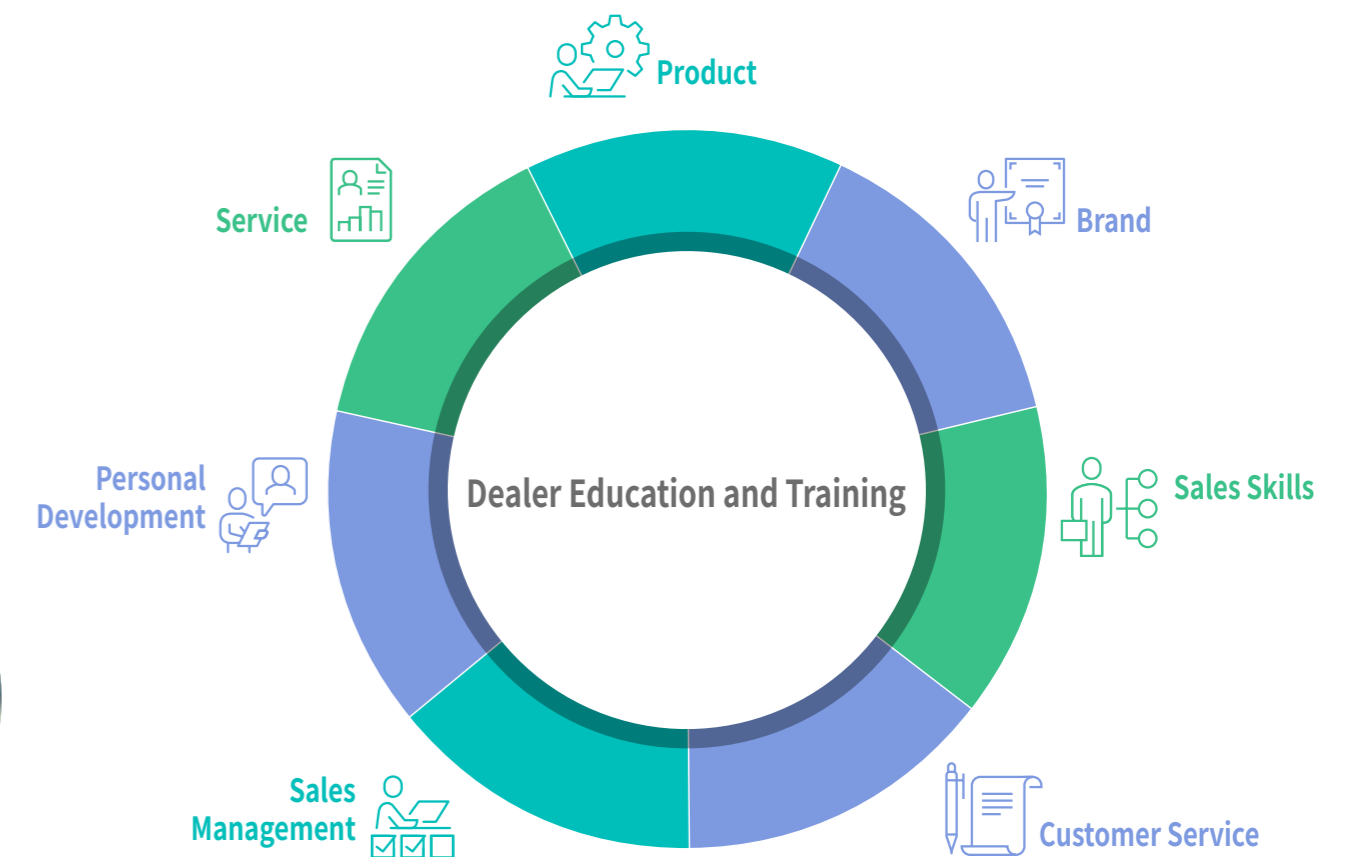
3.1.1

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. Hotai Motor has introduced a new generation of service centers—"TOYOTA Neighborhood Service Stations," which are built with more dense bases to provide more convenient and fast original service since 2019. To date, we have established 60 TOYOTA neighborhood service stations. Together with our existing 123 TOYOTA service centers, we will have a total of 183 service centers to provide car owners with a convenient service.

As part of our goal to deliver consistent quality and service to customers, we conduct annual evaluations on dealers' policies, implement day-to-day operations and 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. For example, in order to check the service practice of first-line personnel and to improve the overall service quality and maintain customer satisfaction, Lexus continues to promote mystery customer inspections to discover weak items in the service process. Lexus also provides scores and video to dealers every six months for learning reference. At the same time, Lexus sends text messages to car owners who purchase new cars or return to maintain the cars to investigate the implementation and randomly send paper survey to investigate service satisfaction each month. The survey results are provided to dealers as a basis for improvement.

Passenger Vehicle Dealer Training

We offer a comprehensive series of training for dealers, which includes 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. Training courses for aftersales support are designed in accordance with learning map. Through the comprehensive learning map, staff in different positions can receive appropriate training to ensure service quality and maintain high customer satisfaction.



Training Statistics of Passenger Vehicle Aftersales Support

Year	2019 (T)	2019 (L)	2020 (T)	2020 (L)	2021 (T)	2021 (L)	2022 (T)	2022 (L)
Session	159	88	131	67	121	67	132	102
Cumulative Attendance	3,009	1,129	2,329	1,073	1,235	972	2,613	1,654
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	7,549,400	9,925,240

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 2022, 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 centers nationwide offer free usage hours or virtual treasures of online movies on these platforms to provide exceptional customer experience as they wait for their vehicles to be serviced.

In 2022, the Lexus Plus APP is updated to the latest version. In addition to the real-time traffic information that is popular with car owners, this version added car pickup and delivery services and quick routine maintenance plans, allowing customers to choose the most suitable service for them. Besides, the Lexus App added the exclusive commissioner service, so that car owners can easily contact the personal service representative.

Customer Lounge Digital Experience

From March to May, we partnered with Line Game on two games (Line bubble 2, LINE Rangers), and the virtual treasures can be redeemed in the customer lounge. From August to December, we partnered with Taiwan Mobile's digital platform, MyVideo "Zhuo Theater," 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. We have actively introduced a new generation of customer lounge standards and upgrade software services to improve the customer's experience since 2021. 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 2022, we serviced 14,454 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.



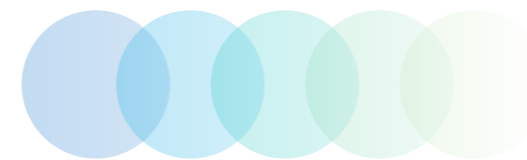
Test Drives

Offer test drives in HINO 5T 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.



New Generation of Customer Lounge

HINO listens to the voices of customers. The mileage of commercial vehicles and the frequency of entering the maintenance center is high. HINO provides customers with high-quality and considerate service.



Total Solution

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 2022, 352 technicians completed the training.

HS4

Maintenance

Routine maintenance and express maintenance

HS3

Major Repairs

Engine and gearbox

Multi-frequency

Engine and chassis

HS2

Engine diagnostic and repairs

Engine control unit and HINO DX II

Electronics diagnostic and repairs

Starting system, charging system, lighting system, electronic system, air conditioning/DENSO bus air conditioning, and rooftop mount

HS1

Advanced diagnostic and repairs

Engine control unit, HINO DX II CAN network, HYBRID system check, and fuel efficiency

Training Statistics of Large Commercial Vehicle Aftersales Support

Year		2019	2020	2021	2022
Session	Technical	34	20	27	23
	Management	1	1	2	0
人數	Technical	506	318	391	352
	Management	12	15	11	0
Amount Invested in Dealer Training (in NT Dollars)		2,179,000	1,662,800	1,890,400	1,752,000



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. We did not hold the seminar in 2022 because of the Covid-19. The attendance for the last four years is as follows:

Year	2019	2020	2021	2022
Rounds of seminars	156	138	82	Not Holding
Cumulative attendance	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 2022, 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 4-day (8 hours/day) competition to encourage students' interests in the industry and contribute to the development of industry talent.

Sponsoring the 52nd National Skills Competition in 2022



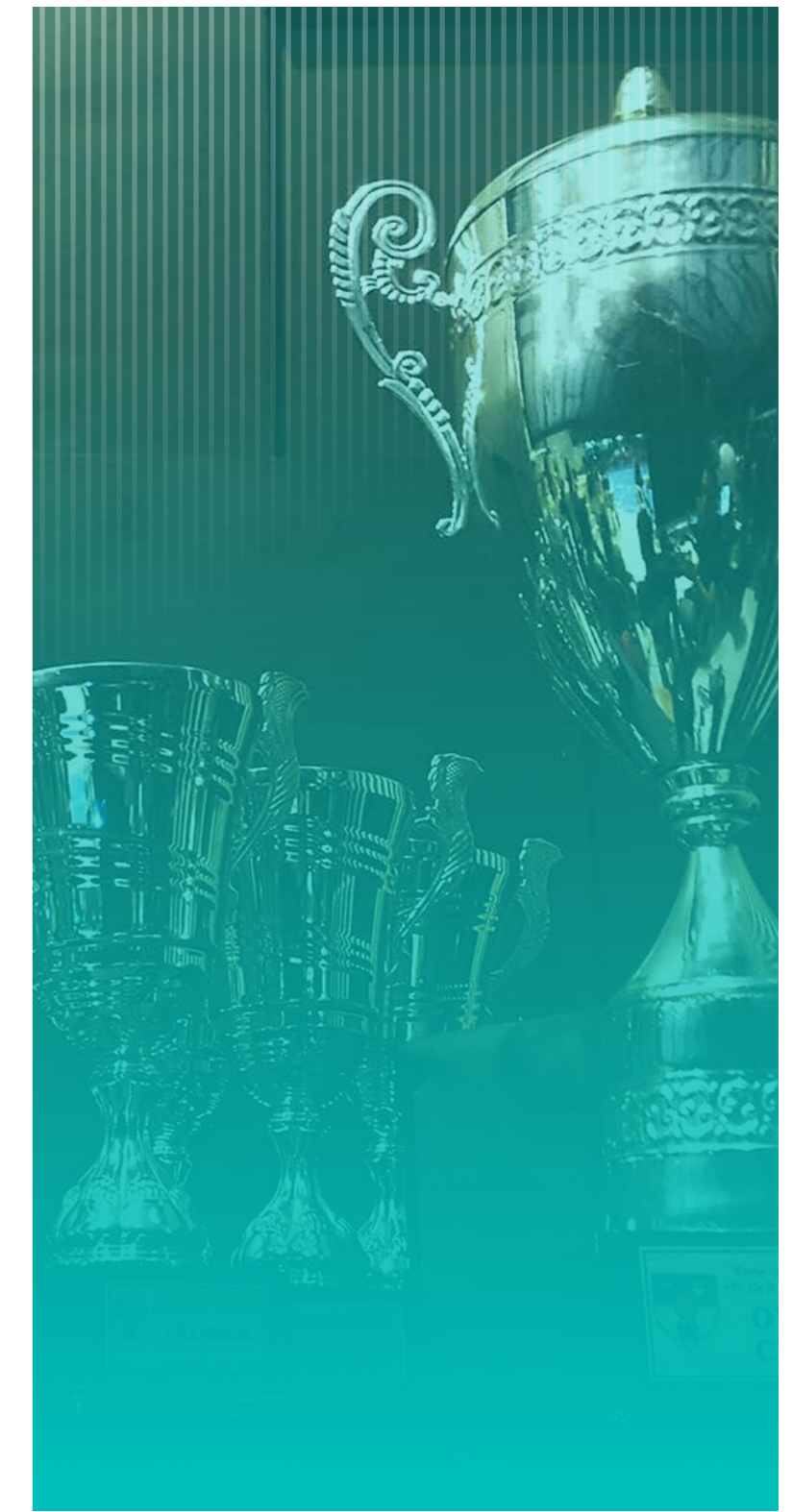
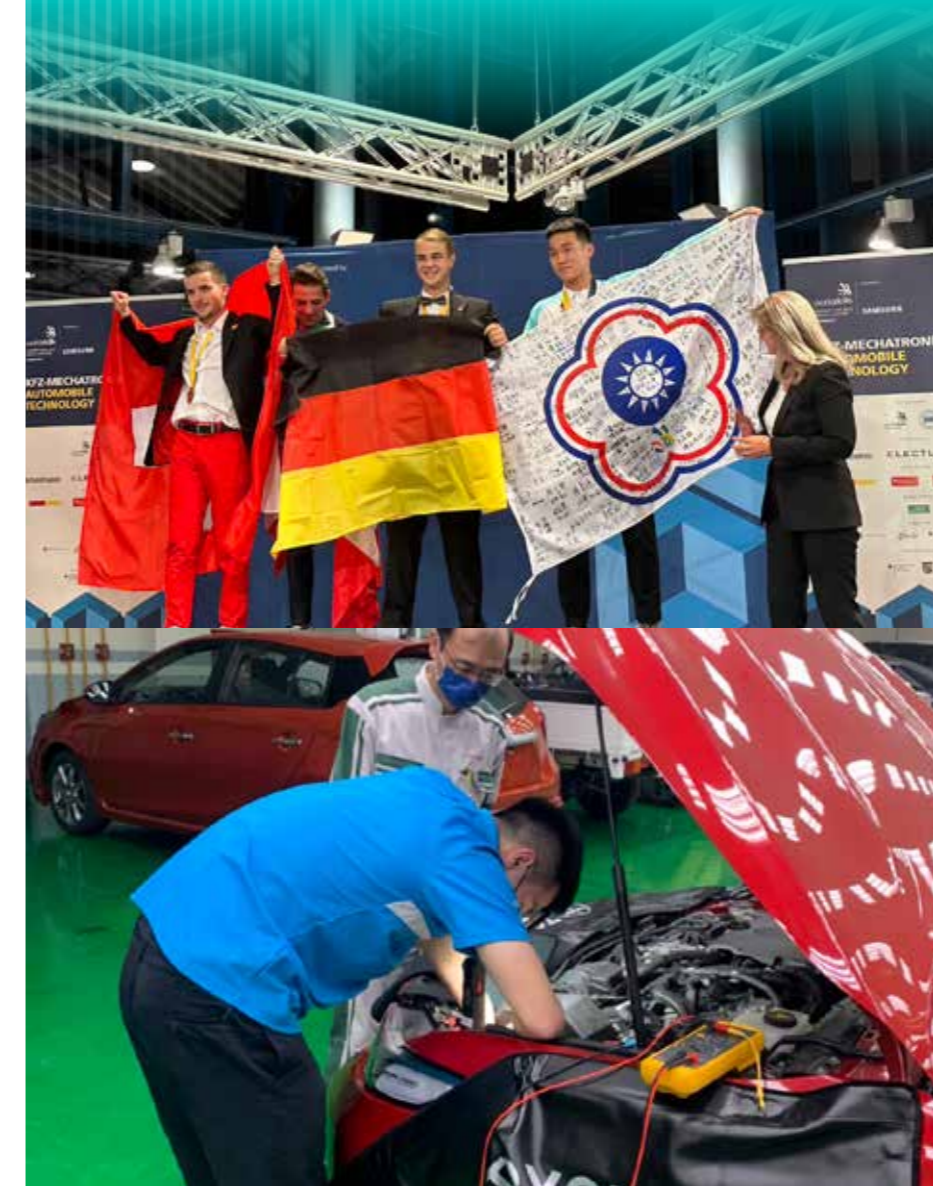
Sponsoring Vocational Skills Competition

(As a gesture of gratitude, Chief Secretary of Taipei City Government, Chi-Ming Chen, presented the certificate of appreciation to the assistant manager of Hotai Motor's Training and Kaizen Division, Tsung-I Wu)



Sponsoring the 46th WorldSkills Competition in 2022

Assisted in training Chan, Hsu-Kun, who represented Taiwan to participate in the WorldSkills Competition and won the gold medal in the automotive technology category.



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. Employees can learn in stages according to different courses.

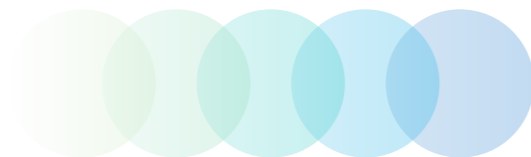


Employees

- 1. Reviews given by supervisors provide employees a clearly defined and attainable learning goal
- 2. Effectively enhance the thinking logic of employees

Customers

- 1. Receive the same level of quality and efficient service at every service center
- 2. Reduce repeated repairs

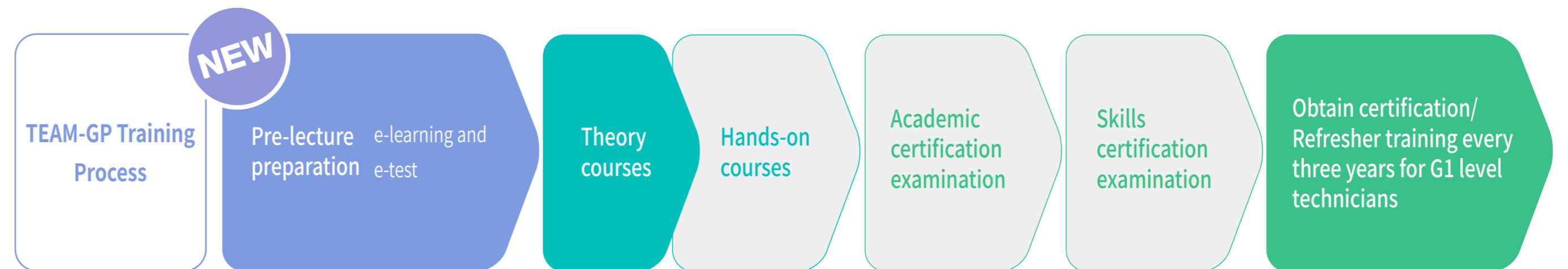


Technician Training

TEAM-GP (Toyota Education And Management system-Global Program, "TEAM-GP") is a training program to equip technicians with the skills to provide technical service which consists of four levels of certification.

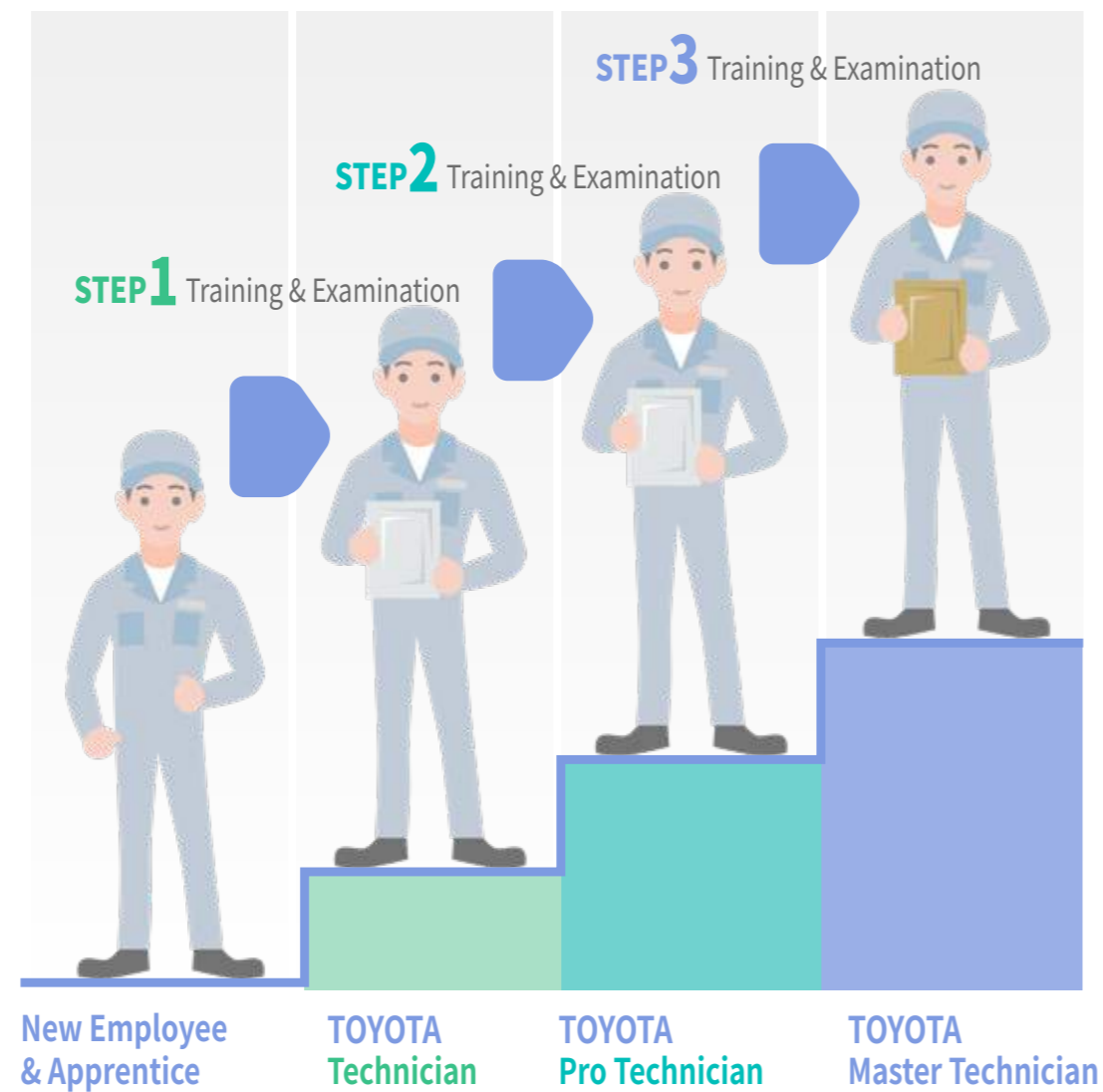
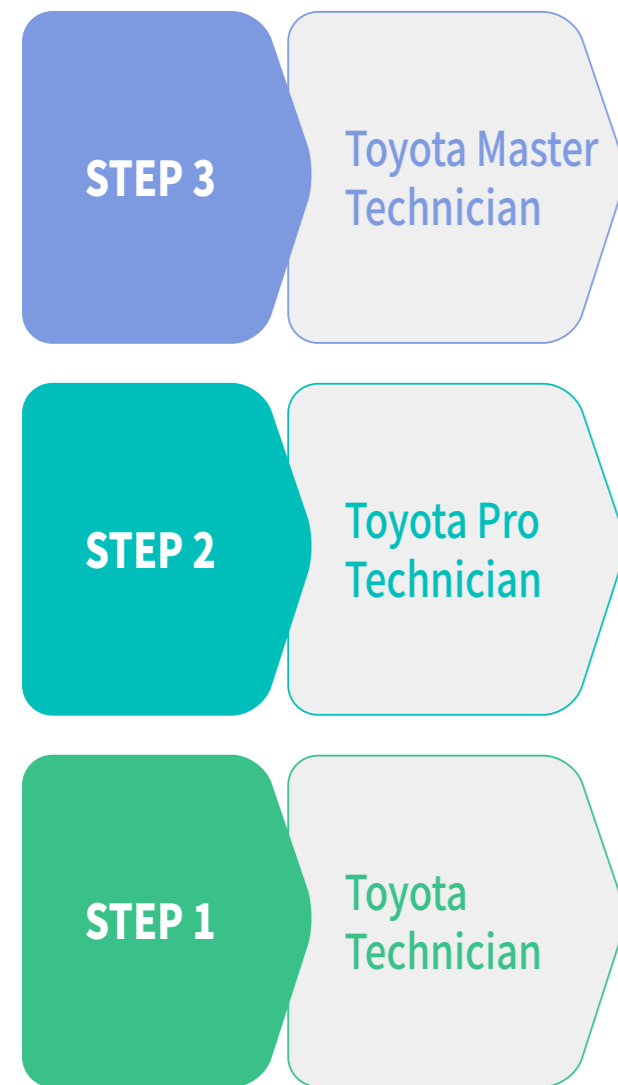
TEAM-GP Advantages

- 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 (hands-on 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 hands-on courses.
- Lecturers from the distributor and dealers have the discretion to increase the hours of hands-on courses to supplement the disadvantages of self-study.



Sheet Metal Technician Training

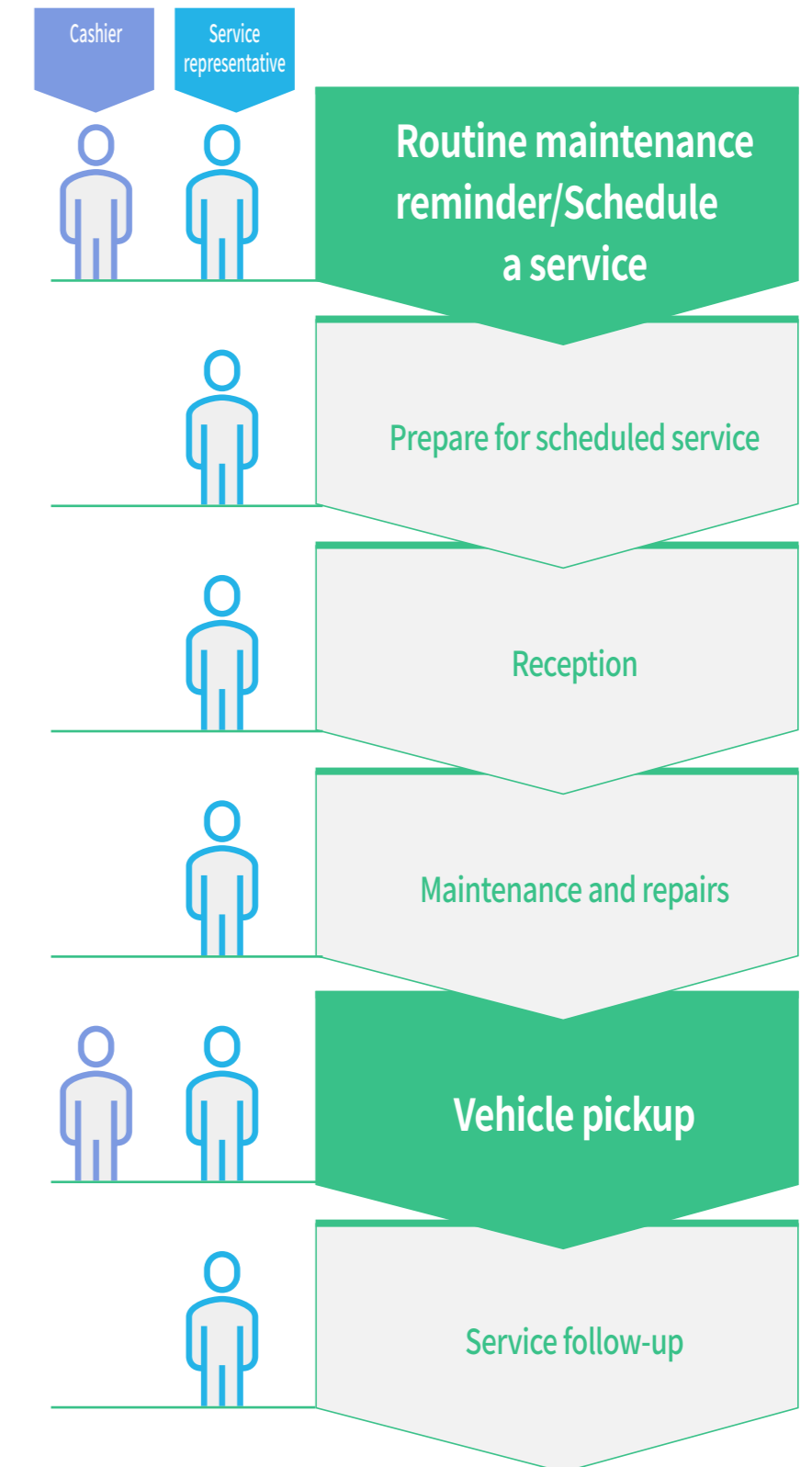
Sheet metal painting training can be divided into three certification levels. It is expected that the professional knowledge and skills of technicians can be effectively improved through this training. These efforts are aimed to improve service center productivity and customer satisfaction as we work with dealers to deliver growing revenues from aftersales service.



Service Staff 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.

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 representatives 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 "Life time customer." Based on the nature of their functions, service representatives and cashiers are both to receive TSA21 training.



Life time customer

Service Staff Covered by the TSA21 Training Program



TOYOTA + Lexus Aftersales Service Staff Training Hours and Costs

	Training Hours				Costs (NT\$)			
	2021(T)	2021(L)	2022(T)	2022(L)	2021(T)	2021(L)	2022(T)	2022(L)
Service Representatives	816	392	808	352	2,241,200	952,125	2,003,800	563,150
Entry-Level Technicians	1,148	416	880	488	3,126,540	999,000	3,279,400	1,574,200
Sheet Metal Technicians	312	256	472	256	791,640	608,300	1,264,700	888,200
Auto Body Paint Technicians	512	216	384	368	1,033,520	604,000	1,001,500	931,000
Total	2,788	1,280	2,544	1,464	7,192,900	363,425	7,549,400	3,956,550

HINO Aftersales Service Staff Training Hours and Costs

	Training Hours			Costs (NT\$)		
	2020	2021	2022	2020	2021	2022
Service Representatives	16	40	-	37,500	35,200	-
Entry-Level Technicians	720	960	824	1,625,300	1,786,200	1,752,000
Sheet Metal Technicians	-	120	-	-	69,000	-
Paint Technicians	-	-	-	-	-	-
Total	736	1,120	824	1,662,800	1,890,400	1,752,000

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. In 2023, advanced digital skills courses will continue to be held to continuously strengthen the digital sales for our employees.

Position	2021	2022	2023
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 	<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 	<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 	<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 2022, the total electricity and fossil fuels used by our top eight dealers was 313,274 billion J.

2019

重油及潤滑油已無使用



Energy Resource Consumption of Top Eight Dealers

Types of Energy	Energy Unit	2019	2020	2021	2022
Gas	Liter	920,138	908,641	834,169	824,450
Diesel	Liter	732,460	646,575	620,588	638,657
Heavy Oil	Liter	0	0	0	0
Lubricating Oil	Liter	0	0	0	0
Natural Gas	Cubic Meter	562,784	669,241	696,414	764,872
LPG	Liter	0	0	0	0
Electricity	kWh	64,202,834	67,032,909	65,689,568	66,230,404

Types of Energy	Energy Unit	2019	2020	2021	2022
Gas	GJ	30,042	29,667	27,235	26,907
Diesel	GJ	25,754	22,734	21,821	22,447
Heavy Oil	GJ	0	0	0	0
Lubricating Oil	GJ	0	0	0	0
Natural Gas	GJ	18,846	22,411	23,321	25,602
LPG	GJ	0	0	0	0
Electricity	GJ	231,130	241,318	236,482	238,319
Total	GJ	305,772	316,130	308,859	313,274

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 32,635,980 J/L, diesel is 35,146,440 J/L, natural gas is 33,472,800 J/M3 and electricity is 3,598,326 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 Carbon Dioxide Emissions

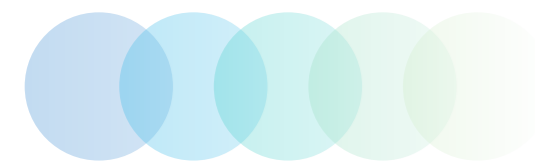
Among the carbon dioxide (CO2) emissions produced from various energy uses by our top eight dealers, electricity is the highest in volume, which accounts for 87% of the CO2 emissions. Dealers reduce CO2 emissions by suspending the combustion of heavy oil and lubricating oil, adding a timer switch, replacing older lighting, spray booths, compressors and air conditioning, adding power inverters to spray booths and compressors.

Carbon Dioxide Emissions of Top Eight TOYOTA and Lexus Dealers

Types of Energy	Emissions Unit	2019	2020	2021	2022
Gas	Metric tons CO2 equivalent (CO2e)	2,082	2,056	1,888	1,866
Diesel		1,909	1,685	1,617	1,664
Heavy Oil		0	0	0	0
Lubricating Oil		0	0	0	0
Natural Gas		1,057	1,258	1,309	1,437
LPG		0	0	0	0
Electricity		32,679	34,120	32,976	33,711
Total			37,727	39,119	37,790

Note 1: Scope 2 emissions are from electricity use, and the discharge coefficient was 0.509 kg CO2e/kWh in 2019, 0.502 kg CO2e/kWh in 2020, and 0.509 kg CO2e/kWh in 2021. 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.
 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 AR6.
 Note 3: The source of emissions is CO2.

Note 4: The baseline year is 2019.
 Note 5: The operation time and workforce of the service center are affected by the pandemic in 2021. In addition, most people worked from home and reduced travel, resulting in a decrease in the frequency of car use and affecting the number of service units. Therefore, resulting in a reduction in greenhouse gas emissions.
 Note 6: The above data is collected by Hotai Motor.



2016

2017

2018

2019

2020

2021

2022

Greenhouse Gas Reduction Activities Over the Years

- Energy Patrol—activities to examine the energy use in the workplace
- Provide electronic materials to reduce paper use
- Implement centralized fuel supply system
- Improve AC system
- Reduce energy consumption
- Office greenery

- Install automatic light switch timer
- Reduce number of light tubes used and replace with LED lights
- Control AC temperature and time to reduce energy consumption
- Run the compressors in series to reduce number of compressors used
- Replace some of the company cars with electric scooters to reduce the use of company cars
- Use natural gas burner instead of waste motor oil burner in spray booths to reduce PM2.5 and CO2 emissions

- Use natural gas burner instead of waste motor oil burner in spray booths to reduce PM2.5 and CO2 emissions
- Add power inverters to spray booths and compressors
- Replace existing lighting with LEDs
- Replace existing equipment (ACs and compressors) with energy-efficient models

- Replace existing T5/T8 lighting with LEDs
- Replace existing AC system with inverter AC
- Replace older spray booths with inverter models and install magnetic-bearing chiller compressors
- Replace compressors with inverter models

- Replace existing T5/T8 lighting with LEDs
- Reduce number of light tubes used or hours in use
- Replace floor jacks, refrigerators and other office supplies
- Replace ACs, air compressors, spray booths with inverter models

- Reinforce management of electrical devices and equipment usage across all locations (i.e., turning off the devices and equipment when not in use)
- Replace existing lighting with LEDs
- Replace ACs, air compressors, spray booths with inverter models
- Build solar arrays on the roofs to lower building temperature (in 2021, we added 28 PVs across Taiwan)

- Reinforce management of electrical devices and equipment usage across all locations (i.e., setting fixed time and temperature, turning off the devices and equipment when not in use)
- Replace existing lighting with LEDs
- Replace ACs, air compressors, spray booths with inverter models

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 30% compared to 2017 before the suspension.

Air Pollutant Emissions of Top Eight Dealers

Types of Energy	Units	2019	2020	2021	2022
Nitrogen oxides (NOX)	Kg	3,017	3,050	3,049	3,246
Sulfur oxides (SOX)	Kg	6,651	5,872	5,636	5,800
Sulfur oxides(SOX)	Kg	9,668	8,922	8,685	9,046

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.

Waste Recycle by Top Eight Dealers

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 wheel weights—recycled to produce large ingots and lead bars

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

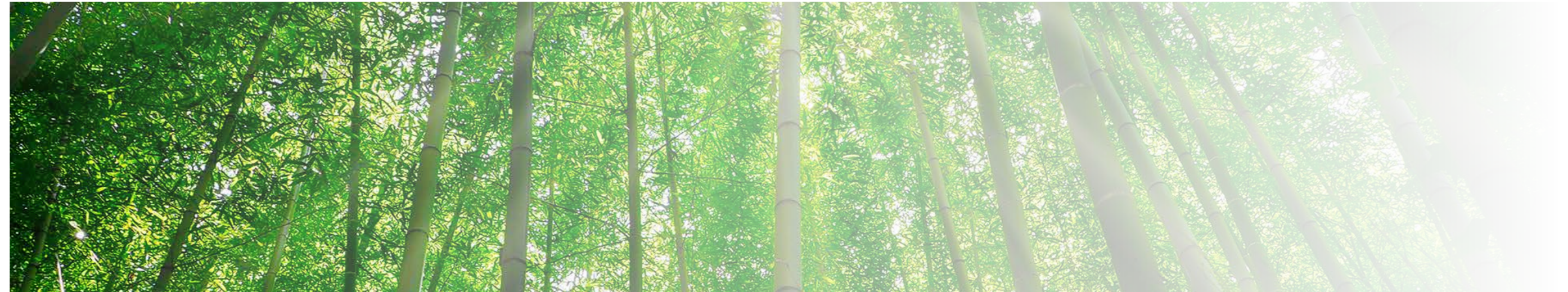
Hotai Motor has committed significant resources in promoting motor vehicle waste recycling since 2003. Currently, all the recyclable waste has been fully recycled. Our Environmental Management system provides a platform for each center to report monthly consumption figures. It is implemented by all the 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 2022, we recycled a total of 9,419 HV batteries.

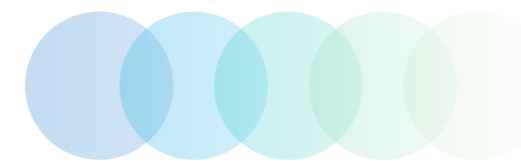
Environmental Investment

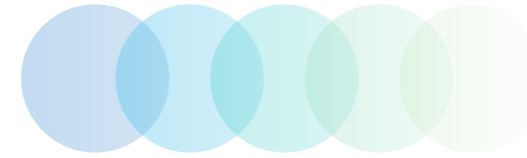
With rising environmental awareness in recent years, our top eight dealers have also been increasing their investments in different environmental aspects. Their environmental expenses include ISO 14001 certification, environmental training, environmental facilities, environmental surcharges, and waste disposal fees. In 2022, the total expenses were NT\$51.83 million as a result of an increase in waste disposal fees and environmental facility expenses, which accounted for 66% and 18% of the expenses.



Environmental Expenses (NT Dollars) of Top Eight Dealers and Percentage (%)

Item	2019		2020		2021		2022	
	Expenses	Percentage (%)	Expenses	Percentage (%)	Expenses	Percentage (%)	Expenses	Percentage (%)
ISO Certification	636,407	1.4%	664,925	1.0%	655,470	1.0%	546,551	1%
Environmental Training	2,128,771	4.6%	2,137,911	3.1%	699,927	1.1%	2,833,852	5%
Environmental Facilities	15,896,124	34.3%	29,501,813	43.1%	24,676,975	39.4%	9,495,564	18%
Environmental Surcharges	4,008,733	8.6%	4,668,328	6.8%	3,666,492	5.9%	4,929,296	10%
Waste Disposal Fee	23,708,141	51.1%	31,399,705	45.9%	32,896,760	52.6%	34,023,115	66%
Total	46,378,176	100.0%	68,372,682	100.0%	62,595,624	100%	51,828,378	100%





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

Standardized Supplier Management

Suppliers, especially with high-risk operations, are encouraged to obtain internationally recognized certifications, such as ISO 45001.

In contract, Hotai requires suppliers to fulfill their corporate social responsibility, actively strive to improve corporate governance, and pay attention to social relations and environmental sustainability issues in pursuit of corporate sustainability requirements.

If the supplier violates our policies which creates material adverse impact on the environment or society, their contract will be terminated.

Supplier Information Sharing

We work closely with our product suppliers and exchange inventory information to create transparency in product sourcing and inventories, which also help us monitor and anticipate any changes in demand.

Supplier Assessment

Hotai conducts annual supplier evaluation on product/service quality, professional capabilities, operation efficiency, and fair price for manufacturers with transaction amount of more than 1 million each year to ensure that the suppliers or products/services provided by suppliers meet the requirements of Hotai Motor. The evaluation results will be published on the corporate internal website to provide reference for all business units to select the best for cooperation.

Supply Chain Audit

Hotai conducts on-site audits on suppliers of general commodity procurement from time to time to ensure the quality and stability of supply. If there is any non-compliance discovered during the audit, we will meet with suppliers to discuss proper solutions to improve the situation.

For suppliers of decoration and activities, we will also go to the site to supervise and check in advance to ensure the safety during the project and activities.

Supplier Capability Building

Together with our suppliers, we monitor market development and the profit and loss from the operations. As part of our efforts to build a resilient supply chain, we provide continual support and mentoring to suppliers to help them excel in their sales performance and increase operational efficiency.

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.



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 TMC, our suppliers, and our dealers. For suppliers of sales activities, after-sales service and corporate operation management, there are a total of 546 suppliers who have transactions with Hotai Motor in 2022. 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 that occurred in their dealings with suppliers as factors to consider in subsequent assessment. In 2022, we've conducted risk assessment on 205 of these suppliers, which account for approximately 37.5% of all our suppliers, including 78 onsite audits.

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.

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 (in the first half of 2022, we focused on the domestic greenhouse gas inventory, TOYOTA carbon neutrality status, and plastic hazards, and in the second half of 2022, we introduced several terms of carbon neutrality and environmental protection steps in life). To date, we have published 225 issues of Team Eco Newsletter. We also share these articles from our monthly newsletters on our Facebook group, TOYOTA Team Eco.



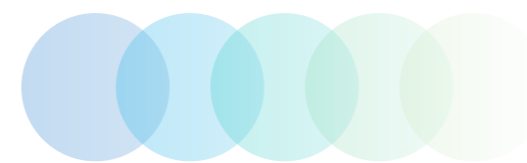
Month	01	02	03	04	05	06	07	08	09	10	11	12
Topics		Greenhouse Gas Inventory of Listed Companies		The Battle for Carbon Reduction: The Vegetarians		TOYOTA Global Environmental Month, Carbon Neutrality, and the Dangers of Single-Use Plastics	The Battle for Carbon Reduction: The Master Chef	Environmental Protection and Carbon Reduction Dictionary: Introduction of Carbon Neutrality Terms	The Battle for Carbon Reduction: The Story of Energy Conservation by Xuannu	The Battle for Carbon Reduction: Mom, Don't Buy It	Steps for Carbon Reduction and Environmental Protection News	

Local Sourcing

Local sourcing can not only increase employment opportunities in the place of operation and promote local economic development, but also effectively reduce carbon emissions during transportation to reduce its negative impact on the environment. In the past four years, the proportion of Hotai Motor's local sourcing in Taiwan has steadily increased year by year. In 2022, 46.50% of the materials are locally sourced. We will work towards establishing an appropriate procurement and supply network based on our business direction to increase local sourcing in the future.

Year	2019	2020	2021	2022
Percentage of Local Sourcing (%)	29.41	36.66	43.98	46.5

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 Corporate Website: www.kuozui.com.tw

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 38 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 637,000 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' Sustainability 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. A total of 68,888 units are manufactured from 2017 to 2022. 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. Kuozui Motors also won the Silver Award of the Energy Conservation Benchmark Award from the Ministry of Economic Affairs. 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.

process of the development of renewable energy, it is necessary to rely on "energy storage" equipment to stabilize the quality of power and strengthen the stability of the power grid.

Kuozui Motors has actively promoted the construction of renewable energy since 2010. To cooperate with the goal of "challenging the factory to achieve carbon neutrality by 2035" proposed by TMC, Kuozui Motors planned to invest more than NTD 1 billion to build 25MWp solar power generation devices, which use natural sunlight to achieve the effect of "energy creation" to reduce carbon emissions and stop global warming, in the factory before 2030.

As the largest automobile manufacturer and a large consumer of electricity in Taiwan, Kuozui Motors has been actively promoting daily energy saving activities and introducing low-energy innovative production technologies to achieve the effect of "energy saving" by combining the valuable opinions of satellite manufacturers and related industrial, government, academic and research institutions.

Kuozui Motors will continue to implement the operation plan of energy security, resource recycling and sustainable development through the integration of three aspects of "energy saving", "energy creation" and "energy storage", and achieve the goal of net zero carbon emissions in 2050.

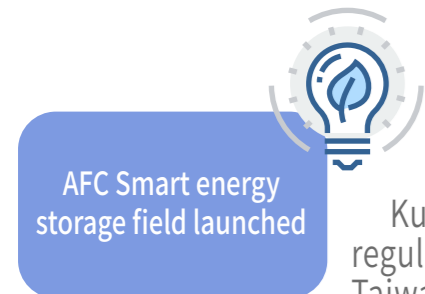
recycled and reused to enhance their value, and bring small eco-items into the lives of volunteers from the perspective of "practical and easy to use," hoping to inspire more creative ideas of waste recycling.

Kuozui Motors hopes that the marine killers -- plastic waste can not only be reduced, but also be given a new environmental protection mission in the future by continuing to promote beach cleanup activities and promote the change of people's environmental awareness. Through product design improvement, and recycling business development to achieve sustainable recycling of resources, so that these man-made wastes can completely disappear from the marine ecological environment.



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 2022, Kuozui Motors has made donations totaling NT\$700,000 to Neiding Elementary School.



AFC Smart energy storage field launched

Kuozui Motors officially joined the regulation reserve ancillary service of Taiwan Power Company on August 5, 2022, to assist Taiwan Power Company in stabilizing the power grid. The 4.2MW AFC energy storage device is built in the field. The dReg0.25 can respond quickly within 1 second, proactively detect the frequency of the grid, and cooperate with Taiwan Power for charge and discharge operations. In the



Beach cleanup activities

Kuozui Motors has joined with third-party manufacturers to respond to beach cleanup activities and inviting employees and their families to participate enthusiastically since 1998. A total of 7 sessions, more than 2,340 people participated. We continue to hold beach cleanup activities to create a beautiful environment in Taiwan in 2022, and we clean up nearly 350 kilograms of disposable plastic waste (including PET bottles).

In line with the topic "Circular Economy" of Kuozui Motors' environmental activities this year, the event organizer prepared two exquisite environmental protection gifts, which are the eco-friendly hats made from 100% plastic bottles and the SDGs badge made from ultra-high tension steel scrap used in vehicle production, for the environmental volunteers who participated in this beach cleanup activity. Let the discarded plastic bottles and steel plate waste, which were originally low in recycling prices, be

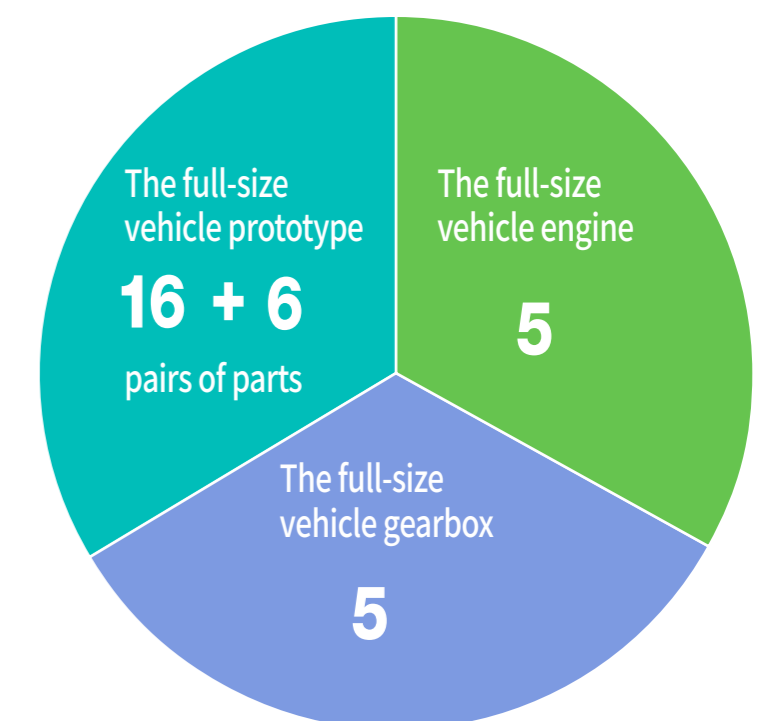
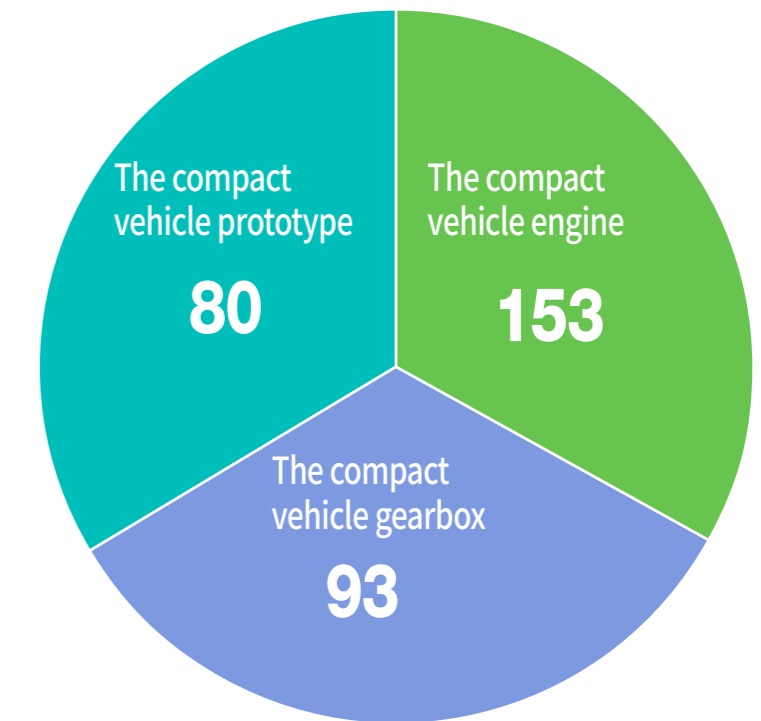


Education and culture

In addition to sponsoring road safety tours and factory apprenticeships, Kuozui Motors provides scholarships for students from disadvantaged and marginalized families. A total of 2,654 top-performing students have received scholarships in the last 22 years, and the accumulative amount of scholarship money given has reached approximately NT\$24.27 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 to improve the teaching equipment of technical and vocational schools.



Accumulated donated vehicles and key parts





04

Corporate Governance

100%

Functional Committee Attendance

2 seats

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

The First company

in Taiwan's automotive industry to have its dealers certified to ISO 27001

100%

Percentage of employees receiving annual compliance training

For 76 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; to date none of the independent directors have served more than three terms. At present, the nomination and selection standards of director have not been included in the ESG impact management but one of our current directors has been actively promoting environmental protection related activities. In the future, sustainable related indicators may be considered to be included in the nomination of director. In addition, two of our Board members are undertaking job positions in the company (Justin Su, President, and Kazuo Naganum, Executive Vice President) while our chairman does not concurrently serve as a senior manager. The election of board members and independent directors is as follows:

Election of board directors

The Articles of Incorporation has stipulated that such election shall adopt the candidate nomination system. Also, according to Article 192-1 of the Corporate Law, shareholders holding more than 1% of the shares may submit a list of candidates to the company during the nomination period in written.

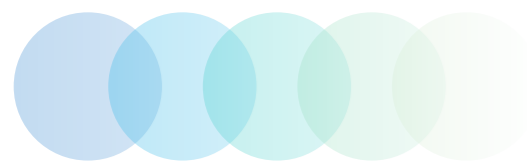
Election of independent directors

Considering the future development trend of Hotai Motor, we aim to select candidates from our retired employees, as well as the specialists and those who are familiar with the current and future situation and development of the industry. Meanwhile, according to Article 5-4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the nominated candidates shall submit relevant certification and documents to prove their independence.

According to the Corporate Law, board members shall be elected in the shareholder's meeting. In March, the nominated candidates are first reviewed and approved in the Board meeting. The Administrative Office then puts together the relevant document of the nominated candidates, such as names, backgrounds of education and career, etc., to complete the nomination process, and submit to the shareholders' meeting in June.

The Remuneration Committee regularly reviews the annual and long-term goals of directors and managers, as well as the policies, systems, standards and structures of remuneration. The Committee also regularly evaluates the achievement of such goals, which is submitted to the Board for discussion.

In 2022, the Board met eight times and the average attendance was 100%. In order to improve the efficiency of corporate governance, all of our directors have followed the rules set out in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. Our directors' average training hours is 9.6 hours, which is higher than the requested 6 hours. The training has covered corporate governance, sustainable development, digital technology trends, etc. Details are as followed. The important Board resolutions can be found in the Investors Relations section on our corporate website. (Link: <https://pressroom.hotaimotor.com.tw/zh/article/6SVTxWYUx>)



Details of Board Training for the year of 2022

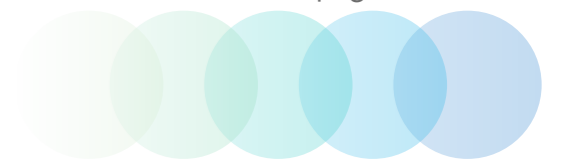
Organizer	Course	No. of Participants	Hours of Training
Taiwan Institute of Directors	Accelerators for Corporate Sustainability: CSR, ESG, and SDGs	14	3
	Digital Tech Meets New Economy: Foresee the New Trends and Models in 2025	14	3
	Post-Pandemic: The Key to Sustain Family Business	3	3
Securities & Futures Institute	Business Opportunities of Foundry and Advanced Packaging Technology and Supply Chain	1	3
	Benefits and Business Model of Circular Economy	1	3
	Future of the Metaverse and Cryptocurrency Blockchains	1	3
	Discussion on M&A Integration	1	3
	Technology Development and Business Opportunities of Electric Vehicles and Smart Vehicles	1	3
	Early Warning and Analysis of Enterprise Financial Crisis	1	3
	Quick Guide: ESG Disclosure Requirements of Corporate Governance 3.0	1	3
	Technology Development and Business Opportunities of Electric Vehicles and Smart Vehicles	1	3
Taiwan Corporate Governance Association	How does the audit committee supervise the effectiveness of internal control?	1	3
	2022 Economic Outlook for the Globe and Taiwan	1	1
	Trends and Risk Management of Digital Technology and Artificial Intelligence	1	3
	Path to Net-Zero Carbon Reduction for TWSE Listed and TPEX Listed Companies	1	1
Independent Director Association Taiwan	Practical Discussion and Latest Regulation Updates on Money Laundering Prevention	2	3
TWSE	Release Conference 2022: Reference guide for Independent Director and Audit Committee	1	3

Diversity of the Board

4.1.1

To maximize Board function and improve the quality of decision-making, our Corporate Governance Best Practice Principles (<https://pressroom.hotaimotor.com.tw/lib/f/202212291707-01.pdf?tcmp=20221229050701>) 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 2022, 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, four are between the age of 51 to 65, and ten 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 37 to 39 in our 2022 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 (<https://pressroom.hotaimotor.com.tw/lib/f/202211111557-01.pdf?tcmp=20221111040319>) 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 2022, 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. At present, directors' performance evaluation and remuneration is mainly determined by the performance of corporate governance (G) in ESG development, and such measures will gradually expand to include the indicators of environment (E) and social participation (S) in the future.



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 2022, the Audit Committee and the Remuneration Committee each met five times, the Sustainable Development Committee met twice, and the company's Human Resource Committee met four times; all meetings had a 100% attendance rate.



Audit Committee

Chairman: Li, Chao-Sen

Members: Su, Chin-Huo; Wu, Shih-Hao

Primary responsibilities:

- 01 Stipulate or amend the internal control system to meet the requirements set in Article 14-1 of the Securities and Exchange Act.
- 02 Evaluate the effectiveness of internal control system.
- 03 Stipulate or amend the procedures for major financial matters, such as the acquisition and disposal of assets, derivatives trading, loaning funds, endorsements, or guarantees, in order to meet the requirements set in Article 36-1 of the Securities and Exchange Act.
- 04 Matters related to directors' personal conflicts of interest.
- 05 Major assets transactions or derivatives trading.
- 06 Major fund loans and endorsements/guarantees.
- 07 The offering, issuance, or private placement of any equity-type securities.
- 08 The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- 09 The appointment or discharge of a financial, accounting, or internal auditing officer.
- 10 The annual report that is signed or stamped by the chairman, manager and accounting manager, and the Q2 financial report that requires to be audited by a certified public accountant.
- 11 The matters of mergers and acquisitions set forth in the Business Mergers and Acquisitions Act shall be proceeded according to Article 6 of such Act as well as the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition.

Remuneration Committee

Chairman: Li, Chao-Sen

Members: Su, Chin-Huo; Wu, Shih-Hao

Primary responsibilities:

- 01 Adopt and regularly review the performance of the Board and officers, as well as remuneration policies, systems, standards, and structures.
- 02 Regularly review and adopt director and officer remuneration policies.

Sustainable Development Committee

Chairman: Huang, Wen-Jui

Members: Su, Jean; Su, Chin-Huo; Wu, Shih-Hao; Li, Chao-Sen

Primary responsibilities:

- 01 Review and advise on the performance outcomes of corporate social responsibility.
- 02 Plan the direction of corporate social responsibility practices as well as annual action plans and timeline.

Hotai Human Resource Development Committee

Chairman: Soo, Leon

Members: Li-Hua, Lin; Li, Chao-Sen; Wu, Shih-Hao; Su, Chin-Huo

Primary responsibilities:

- 01 Study the human resource development of the overall market.
- 02 Provide suggestions to the Group's human resource development policy and direction.

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, allowance, and bonuses; which shall be approved according to the Regulations Governing the Payment of Remuneration. The Remuneration Committee regularly reviews the long-term goals, remuneration policy and standards of directors and executives, and evaluates their goal attainment rates.

The main evaluation items for executives include goal attainment rate, the company's overall business performance, etc. Their remuneration and bonus shall be approved by the Remuneration Committee and the Board. As for the remuneration system, it shall be reviewed according to the actual business operation and the relevant regulations, aiming to achieve a balance between the company's sustainable operation and risk control. Our goal is to achieve a balance between sustainable operations and risk management. When rating the performance of our President, 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 in charge of 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.



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 2022, 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.



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

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 31 to 36 of our 2022 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.

Anti-Bribery Policy and Standards of Ethical Business Practices

- 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.



Employee Code of Conduct

- 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.

Procedures for Handling Material Nonpublic Information

- 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.

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 2022, we have received 27 reported cases and 0 confirmed incident, and since most of the concerns reported are related to customer complaints, the cases have been funneled to appropriate departments within the Group for further actions.

Reporting Concerns	2018	2019	2020	2021	2022
Number of Concerns Reported	13	9	7	17	27
Number of Confirmed Incidents	0	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 insider trading training course for directors according to the Procedures for Handling Material Nonpublic Information to ensure employee compliance with the Anti-Bribery Policy and Standards of Ethical Business Practices. In December 2022, the course was held online and the participation rate was 100%. 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. For suppliers, integrity clauses are included in the contracts, including the prohibition of bribery, instigating breach of trust, and compliance with relevant regulations. In 2022, 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		2018	2019	2020	2021	2022
Annual Compliance Training for All Employees	Attendance	406	551	556	563	563
	Percentage of Employees Receiving Training	100%	100%	100%	100%	100%
Anti-Bribery Training for New Employees	Attendance	21	18	26	24	27
	Percentage of Employees Receiving Training	100%	100%	100%	100%	100%

Note: Those who have not completed the anti-bribery education and training for new hires must attend the supplementary training course for new hires.



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 July 5, 2022, 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 17,655 times and received 4,117 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 2022, the frequency of live events is adjusted to twice a year. Aiming to enhance the real-time interaction with first-line operators, the events were held in central and southern dealers' offices this year. The online events have gathered 14,753 participants and received 5,266 comments.

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 training sessions of intellectual property rights with a total of 182 participants in 2022. The highlighted issues and events on media were used as training materials to explain how "plagiarism" or "illegal borrowing" is identified in judicial practice, and the precautions to keep in mind to reduce each personnel's risk of legal violation when executing sales business.

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 2022, 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.

Spokesperson and Acting Spokesperson

Appoint a spokesperson and acting spokesperson according to the Corporate Governance Best Practice Principles for TWSE/TPex Listed Companies for the communication with investors.

Investor Relations Website

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

Investor Conferences/ Roundtable Sessions

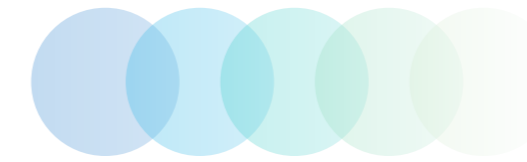
Host investor conferences quarterly
Host investor roundtable sessions periodically or on an as-needed basis

Stakeholders Section

Provide an open communication platform for employees, consumers, suppliers, local communities, and other stakeholders.

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, 77 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.

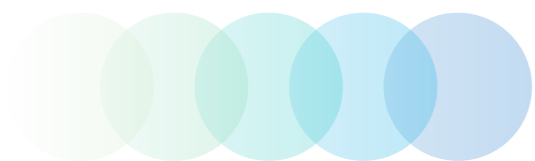
Risks and Opportunities Related to the Industry

4.4.2

In the year of 2022, due to the coronavirus, the Russia-Ukraine war, the high inflation and climate change, the global economy performance is not ideal. Countries have raised interest rates in order to control inflation, which has weakened the global economic demand and thus affected Taiwan's trade business and capital investment. Taiwan's annual growth rate last year was at 2.43%, down by 4.02 percentage points compared to the growth rate of 6.45% in 2021. However, the demand in Taiwan's auto market remains strong. The car shortages caused by the shortage of automotive chips has not been significantly improved, resulting in a short supply in the auto market. In 2022, the total sales in the automotive market were 429,731 units, which have reached 95.5% of the volume of 2021. When we consider vehicle sales by brand, Toyota, Lexus and Hino are ranked top in market share. In terms of market share, the top four are all Japanese automakers, with a combined market share of 57.5%.

Ranking	1	2	3	4	5	6
Brand	TOYOTA Lexus HINO	mitsubishi CMC	HONDA	NISSAN INFINITI	FORD	MERCEDES BENZ
Volume	150,252	44,613	27,381	25,061	24,675	23,861
Market Share	34.96%	10.38%	6.37%	5.83%	5.74%	5.55%

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 focus on improving vehicle quality and customer satisfaction and we continually deliver the best products and services to customers through innovative approaches. For the year of 2023, the overall domestic economy may continue to slow down and the supply chain may remain broken. However, considering that the global chip shortage is expected to be alleviated, the private-sector consumption may be recovered once the epidemic control is loosened, and the number of vehicles waiting to be delivered by various automakers is not small, our estimation for 2023 overall small car market is 450,000 units, up by around 4.7% from the previous year.



Favorable Factors

- The government's excise tax rebate policy under the scrappage program has been extended for five years until early 2026. Due to the implementation of the Regulations Governing Subsidies for Air Pollution Reduction from Vehicle Scrappage and the Regulations on Encouragement for Greenhouse Gas Reduction from Vehicle Scrappage, the demand for new cars should continue.
- Following TMC's steps and Taiwan's future regulations, policy trends, and infrastructure trends, we will actively work with the parent factory to evaluate and introduce more EV models (BEV, HEV, PHEV) that meet the Taiwan market in addition to our first EV model, TOYOTA bZ4X.

Unfavorable Factors

- In 2022, the demand for automotive chips keeps going up, which is caused by the coronavirus, the Russia-Ukraine war, the lockdown in China, and other factors, as well as driven by the development trend of electric vehicle (BEVs) and smart vehicle. The chip cost per vehicle goes up at a rate of 8% to 10%, and the rise of vehicle materials may result in a rise in manufacturing cost.
- The domestic epidemic policy aims to coexist with the virus and encourages private-sector consumption. However, some uncertainties remain, such as when the border control will be lifted, the inflation pressure, etc.

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.
- Keep working with TMC closely to plan out product lines, and strive to introduce suitable products.
- Expand the market penetration, especially to the young generation, by sponsoring all-level basketball games, deepening the application of NFT, working together with celebrities and influencers to strengthen our brand to reach out to more consumers, and also working with e-sports to give a youthful vibe to our brand.
- Continue to upgrade the force of front-line digital sales in order to create optimal sales and operational efficiency.
- Improve the purchase and selling price of used cars, and create new interests to the value chain.



Lexus

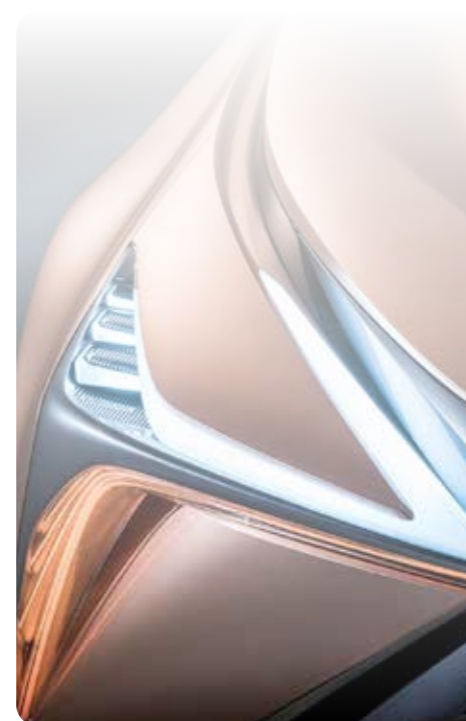
Favorable Factors

- The global shortage of automotive chips is expected to ease in 2023. We expect to see the domestic automobile consumption may be stimulated by the relaxation of epidemic control, the recovery of private-sector consumption, and the governmental policy incentives such as goods tax reduction and public realm electrification.
- As the development of autonomous driving, Internet of Vehicles (IoV), electric vehicles (BEVs) are turning mature, car manufacturers are expected to introduce more practical services and equipment, which may further upgrade consumers' car experience.



Unfavorable Factors

- Electric vehicles (BEVs) have become the main battlefield among car manufacturers with the rising popularity of BEVs. New BEVs models are introduced to the market, not just to demonstrate the manufacturers' technology strengths but to seize market opportunities.



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.
- Keep developing a diversified portfolio of alternative fuel vehicles through incorporating sales and marketing incentives and flexible strategic manufacturing to achieve our annual sales target.
- Introduce all-new full electric model, RZ, to showcase our brand's technology solutions and the joy of driving as we enter a new era of electrification.
- Increase our competitiveness in BEVs by building a comprehensive BEV network and upgrade our BEV services and technological capabilities.
- Win at mindshare by increasing the application of LEXUS LINK and providing exclusive customer relations services.



Commercial Vehicles

Favorable Factors

- The stay-at-home economy continues to realize a stable demand of vehicle in the logistics industry.
- As travel restrictions are lifted, tourism sees an upturn and demand for buses is expected to rise.
- Bringing tech manufacturing back to Taiwan drives the inelastic demand for factory constructions and boosts the demand for heavy duty vehicles.
- The Environmental Protection Administration has extended the new-vehicle registration period under the scrappage program of large diesel trucks until the end of 2023.



Unfavorable Factors

- The continuous shortage of certain components and parts affects the supply of vehicles.
- The high inflation and the fluctuation of exchange rates push up the price of new vehicle models and deter customers' willingness to purchase.



Response Strategies

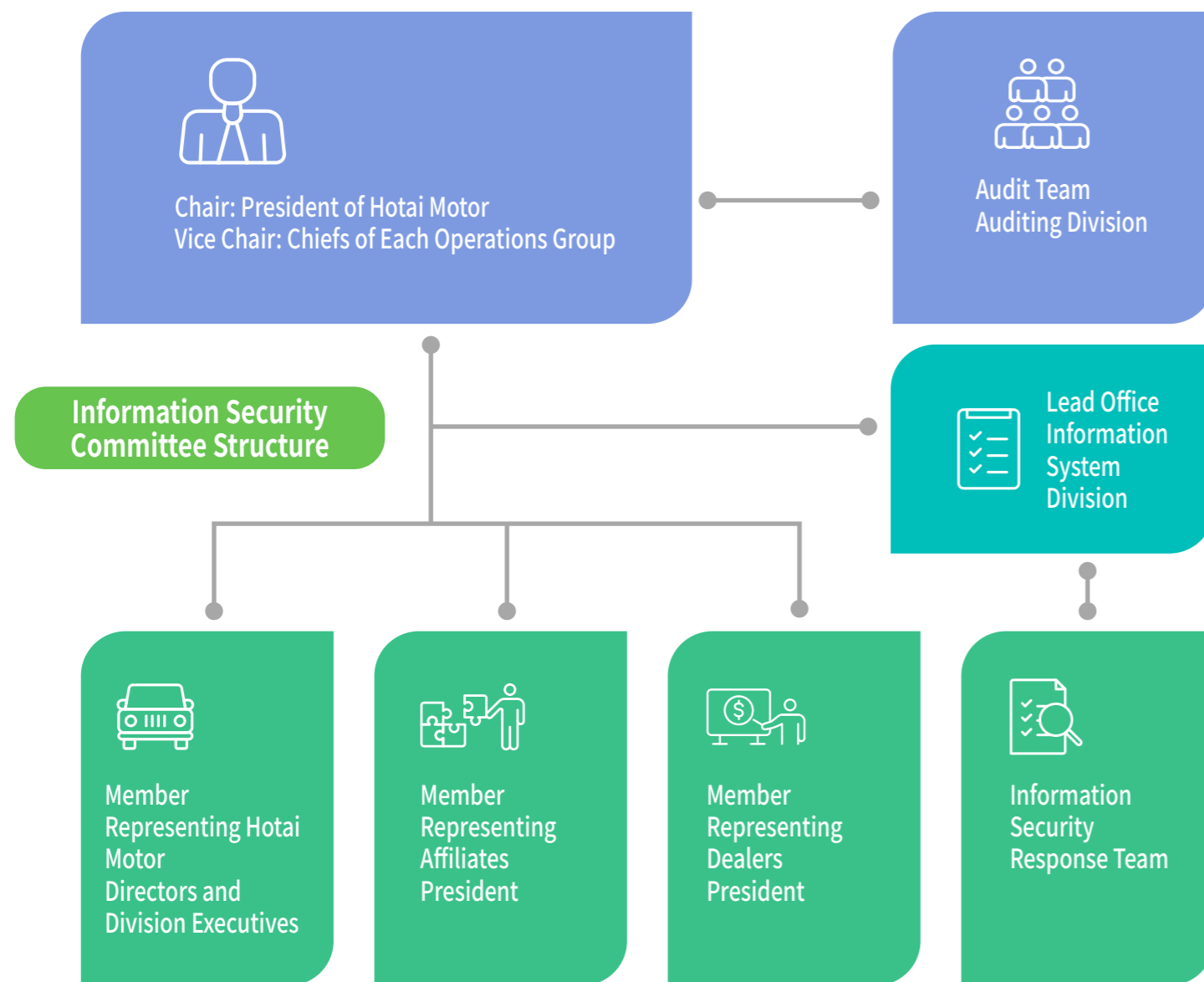
- Assess vehicle supply chain and stock up on models that are at risk of low inventory.
- Work with Hotai Coachwork to craft a diverse process of car body construction to maximize commercial vehicle value chain.
- Regularly launch new products
 1. Introduce all-new 700 series tractor unit with 12-speed manual transmission and heavy-duty trucks with air suspension to effectively increase cargo transportation efficiency and integrity.
 2. Introduce fuel cell buses to adapt to the global low-carbon, sustainability transition.
- Promote the new telematics system and accelerate the introduction of management framework for large-scale logistics.

Note: More details can be found on pages 121 to 124 of the 2022 Annual Report.

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. In 2022, 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 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. Meanwhile, we continue to enhance information security risk management by adopting the steps of "Plan-Do-Check-Act" (PDCA) in order to ensure the effectiveness of information security management. 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. In addition, through the annual information security risk assessment, we conduct check-ups on internal and external cybersecurity threats and other items required by the regulations to assess the potential internal information security risks and take countermeasures, aiming to ensure the effectiveness and appropriateness of information security control. From various combinations of possible threats and weaknesses, we analyze and find out possible risks and take actions to prevent such risks. We keep minimizing the information security risks to protect the confidentiality, integrity and availability of information. We also review, process, and report 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.

Plan (P)—design and establish

pursue ISO/IEC27001 certification, an international standard to manage information security, and conduct annual audits to continually upgrade Hotai Motor's information security management systems; minimize information security threats to the organization from a management, procedural, systemic, and technological perspective to ensure that customer data is adequately safeguarded.

Do (D)—develop and implement

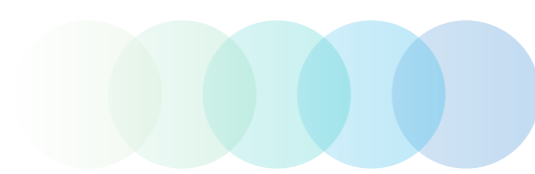
build a layered information security defense using AI and automated solutions and introducing multiple control mechanisms and security measures to combat internal and external cybersecurity threats; incorporate our global threat intelligence and systematically monitor network security to increase efficiency in detecting and responding to information security incidents; enhance information security and cybersecurity defense capabilities to quickly respond to complex and ever-changing threats to protect Hotai Motor's key assets.

Check (C)—monitor and review

regularly monitor indicators and effectiveness of information security management; conduct a third-party review annually on the above management system and engage professional information security vendors to conduct system security testing to ensure that our information security management and defense capabilities are up to the standard.

Act (A)—maintain and adjust

regularly review and continually improve information security defense measures and conduct company-wide information security training to increase awareness.



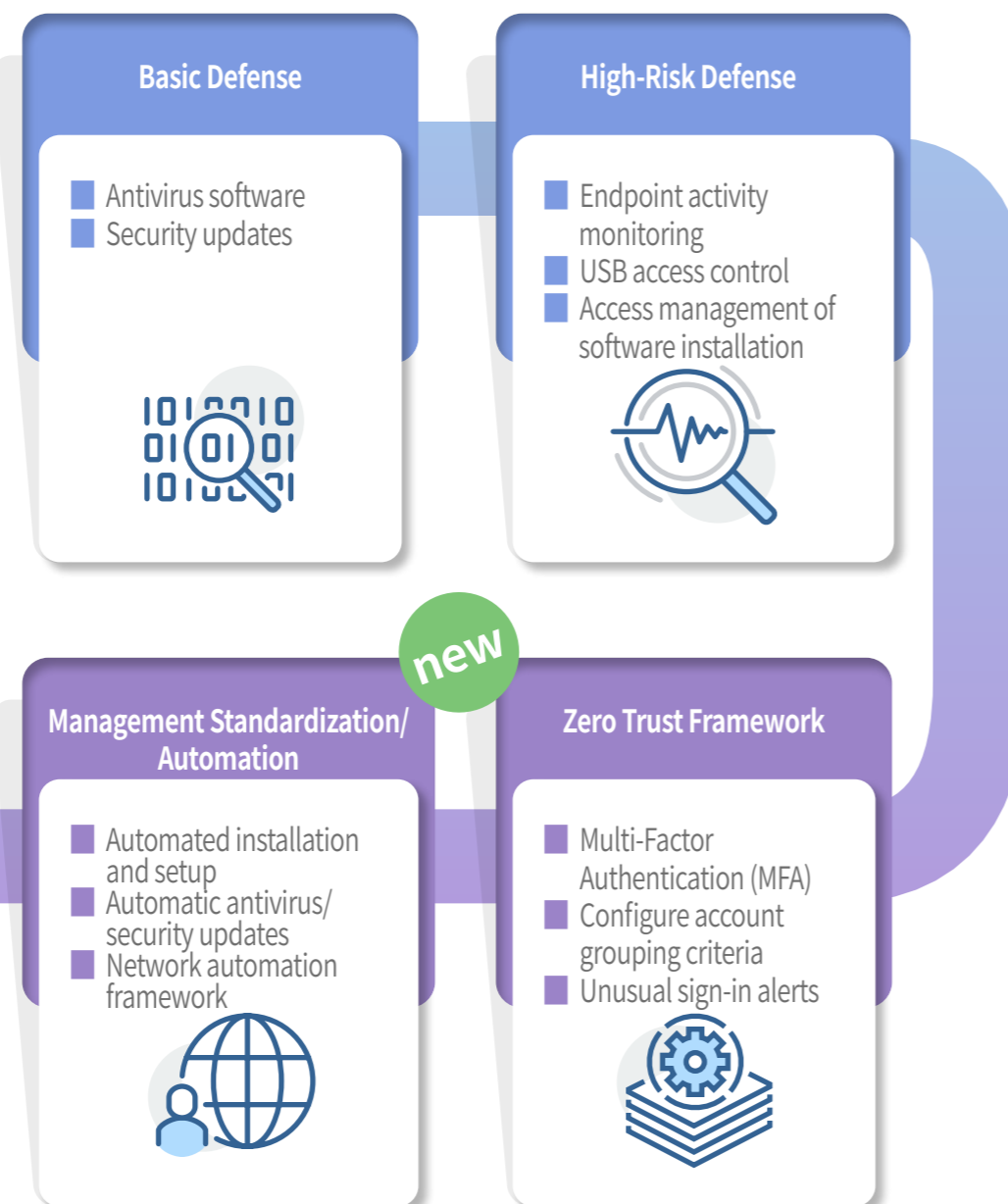
2022 IT Security Management Measures

To achieve information security policies and objectives and implement a comprehensive information security defense system, we have adopted the following management topics and action plans:



1.Reinforcing endpoint protection and account security

in response to the post-pandemic era, adopt the zero trust model in designing computer and network frameworks, synchronize operating standards and procedures for company computers and accounts, enhance infrastructure security and control capabilities, implement new information security features, and improve user authentication and data security to enhance workplace cybersecurity in the new normal.



Interoperability Requirements

1. Ensure service and files provided do not contain malware
2. Audit can be performed on vendors and deficiencies are to be improved within a timeframe
3. Prompt reporting of information security breach of vendors
4. Return of assets and removal of access upon termination of service

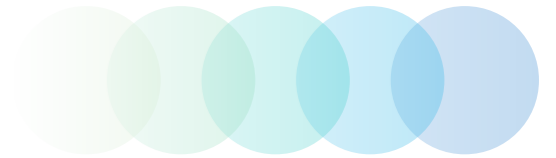
2.Enhancing information security management of suppliers and vendors

we adopted Hotai Motor's Information Security Policy based on the elements of supplier and vendor service process control and common information security risks. Employees are required to include the Information Security Policy as part of the clauses when executing a supplier or vendors agreement so that it's also binding on the suppliers and vendors. The purpose is for them to fully acknowledge and comply with our Information Security Policy in safeguarding important assets of the company.



Security Requirements for Software Development and System Operation and Maintenance

1. Follow information security regulations of the Group (e.g., corporate website, apps)
2. Ensure that components used are secure
3. Ensure that external links are not directed to malicious websites
4. System vulnerabilities are required to be corrected within a timeframe
5. Provide system files
6. Access control of software code required
7. Database access control and account password manager required




Resources Invested in Information Security Management

Information security being one of the key issues of our operations, the corresponding elements of information security and resource plans invested are as follows:

1


Dedicated unit



set up a lead office under the Information Security Committee and appoint a Chief of Information Security to oversee and direct the implementation of information security policies and resource allocation, and monitor execution progress and results to maintain and refine our information security practices.

2


International certification:



our information security system became ISO 27001 certified, and no major deficiencies were found during the information security audit.

3

Information security training



Despite our information security measures, it is impossible to eliminate risks completely in this area and it is imperative that each of our employees has the proper awareness to ensure success. 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.

To ensure that each new employee receives information security training immediately after onboarding and to promote proper knowledge of information security that reflects real workplace scenarios, each new employee will receive an email containing information security training materials on their first day of work. The materials include videos and animations demonstrating various real workplace scenarios, social engineering, and common hacking techniques. A test will then be given to employees to measure learning outcomes to reduce the likelihood of information security incidents or data leaks occurring due to the lack of knowledge of relevant regulations.

Information Security Training Video: Themes of information security training are combined with the working scenarios. Animated videos help deepen the awareness of information security.



Information Security: New hires learn to know hacking methods that possibly cause harm to the company. Prevention methods are introduced and explained in terms of working scenarios.

用辦公情境帶你解鎖駭客攻擊戰術，讓你辦公不「駭」怕!



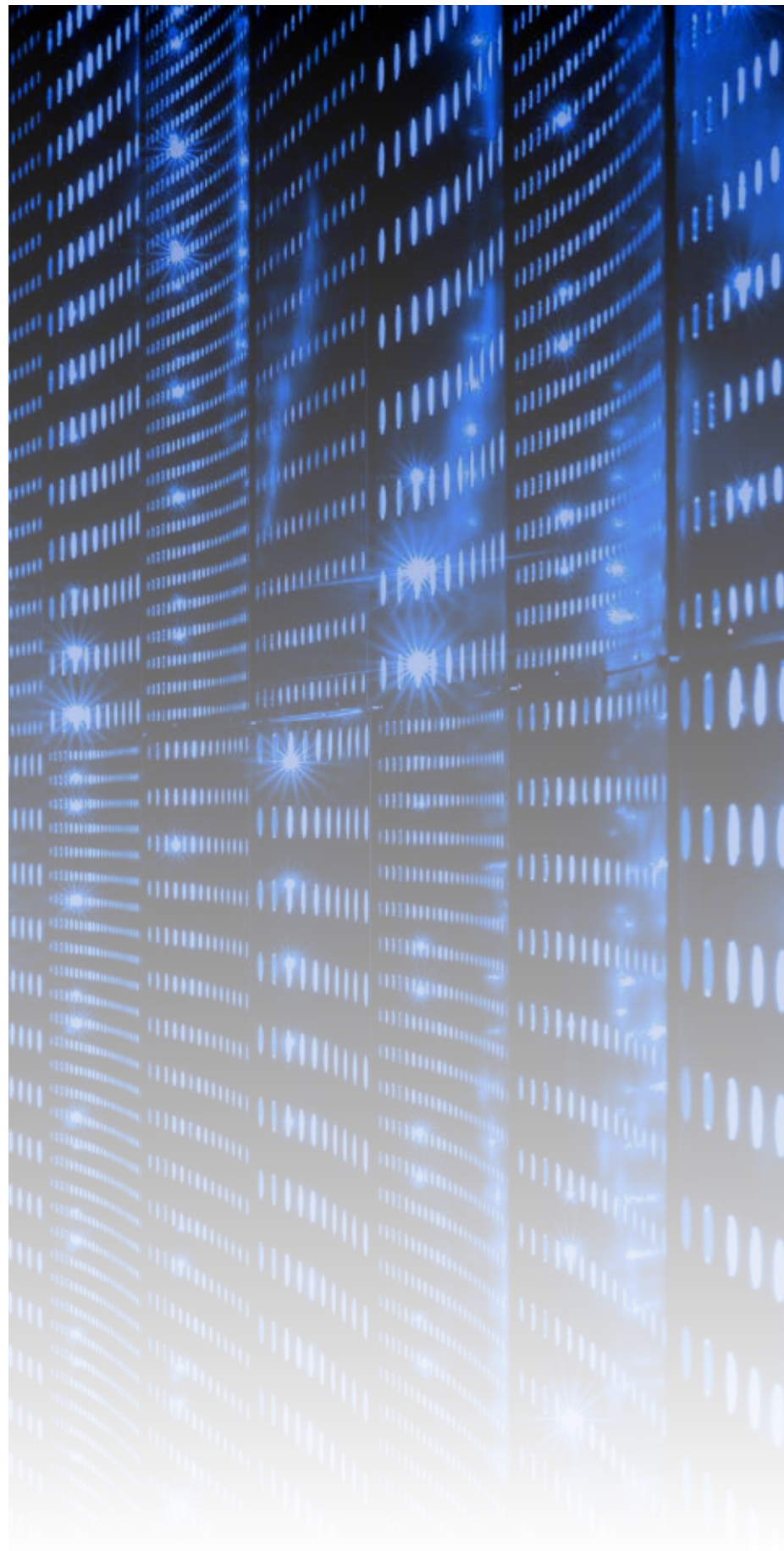
Personal Data: Employees are trained to be responsible for personal data protection and outsourcing management.

In addition to the regular information security training for all employees each year, information security newsletters are sent to employees 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.

	Topic	Attendance	Training Hours	Percentage of Employees Receiving Training
All employees	Personal data and information security training and assessment	493	2	100%
New employees	Personal data and information security training and assessment for new employees	16	1	100%
IT personnel	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. In 2022, there were no cases of violating the Personal Information Protection Act, and no complaints about loss or leakage of customer information.

Year	Number of Data Leaks	Percentage of Personal Data Among Data Leaks	Number of Customers Affected Due to Data Leaks
2022	0	0%	0

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

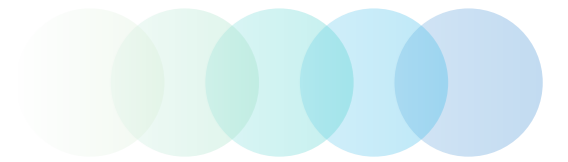


HINO



Implementing Controls and Training

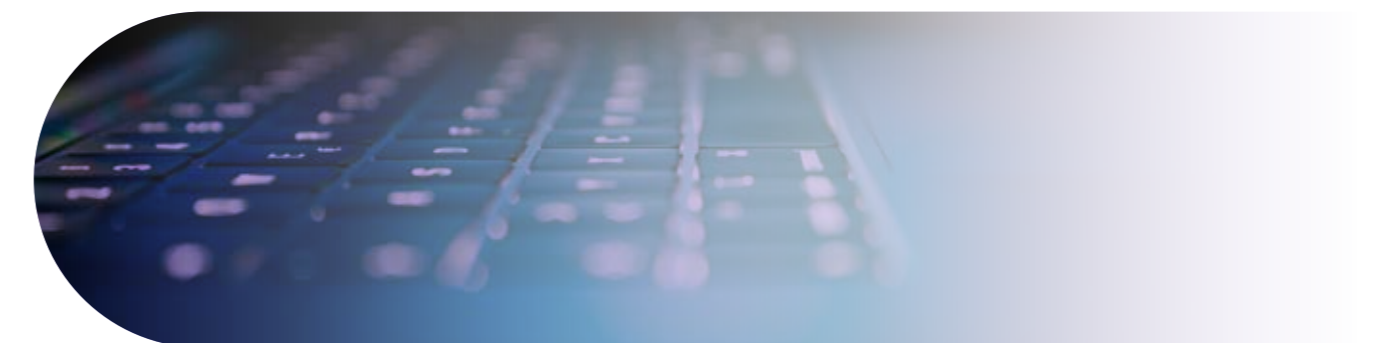
The Office of Personal Data conducts personal data training and data breach tabletop exercises regularly throughout the year with the aim of improving our personal data security. This two-hour training also uses quizzes to ensure that employees have a high level of data privacy awareness; all employees are required to complete the training.



Data Privacy Training	2019	2020	2021	2022
Attendance	497	473	489	493
Percentage of Employees Receiving Training (%)	100	100	100	100

Subcontractors' Data Protection Task

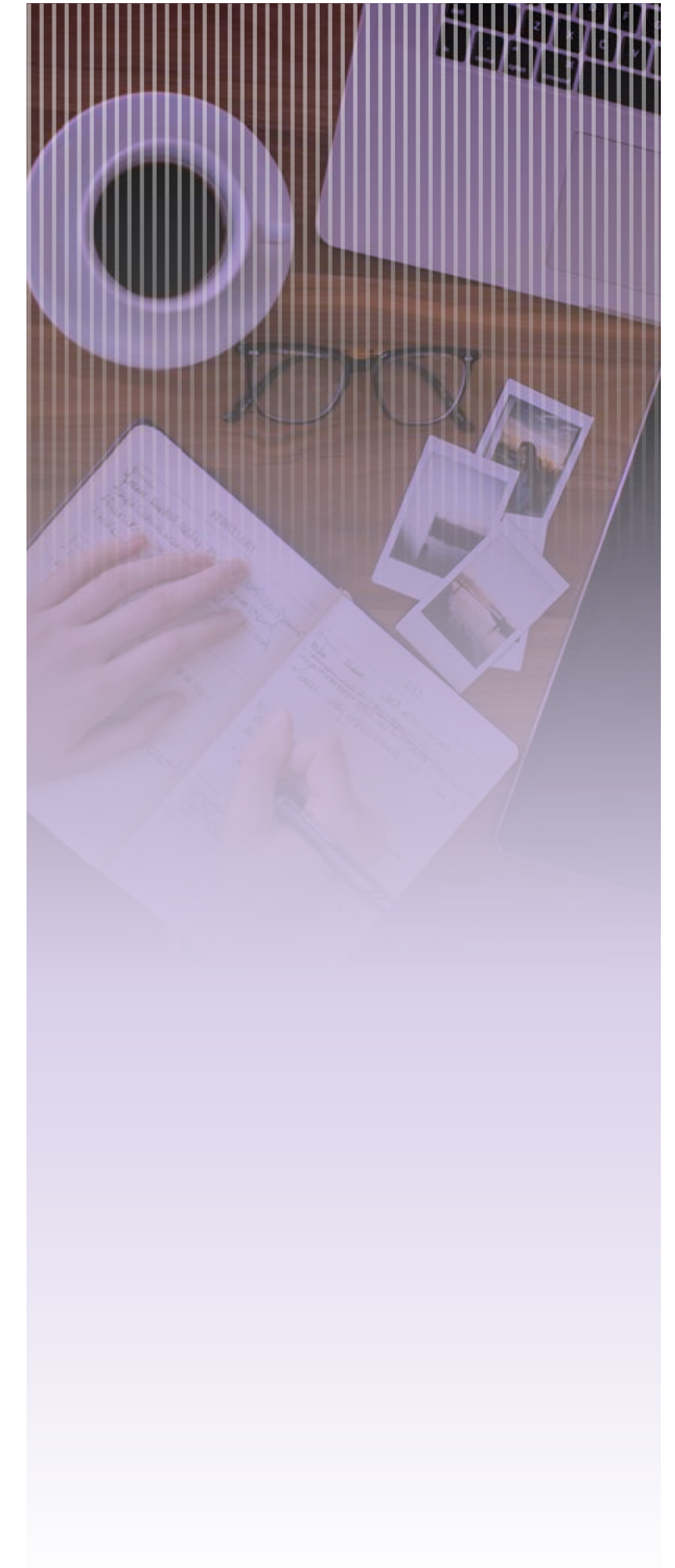
In 2015, we formulated a set of data protection guidelines for subcontractors and require their full compliance. Since 2016, we have been reviewing the self-assessment reports submitted by subcontractors and conducting onsite audit once year. In 2018, we established a subcontractor's system of controls 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.



4.6

Financial Performance

	2022	2021	2020	2019	Units
Operating Revenue	130,393,188	138,872,240	136,052,443	126,892,633	NT\$ thousand
Operating Profit	9,757,266	8,545,817	8,228,028	6,889,079	NT\$ thousand
Non-Operating Income and Expenses	(28,957,412)	10,163,586	7,973,590	6,848,237	NT\$ thousand
Profit Before Income Tax	(19,200,146)	18,709,403	16,201,618	13,737,316	NT\$ thousand
Profit After Income Tax	(19,330,194)	16,210,758	13,848,870	11,768,815	NT\$ thousand
Income Tax Expense (Profit)	130,048	2,498,645	2,352,748	1,968,501	NT\$ thousand
Total Assets	83,693,191	94,565,824	83,719,774	76,469,958	NT\$ thousand
Paid-in Capital	5,461,792	5,461,792	5,461,792	5,461,792	NT\$ thousand
Revenue Per Employee	231,604	246,665	246,026	230,295	NT\$ thousand
Total Number of Employees at End of Year	563	563	553	551	Persons
Operating Expenses + Operating Costs	120,621,590	130,284,359	127,907,621	119,890,558	NT\$ thousand
Earnings Per Share	(35.39)	29.68	25.36	21.55	NT\$
Total Payroll	1,356,981	2,032,037	1,945,833	1,726,363	NT\$ thousand
Employee Benefit Expenses (Deducted by Payroll Expenses and Pension)	183,221	177,302	172,767	163,176	NT\$ thousand
Total Pension	33,239	28,409	28,401	27,704	NT\$ thousand
Debt Ratio	50.1	22.0	21.8	23.4	%
Retaining Economic Value	8,198,157	6,350,133	5,997,821	5,084,832	NT\$ thousand





05

Environment

91%

Percentage of recycled parts used in power steering pumps

72.1%

Percentage of recycled parts used in AC compressors

Over 470,000 cubic meters

Cumulative water consumption has been reduced as of the end of 2022 from vehicle servicing without a car wash

215 metric tons

Carbon emissions has been reduced through the use of recycled packaging materials over the past 4 years

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.

5.1

Adopting TCFD Framework

Adopting TCFD Framework

5.1.1

In adopting the 2025 target, TMC 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.



- 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 meetings, the ESG Lead Office shall report on the current relevant business performance and future goals, and the plan of having the committee meeting twice a year for directors and independent directors to examine and review the results. In December of 2021, the CSR Committee was renamed as the "Sustainable Development Committee". During the meeting, the head of the ESG Lead Office, directors and independent directors will report on the environmental aspects (such as monitoring climate change-related issues and carbon reduction policies, etc.), the social aspects (such as the implementation progress of public welfare projects, etc.), and the corporate governance aspects (such as controlling group compliance risks, etc.) performance and inquiry.
- The Sustainable Development Committee has established the Office of Environmental Protection Affairs, Office of Social Welfare Affairs, and Office of Corporate Governance as the executive units to promote sustainability-related issues. The offices' main responsibility is to set up and execute the ESG project objectives. The Office of Environmental Protection Affairs shall report on the environment-related issues to the Board on a quarterly basis. The Office of Social Welfare Affairs submits relevant information to the Board each December. And, the Office of Corporate Governance shall report on its overall operation to the Board.
- 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.



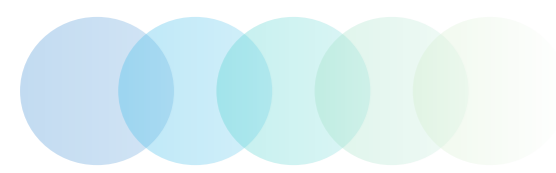
- The short-, medium-, and long-term climate change risks and opportunities are measured by one year, one to three years, and three to five years respectively.
- Promote the effectiveness of environmental management within Hotai Motor's network (including dealers), and monitor and track the progress 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.



- Based on the transition and physical risks identified and after sorting the major risks and opportunities, relevant departments associated with the above 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.
- Hotai Motor cooperates with TMC in Japan and identifies the transition risk in the environment and market of Taiwan in the hope of fulfilling the vision and the sustainable development of Hotai Group. Through SWOT analysis and a Risk Map, major risks of operations, finance, market/position, and industry opportunities are sorted. "Office of Environmental Protection Affairs", "Office of Social Welfare Affairs", and "Office of Corporate Governance" are responsible for setting up ESG project objects and executing plans, and shall report on their progress and results to the Committee.
- TOYOTA holds the Asia-Pacific environmental management conferences every year to share the trends of international environmental management, laws and regulations across countries, and the trends and actions of net-zero emission. Through the cross-country communication, net-zero emission, the green transition of supply chain, TOYOTA and Hotai Group are able to strengthen its response to climate change and mitigate the negative impact of climate change.



- Hotai Motor is committed to achieving the six goals of Environmental Challenge 2050, which include:
 1. Zero CO2 emissions from new vehicles of the new generation
 2. Zero CO2 emissions from vehicle life cycle
 3. Zero CO2 emissions from plant
 4. Minimizing and optimizing water usage
 5. Establishing a recycling-based society and system
 6. Establishing a future society in harmony with nature
- 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).

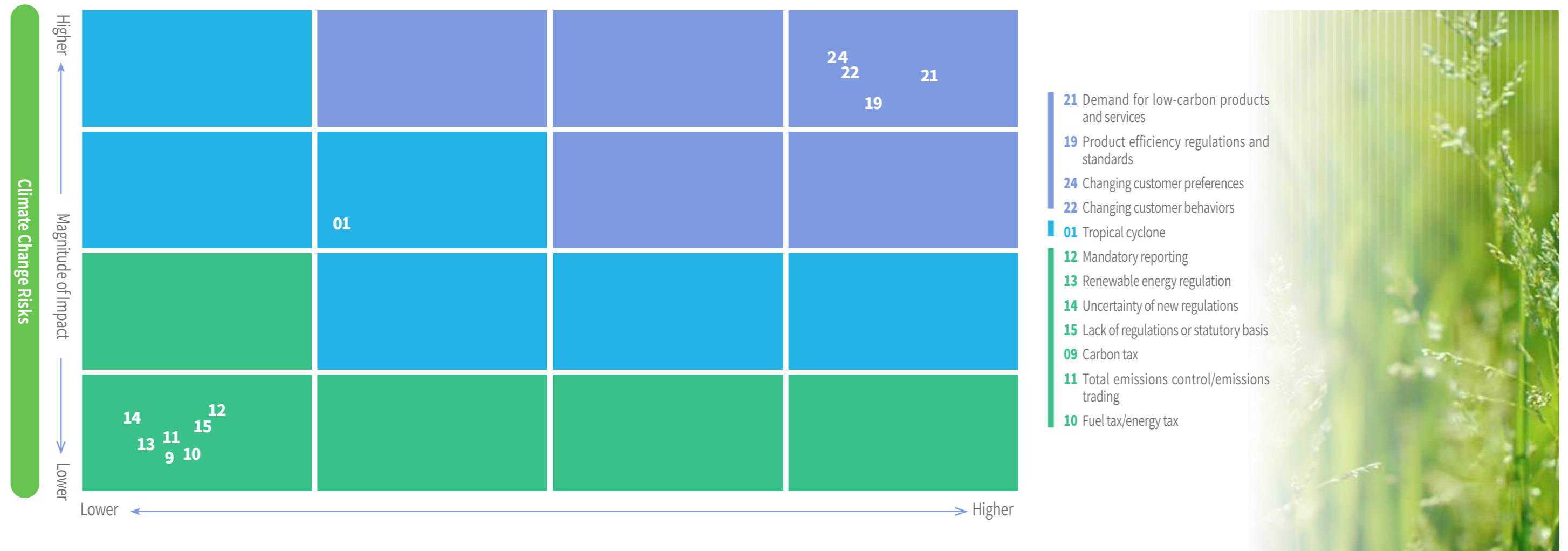


Identification of Material Risks and Response

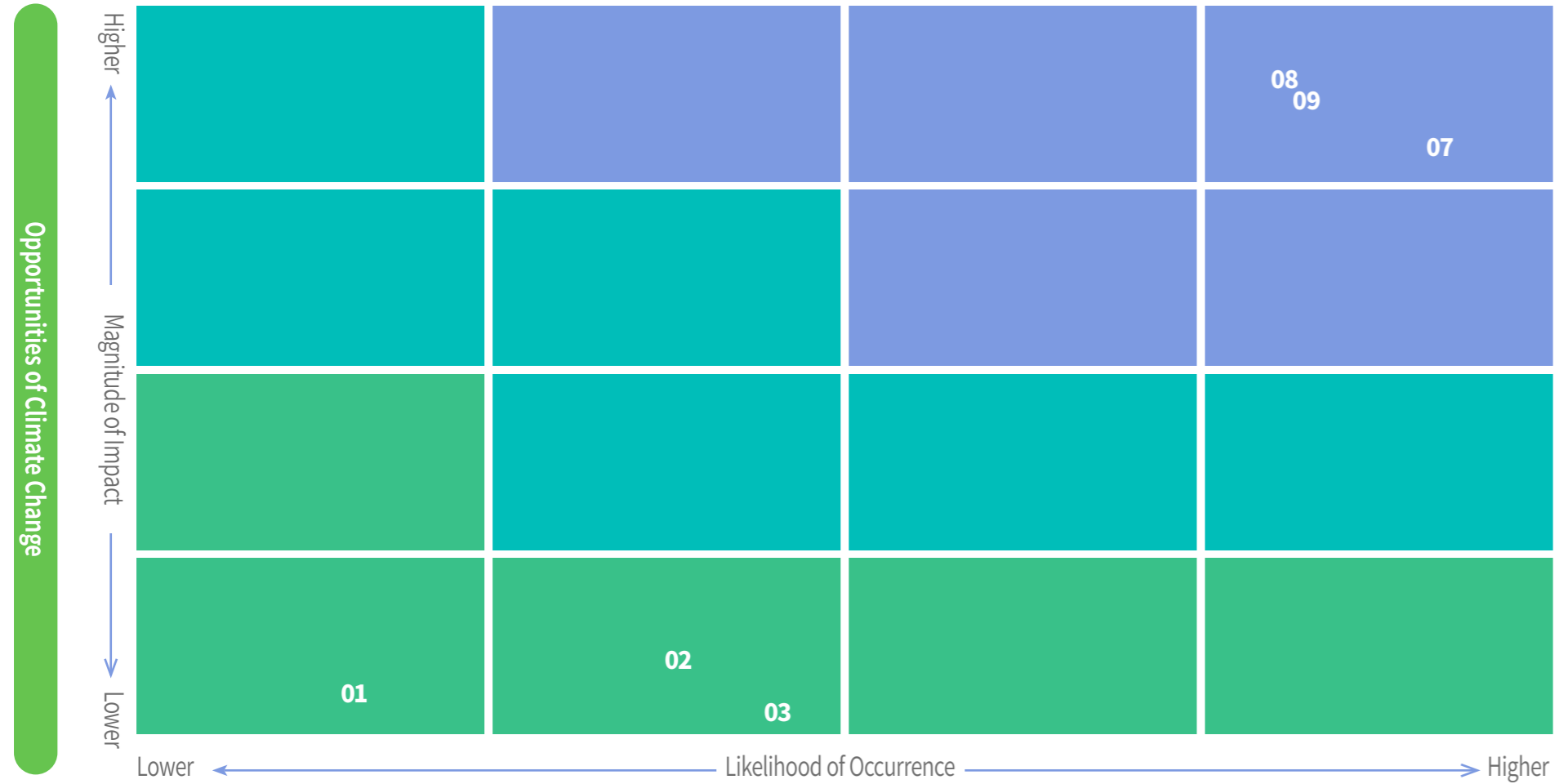
5.1.2

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.



Risk Level	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Financial 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.	The operating costs will go up (as if to introduce more products meeting the environmental protection 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.	The operating costs will go up (e.g. high compliance costs or increased overhead).	Continue to monitor the regulatory development and communicate 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, which could increase the risk of injuries or prevent employees from reporting for duty and, in turn, affect workforce allocation.	The operating costs will go up (e.g. the need to maintain a higher inventory quantity of parts, or the production line is affected by natural disasters).	<ol style="list-style-type: none"> 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.



- 08 Low-carbon products or services and services
- 09 Changing customer behaviors
- 07 Policy incentivess
- 01 Water use
- 02 Exploring new business opportunities
- 03 Modes of transport



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. It is important to study the future product planning of the TMC's new energy vehicles as Hotai Motor does not manufacture its own vehicles but distributing TMC's brands: TOYOTA, LEXUS and Hino, the truck brand, with its market and goodwill risk focused on TMC's product planning. The carbon tax risk for Hotai Motor is mainly due to the vehicles' emission, and its carbon tax cost is the highest in the 1.5°C scenario. Under the current government regulations, the risk is very low if the carbon fee is levied at NT\$100. 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 pushed up by the carbon fee.

As a TMC's distributor, Hotai Motor relies on TMC products. TMS is a major global automobile manufacturer, having launched a life-cycle of 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 product planning, TOYOTA, LEXUS and Hino, which Hotai Motor currently carries, are all developing new energy vehicles in response to the trend of low-carbon and electrification, so the risks of the market and goodwill is relatively low.

Opportunity Likelihood	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Financial 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.	The operating income will go up (e.g. sales of the new energy vehicles that meet consumer needs goes up).	We will push for the introduction of more low-carbon emission product 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.	The operating income will go up (e.g. sales of the new energy vehicles that meet consumer needs goes up).	We will closely monitor the changing of customer behaviors and preferences, and push for the introduction of more low-carbon emission product 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.	The operating income will go up (e.g. sales of the vehicle models eligible for the government's incentive program).	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.

	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 IPCC AR6's SSP1 and SSP2 scenario used by the OECD countries to formulate carbon tax rates for its adaptation scenarios and has adopted a stepped carbon tax rate consistent with the ten-year tax system, as well as referring to the 100 NT\$/tCO₂e plan currently being considered for the climate policymaking process, to map out three carbon tax scenarios: <ol style="list-style-type: none"> NDC : 100 NT\$/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 (NT\$/kg CO₂e) for the excess amount is analyzed by a variety of total quantity control. The total quantity 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 the total quantity control in Taiwan is quite low, so this risk scenario is not taken into consideration.
	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 taken consideration.
	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 NT\$1.1 per kWh.
	Power Saving Benefit	<ul style="list-style-type: none"> The cost of saving electricity is mainly based on the Taiwan Power Company's announced price of NT\$2.44 per kWh.
Goodwill	-	<ul style="list-style-type: none"> Since Hotai Motor is the distributor of TMC in Taiwan, the goodwill and market risk rely 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	



5.2

Green Operations

Energy and Resource Management

5.2.1

In 2022, the total annual energy consumption of Hotai Motor was 12,711 GJ. Our majority of energy and resource consumption is electricity. Gasoline is the second, mainly used in vehicles, including for official business and training. The third one is natural gas and LPG for kitchens and dorms.

We have been reducing our gasoline consumption over the years primarily due to growing use of hybrids. However, 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 sewerage system. Our 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 22% reduction in actual water use in 2022.

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 Complex is Hotai Motor's logistics center, and its main warehouse provides the parts used 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 Complex 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.

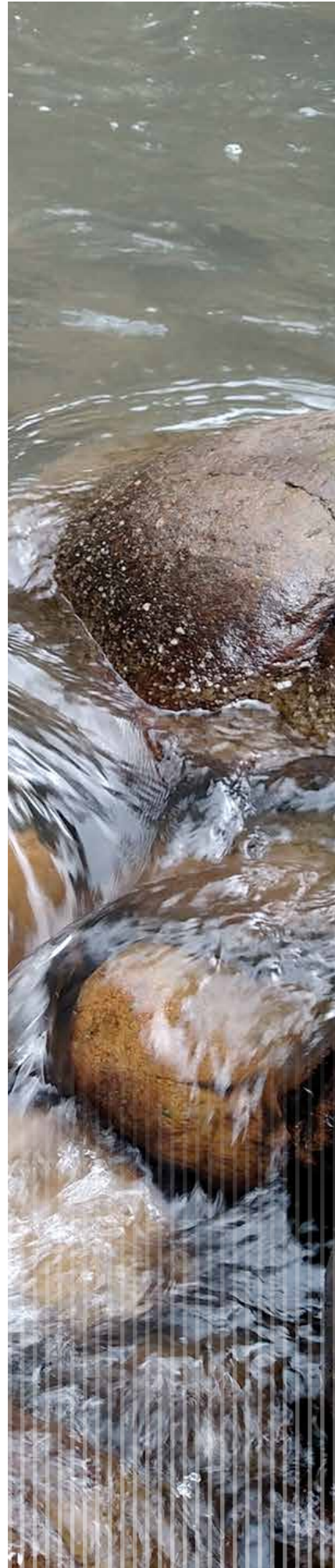
Energy usage

Types of Energy	Energy Units	Location	2019	2020	2021	2022
Gasoline	Liters	Headquarters	47,608	49,241	33,933	50,572
		Xinzhuang	12,091	11,969	7,863	9,594
		Yangmei	2,803	2,331	2,331	1,714
		Total	62,502	63,541	44,127	61,880
	GJ	Headquarters	1,554	1,107	1,107	1,651
		Xinzhuang	395	257	257	313
		Yangmei	92	76	77	56
	Total	2,041	1,440	1,441	2,020	
Diesel	Liters	Headquarters	0	0	0	0
		Xinzhuang	60	60	0	0
		Yangmei	5,450	5,499	4,433	3,820
		Total	5,510	5,559	4,433	3,820
	GJ	Headquarters	0	0	0	0
		Xinzhuang	2	2	0	0
		Yangmei	192	193	156	134
	Total	194	195	156	134	



Types of Energy	Energy Units	Location	2019	2020	2021	2022
Natural Gas	Cubic Meters	Headquarters	0	0	0	0
		Xinzhuang	22,224	19,887	16,085	21,882
		Yangmei	0	0	0	0
		Total	22,224	19,887	16,085	21,882
	GJ	Headquarters	0	0	0	0
		Xinzhuang	744	666	539	732
		Yangmei	0	0	0	0
	Total	744	666	539	732	
LPG	Liters	Headquarters	0	0	0	0
		Xinzhuang	0	0	0	0
		Yangmei	3,011	4,023	3,574	4,023
		Total	3,011	4,023	3,574	4,023
	GJ	Headquarters	0	0	0	0
		Xinzhuang	0	0	0	0
		Yangmei	84	112	99	112
	Total	84	112	99	112	
Purchased Electricity	kWh	Headquarters	704,774	820,537	726,374	815,662
		Xinzhuang	541,219	638,996	541,219	589,238
		Yangmei	1,367,285	1,351,265	1,367,285	1,294,446
		Total	2,613,278	2,810,798	2,634,878	2,699,346
	GJ	Headquarters	2,537	2,874	2,537	2,936
		Xinzhuang	1,948	2,300	1,948	2,120
		Yangmei	4,922	4,865	4,922	4,658
	Total	9,407	10,039	9,407	9,714	
Total Energy Usage (GJ)			12,998	13,110	11,639	12,711
Total Number of People			551	553	563	563
Energy Intensity			23.59	23.71	20.67	22.58

Note: The above conversion factors of heating value are from the Bureau of Energy's "Energy Product Unit Heating Value Table", after conversion: 32,635,980 J/L for gasoline, 35,146,440 J/L for diesel, 33,472,800 J/M3 for natural gas, and 3,598,326 J/kWh for electricity.



Water Withdrawal

Types of Energy	Unit	Location	2019	2020	2021	2022
Water (third-party water)	Megaliters	Headquarters	7.23	6.83	7.15	5.91
		Xinzhuang	4.76	5.34	4.49	5.04
		Yangmei	10.36	7.58	6.70	6.41
	Total		22.35	19.75	18.34	17.36

* The water resources used in Hotai Motor all come from the Water Corporation. The displacement of used water is almost equal to the amount of acquired water. All used water is discharged to the governmental sewerage systems.

Water Use Intensity

Types of Energy	Intensity Units	Location	2019		2020		2021		2022	
			Head-count	Intensity	Head-count	Intensity	Head-count	Intensity	Head-count	Intensity
Water	m3 Per Capita	Headquarters	381	19	385	18	398	18	401	15
		Xinzhuang	93	51	91	59	87	52	88	57
		Yangmei	77	135	77	98	76	88	74	87
	Average		551	41	553	36	561	33	563	31

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. Over the years, our headquarters and two complexes continually implement plans to lower electricity consumption and numerous water reduction projects.

Energy Saving Performance

Types of Energy	Units	Location	2019	2020	2021	2022
Gasoline	Liters	Headquarters	-	-	1,697	1,264
		Xinzhuang	-	-	-	-
		Yangmei	-	-	-	-
	Total		-	-	1,697	1,264
Natural Gas	Cubic Meters	Headquarters	-	-	-	-
		Xinzhuang	-	-	-	-
		Yangmei	-	-	-	-
	Total		-	-	-	-
Electricity	kWh	Headquarters	921	3,175	6,454	1,703
		Xinzhuang	36,716	55,776	71,669	-
		Yangmei	-	-	7,390	52,851
	Total		37,637	58,951	85,513	54,554



Water Saving Performance

Types of Energy	Units	Location	2019	2020	2021	2022
Water	噸	Headquarters	-	400	350	1,313
		Xinzhuang	-	31	-	-
		Yangmei	4,045	-	-	3,949
		Total	4,045	431	350	5,262

Hotai Motor has implemented water-saving programs since 2018, including using water-saving faucets, adjusting the water flow rate, and promoting water conservation techniques, to reduce the amount of operating water consumption. Such programs have come to an end in 2022. We will continue to promote such awareness and minimize the amount of water consumption in operations.

Energy Saving Cost

Type of Energy	Location	2019		2020		2021		2022	
		Average Price Per Unit	Costs Reduced	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	3.93	6,693
	Xinzhuang	3.54	129,975	3.42	190,754	3.4	243,674	-	-
	Yangmei	-	-	-	-	3.4	25,126	3.8	200,834
	Total	7.12	133,272	7.07	202,343	10.47	292,486	7.73	207,527

Water Saving Cost

Type of Energy	Location	2019		2020		2021		2022	
		Average Price Per Unit	Costs Reduced	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	15.9	20,877
	Xinzhuang	-	-	-	-	-	-	-	-
	Yangmei	12.9	52,180	13	403	-	-	13.2	51,969
	Total	12.9	52,180	27.62	6,251	15.7	5,459	29.1	72,846

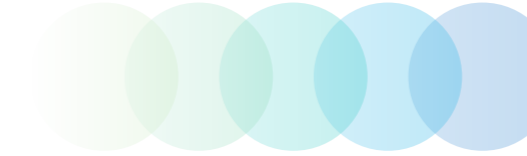
Note 1: The above savings are estimated based on the new energy conservation plans implemented each year, not the actual measured values.



Reduction of GHG Emissions

5.2.2

In 2022, 87% 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 over the past three years. Whether it's Scope 1 or Scope 2 emissions, Hotai Motor's energy efficiency is consistently improving, which aligns with our commitment to mitigating the effects of climate change. To enhance the GHG management, Hotai Motor plans to include Scope 3 emissions in 2023.



GHG Emissions

Scope	Emission Units	Location	Emissions			
			2019	2020	2021	2022
Scope 1 ¹	Metric tons CO2 equivalent (tCO2e)	Headquarters	112.2	116.1	80.0	119.2
		Xinzhuang	70.5	65.8	48.8	63.8
		Yangmei	26.3	28.7	23.5	21.2
	Total	209.0	210.6	152.3	204.2	
Scope 2 ²	Metric tons CO2 equivalent (tCO2e)	Headquarters	397.2	406.4	358.7	415.2
		Xinzhuang	350.9	325.2	275.5	299.9
		Yangmei	656.6	687.8	695.9	658.9
	Total	1,404.7	1,419.4	1,330.1	1,374.0	

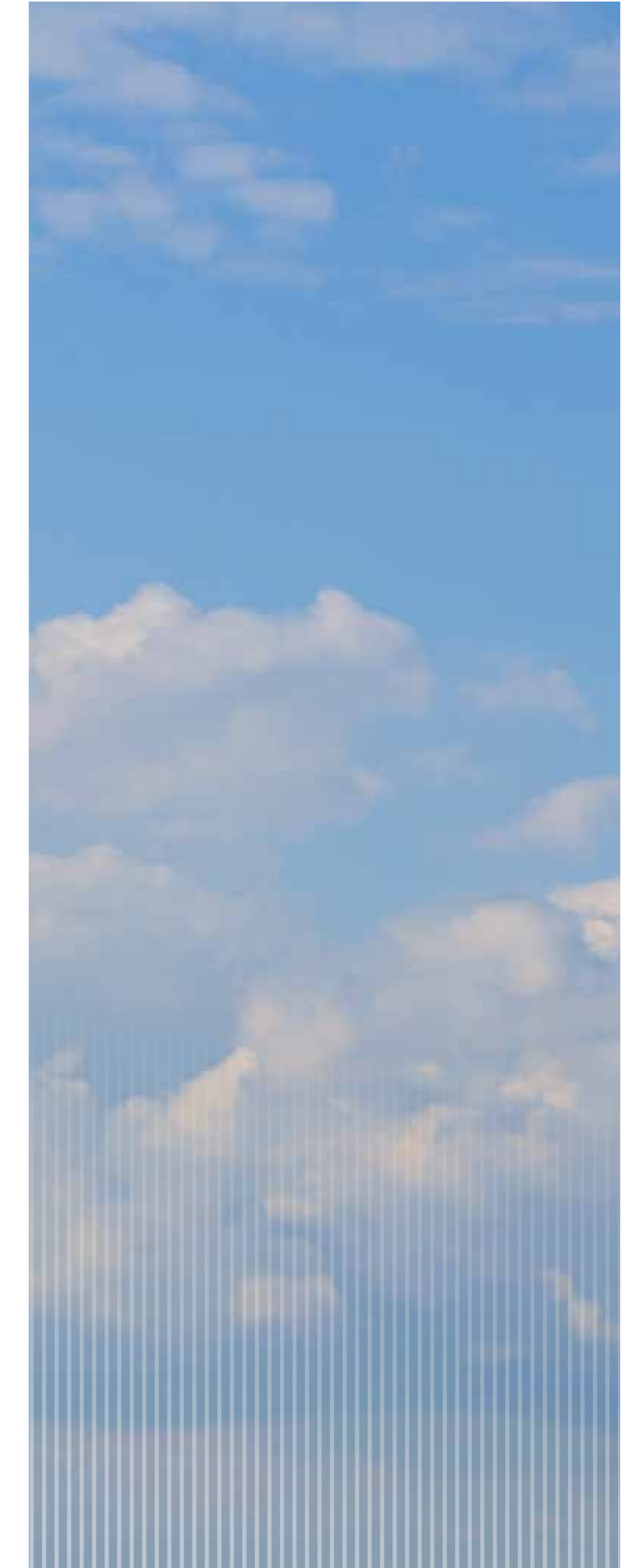
Note 1: Emission boundary is identified using the operational control method, and its calculation includes CO2, CH4 and N2O.

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 carbon emission factors are 0.533 kg CO2e/kWh in 2018, 0.509 kg CO2e/kWh in 2019, 0.502 kg CO2e/kWh in 2020, and 0.509 kg CO2e/kWh in 2021. 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 factor of 2021 has not been announced by Bureau of Energy until the end of 2022, therefore the factor for 2020 is 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 AR6 values.

Note 5: The above data is the result of self-conducted inspections.



GHG Emissions Intensity

Scope	Intensity Unit	Location	2019		2020		2021		2022	
			Head-count	Intensity	Head-count	Intensity	Head-count	Intensity	Head-count	Intensity
Scope 1 and 2	Metric tons CO2 equivalent (tCO2e) per capita	Headquarters	381	1.34	385	1.36	398	1.10	401	1.33
		Xinzhuang	93	4.53	91	4.30	87	3.73	88	4.13
		Yangmei	77	8.87	77	9.31	76	9.47	74	9.19
		Average	551	2.93	553	2.95	561	2.63	563	2.80

Note 1: Emission boundary is identified using the operational control method, and its 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 AR6 values.

Note 3: Scope 2 emissions are emissions from electricity, the electricity carbon 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, and 0.509 kg CO2e/kWh in 2021. 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 factor of 2021 has not been announced by Bureau of Energy until the end of 2022, therefore the factor for 2020 is 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.

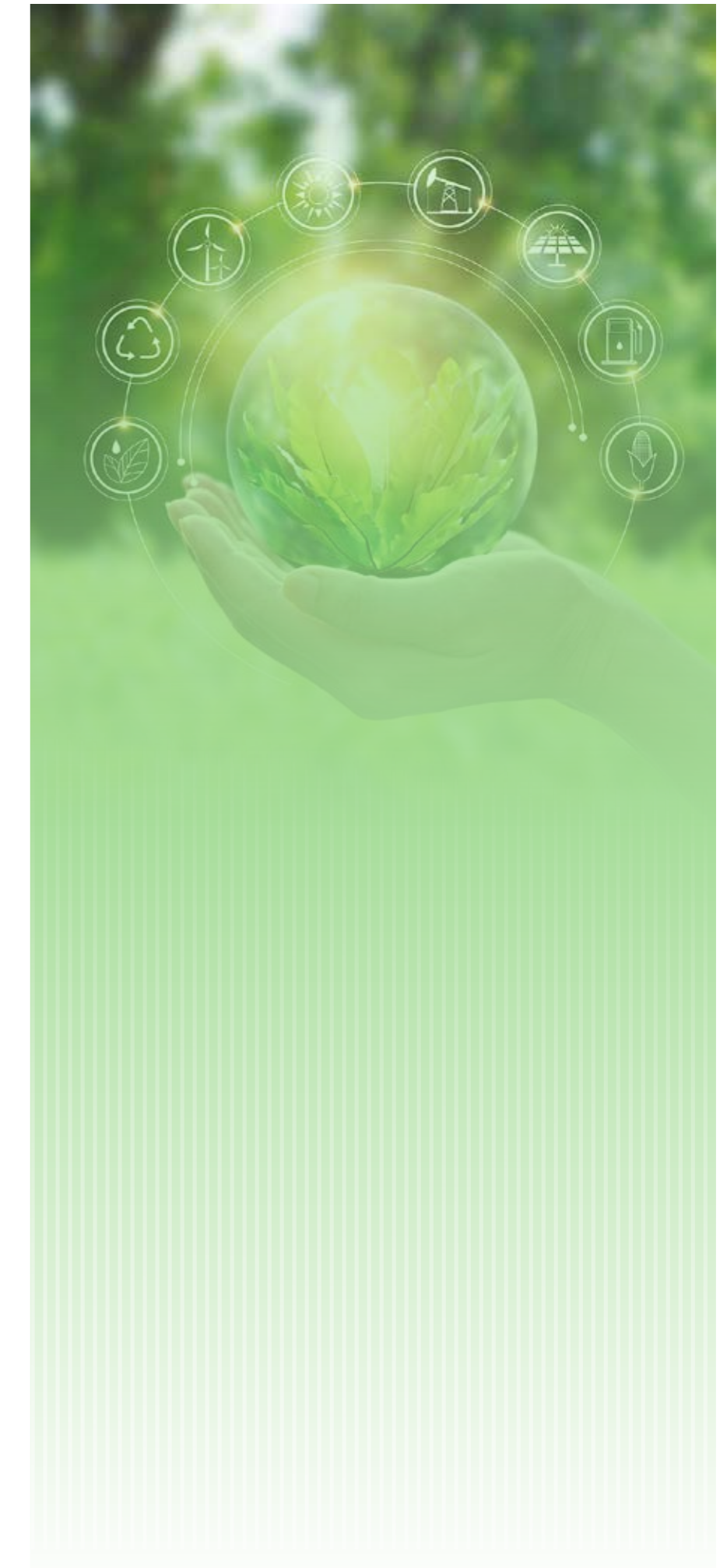
Note 5: Our Yangmei facilities operate as a parts warehouse, including subcontractors working on the site. Therefore, the total number of people working at the facilities exceeds the number of contract employees and regular employees.

Note 6: The above data is the result of self-conducted inspections.

Reduction Measures and Projected Effectiveness

Location Implemented	2019	2020	2021	2022
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 (0.4 metric ton) 	<ul style="list-style-type: none"> Lease exchange of 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) 	<ul style="list-style-type: none"> Lease exchange of plug-in vehicle types (PHEV) (2.9 tons/year) Continuous replacement of energy efficient LED bulbs (0.9 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) 	<ul style="list-style-type: none"> Strengthen the management of lighting facility Install sensor lighting in rest rooms, break rooms, and resting areas
Yangmei	<ul style="list-style-type: none"> Reduce water use (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) Recycling of packing materials (56.8 metric tons/year) 	<ul style="list-style-type: none"> Install solar panels of the roof of dormitories (3.9 metric tons/year) Replace metal halide lamp & AC in Yangmei (22.6 tons/year) Recycling of packing materials (60.9 metric tons/year)
Total GHG Reductions for the Year (Metric Tons)	74	79.2	96.4	91.2

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



Pollutant Emissions and Waste Management

5.2.3

The operations of Hotai Motor do not involve any transboundary movement and disposal of hazardous wastes. The 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 it. 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.

The goal for 2022 is to reduce the amount of waste by 3%. Through environmental protection training, we promote good practices, such as proper resource reuse and recycling. At the end of the year, we have achieved the goal while the reduction rate reaches 15%.

Waste Generated

Waste Category	Location Generated	2019	2020	2021	2022
General	Headquarters	25.0	22.6	20.0	21.9
General	Xinzhuang	4.6	4.6	3.6	4.0
General	Yangmei	18.4	19.5	15.8	15.0
Total (Metric Tons)		48.0	46.7	39.4	40.9

Waste Generated

Recycling Category	Location Recycled	Waste Recycled				Recycling Rate			
		2019	2020	2021	2022	2019	2020	2021	2022
Paper, metal and aluminum containers, plastic	Headquarters	16	15.5	11.9	7.3	100%	100%	100%	100%
Paper, metal and aluminum containers, plastic	Xinzhuang	5.1	2.8	2.1	1.2	100%	100%	100%	100%
Domestic packaging materials	Yangmei	50.7	53.0	55.8	55.1	100%	100%	100%	100%
Imported cardboard boxes		169.6	132.0	184	196.6	100%	100%	100%	100%
Total (Metric Tons)		241.4	203.3	253.8	260.2	100%	100%	100%	100%

Vehicles and Parts Transportation

5.2.4

We closely manage and monitor the CO2 emissions of semi-trailer trucks during transport and request trucking companies to provide monthly records, including trucking volume, mileage, fuel consumption, and CO2 emissions. To effectively reduce the CO2 emissions of semi-trailer trucks, 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 2022, 134,235 vehicles were towed, and 1,776,963 tons of diesel fuel were consumed. After conversion of factors, the CO2 emissions per new vehicle towed are 34.41 kg CO2e/new, 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 ensue freight transport performance, not only do we monitor completion 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.

Reduction of Emissions from Vehicle Transport

Item	Reduction Measures	2019	2020	2021	2022	Target
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% 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 	34.4	33.63	34.66	34.41	Less than 35 kg CO2e per vehicle



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 the Earth.

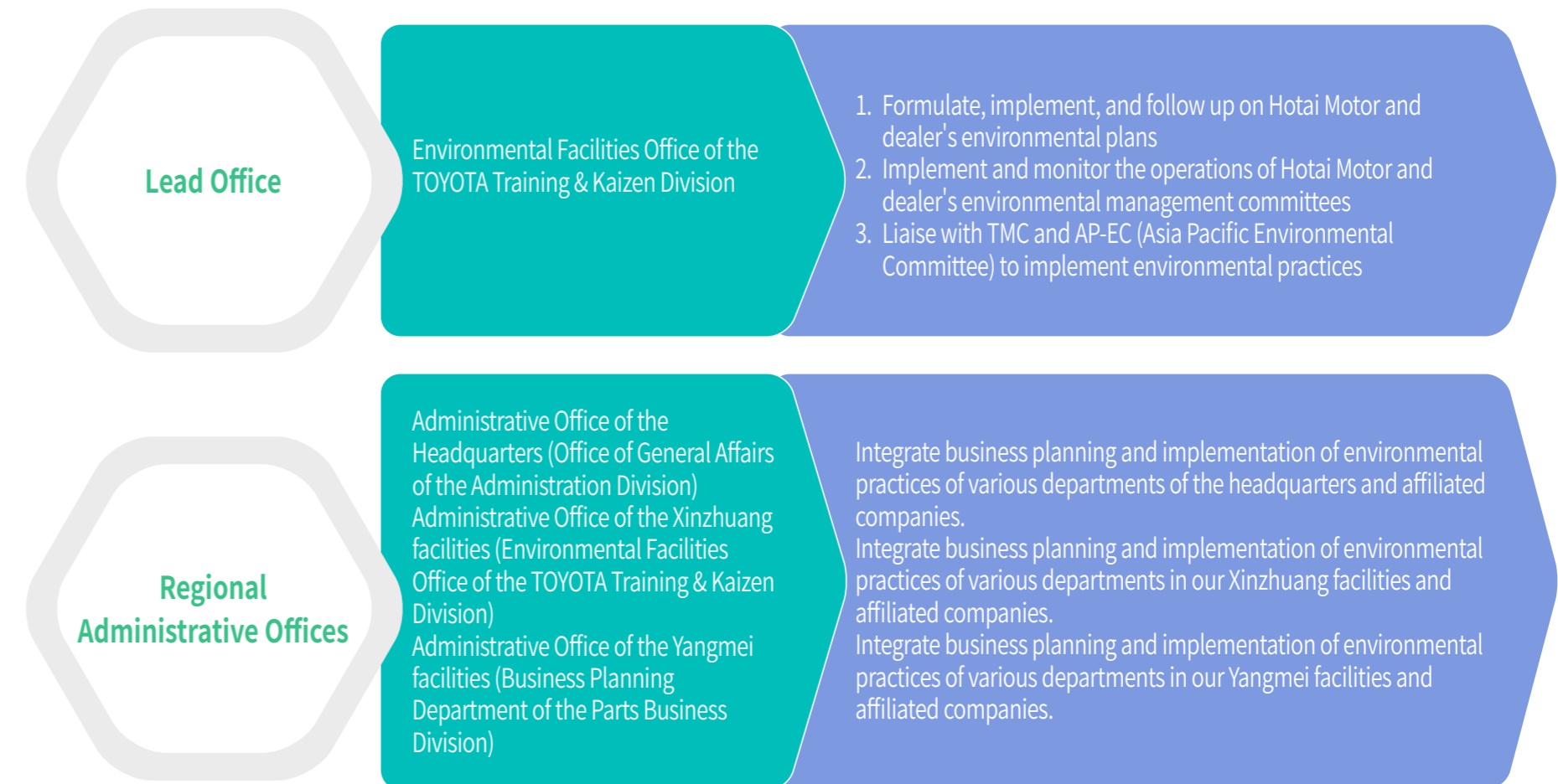
Hotai Motor's vision is to achieve a carbon neutral and circular society. From design and development, procurement, production, and logistics, to car use, waste reduction and recycling/reuse, every step we take during the vehicle life cycle intending to minimize the impact of products and services on 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.

Management System

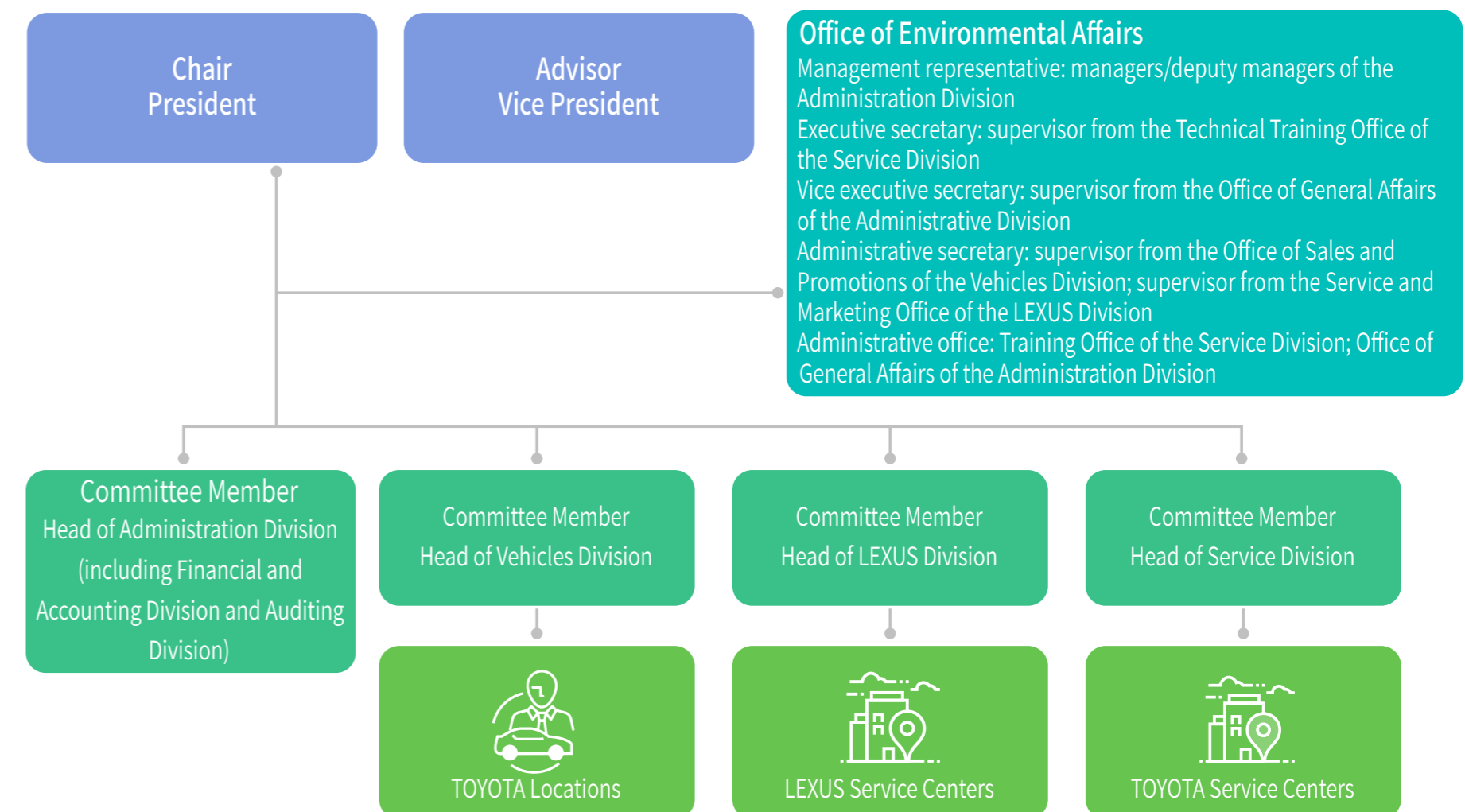
5.3.2

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 Environmental Facilities Office. 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. Keeping the company in compliance with regulations is a basic requirement in Hotai Motor. Over the past four years, no violation of environment-related issues has occurred and the fine for environmental regulations is zero.

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

TOYOTA Environmental Challenge 2050 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.

Goals	TOYOTA ASIA's Goal	HOTAI MOTOR's Goal
CO2 Zero Emission --Next Generation New Vehicles	CO2 ↓ 30% in 2025	Not available for Hotai Motor
CO2 Zero Emission --Lifecycle	CO2 ↓ 15% in 2025 CO2 ↓ 32% in 2030	· CO2 ↓ 18% in 2025 · CO2 ↓ 33% in 2030
CO2 Zero Emission -- Vehicle Manufacturing	CO2 ↓ 20% in 2025 CO2 ↓ 35% in 2030	Not available for Hotai Motor
Minimizing and Optimizing Water Usage	The concept of water recycling	Set cumulative water savings target of 1%
Establishing a Eco Society and System	3R concept (Battery)	Same as TMC ASIA
Living in Harmony with Nature	Eco mindset of employees, influence on stakeholders	Same as TMC ASIA

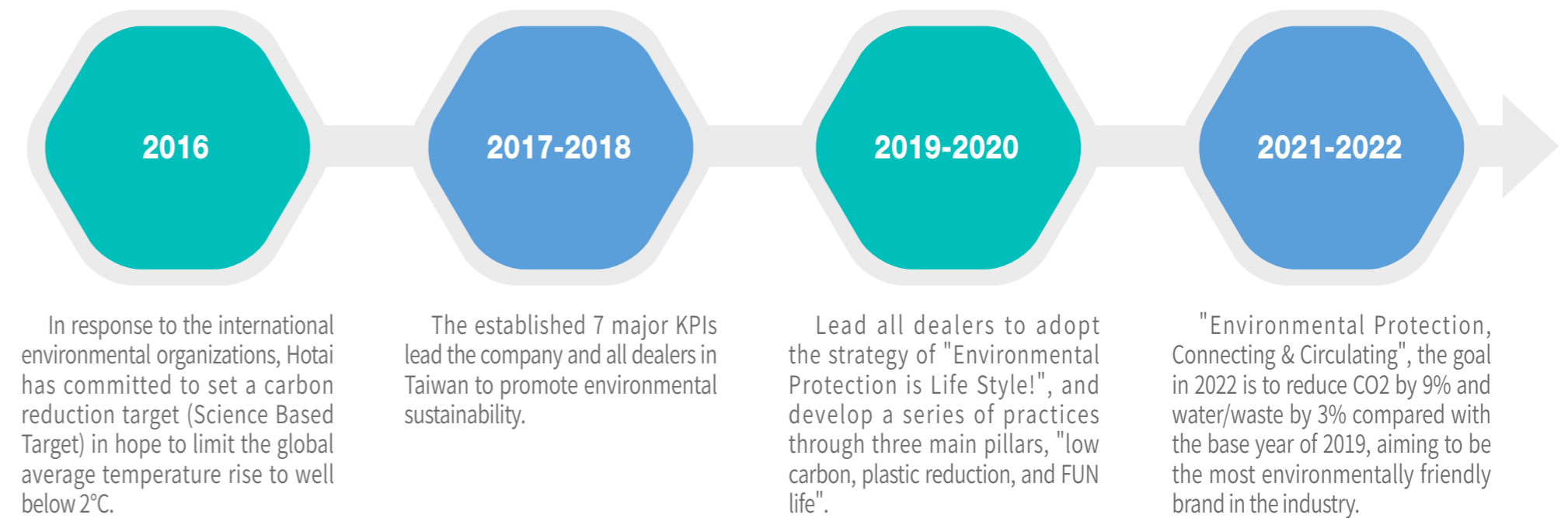
Note: 3R stands for rebuilt, reuse, and recycle.

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

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

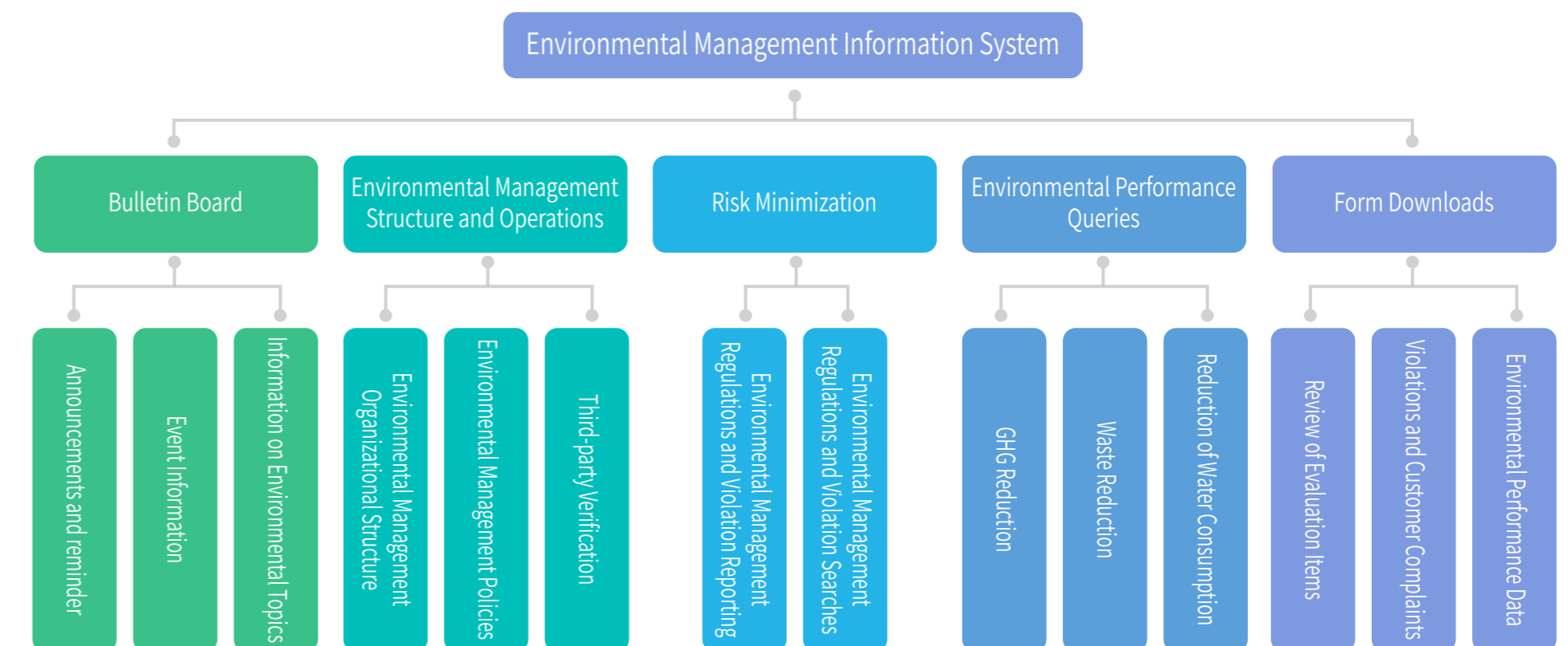
Development of Environmental Management



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.



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 the temperature control installation and renewable energy constructions at our service centers and set up locations for demonstrations; from 2021 to 2022, we have continued implementing these model practices at the rest of the locations and expanding our environmental management efforts, and will continue to improve and expand in 2023. In addition to our eight major TOYOTA dealers, we will expand to Hotai's domestic and overseas affiliates to strengthen our environmental influence.

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	2022 Performance	New Goals in 2023
Moving towards the goal of zero-emissions	GHG (CO2) reduction activities.	The result of emissions-reduction by dealers is excellent: carbon emission is down by 4%, electricity usage is down by 2%, water usage is down by 14%, and waste volume is down by 10%.	The annual goals is to push down carbon emission by 12%, water usage by 4%, and waste volume by 4% (with 2019's figures as the baseline). All dealers shall continue to improve their performance.
Creating a low-carbon society	Promote eco-driving	On the environmental bulletin available in every Hotai Motor location, eco-friendly driving skills and benefits are promoted.	Continue to promote eco-friendly driving on such environmental bulletins.
	Implement HV battery recycling mechanism	To prevent environmental damage, we've recycled 100% of HV batteries throughout Taiwan.	To prevent environmental damage, we'll continue to recycle 100% of HV batteries throughout Taiwan.
	Promote tree planting activities and green activities to expand biodiversity	Planted 660,000 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)	Continued to work with NGOs to promote tree planting (Tse-Xin Organic Agriculture Foundation), beach clean-up (Taiwan Loo-Koo Yu Association), and other eco-activities	Continue to expand cooperation models and enhance the brand's influence on environmental protection.
	Environmental management information disclosure (internal and external)	Disclose eco-performance on Facebook and in ESG reports	Continue to enhance environmental management capabilities and set up the industry benchmarks.
	Promote internal and external "environmental continuing development and training"	Every September, Hotai's executive team is gathered to take environmental training and be familiar with the global trends of carbon emission as well as the domestic situation.	The executive team's environmental training is scheduled in September, and will focus on the practices and new knowledges of GHG, zero emission, etc., aiming to facilitate their implementation in our affiliates.
Reinforcing the implementation of environmental management system	Improve and ensure zero anomalies and complaints	Zero anomalies and complaints across the island.	Maintain the quality of environmental management in every Hotai Motor location across the island, and create a friendly environment in our neighborhoods.
	Continue to improve environmental management performance	Scored the highest in the 2022 audit and evaluation.	Keep the record and be the best again in 2023.
	Continue to promote the use of solar power	A total of 59 solar sites is planted.	Keep expanding while the goal is to have 65 solar sites across the island.
	Issue ECO Newsletters	Issued ECO Newsletters quarterly, providing new knowledge and trends.	Continue to collect the latest eco-information and share through quarterly ECO Newsletters.
	Obtain third-party verification (ISO 14001) for all facilities	100% of our dealers are certified	Every Hotai Motor location across the island is certified to ISO 14001.
	Work with our dealers to promote environmental sustainability activities	In Q3, nine rounds of environmental month activities are held and attracted 3,000+ people. The brand's influence is expanded.	According to the annual activity method of the parent factory in Japan, jointly organize the environmental month activities with the dealers.
	Dealers' eco-dealership evaluation	All dealers passed the eco-dealership evaluation.	Continue to maintain dealers' environmental management standards to pass the eco-dealership evaluation.
	Conduct employee training and announce eco-news in a regular basis	Annual eco-training is held in July to enhance employee's eco-witness.	In July, general education on environmental protection will be held for employees.
	Publicly disclose the effectiveness of our environmental management practices and improve brand image	In 2022, our dealers' carbon emission is down by 4%, electricity usage is down by 2%, water usage is down by 14%, and waste volume is down by 10%.	The annual goals is to cut down carbon emission by 12%, water usage by 4%, and waste volume by 4% (with 2019's figures as the baseline). All dealers shall continue to improve their performance.

5.4

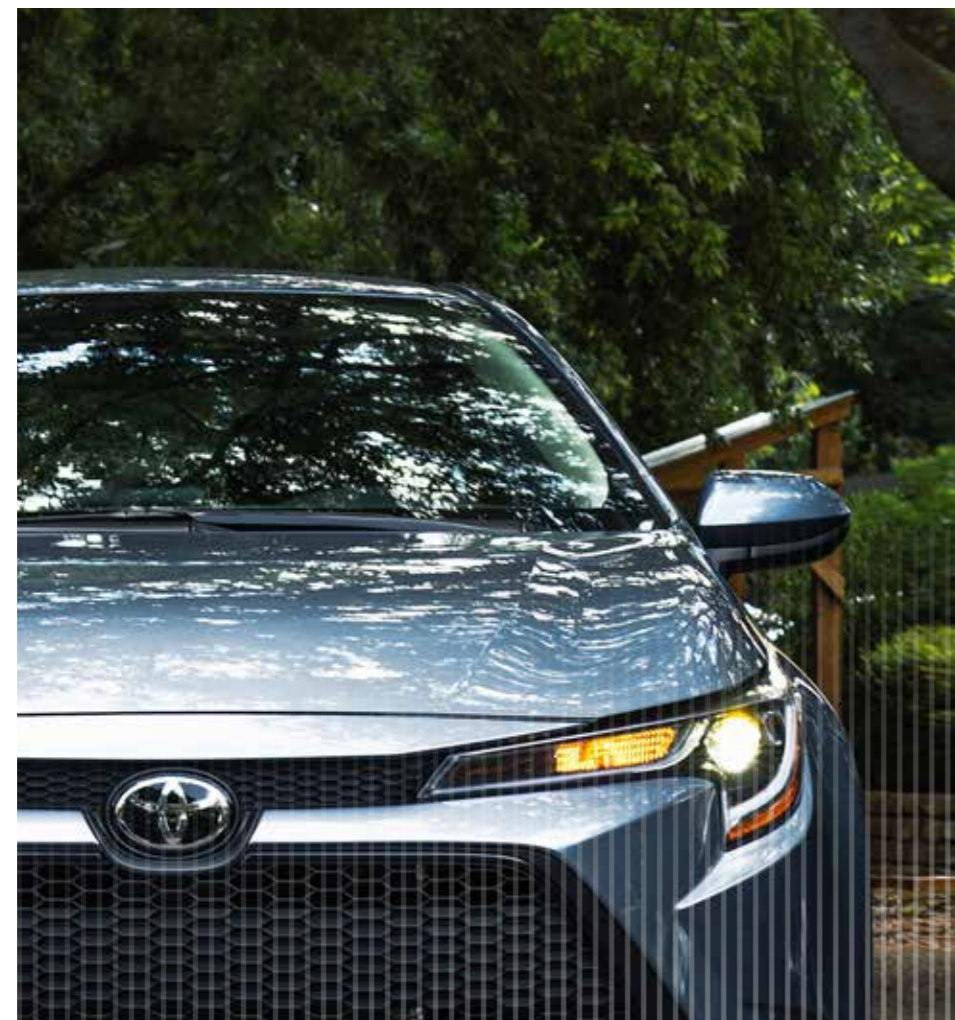
Eco-Friendly Product Design

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 2022, we have 46 TOYOTA models and 22 LEXUS models with valid energy labels, and 32 TOYOTA models and 14 LEXUS models with a valid Green Mark. In 2022, 95% of the TOYOTA new vehicles sold have the Green Mark and 91% 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. While the regulations are becoming stricter, the percentage of vehicle models with one-star and two-star energy rating exceeds more than 50% of the overall sales ratio.

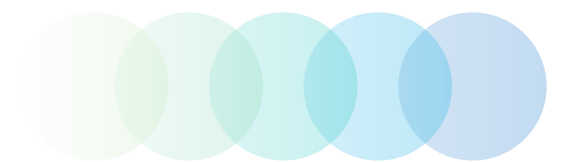


100% of Vehicle Models are Compliant and Certified

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	2022 version	Actively introduce vehicles equipped with advanced technology, such as hybrids, vehicles with high-efficiency drive system, and lightweight bodies, to improve fuel economy and reduce CO2 emissions.
Vehicle Safety	Ministry of Transportation	2022 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 HV, CAMRY HV, PRIUS PHV, RAV4 HV, RAV4 HV 4WD, ALTIS HV, COROLLA CROSS HV, SIENTA 1.5 (5-seater), SIENNA, PRIUS ALPHA	1	25%
	CAMRY 2.0, COROLLA SPORT, RAV4 2.0, SIENTA 1.8 (7-seater), PRADO, TOWN ACE VAN (manual), VIOS, YARIS, TOWN ACE	2	39%
LEXUS	ES300h, IS300h, LC500h, LS500h, UX250h, LM300h, NX350h, NX450h, RX350h 4WD, RX450h, RX450h 4WD, RX450hL	1	31%
	EX200, ES250, UX200, NX200, NX250	2	51%



Minimizing Environmental Impact of Supply Chain

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 central oil supply system, volatile organic compounds (VOC), recycled parts, and hazardous substances, and these measures will be progressively implemented by our dealers and suppliers.



Central Oil Supply

Since 2003, we have been working with dealers to install central oil 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 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 47.60 million motor oil bottles have been reduced from 2011 to 2022, which amounts to a total of 2.81 million kg in weight. The central oil 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 Supply (unit: million bottles)

2019		2020		2021		2022	
T	L	T	L	T	L	T	L
336	59	297	68	276	73	305	81

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 2022, we reduced an estimated of 59 metric tons of VOC emissions.

Reduction of VOC Emissions from Using Eco-Friendly Waterborne Paint

2019		2020		2021		2019	
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)	Number of Vehicles Painted	VOC Emissions Reduced (Metric Tons)
206,299	56	277,475	76	199,959	55	214,589	59



Recycled Parts

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

	OEM Parts	Recycled Parts
Definition	Parts certified by TMC	We remove the genuine parts from the vehicle and repair the damaged components or replace them with genuine 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 (61.1%) AC compressors (72.1%) Steering gears (41.0%) HV batteries (17.4%)

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

■ Refrigerant Recovery

Every Hotai Motor location around the island is equipped with R134a refrigerant recovery machines. In 2022, our dealerships recovered a total of 19.58 metric tons of R134a refrigerant, taking which for calculation using the global warming potential (GWP) rate of 1,300, it is equivalent to the reduction of 25,454 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.

■ 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 251.7 metric tons, 239.8 metric tons, and 185 metric tons, while the carbon emissions reduced was 60.8 metric tons, 58.1 metric tons, and 44.8 metric tons respectively.

■ Green Energy

Hotai Motor has installed PV modules with the capacity of 3,400 kW at our Yangmei Logistics Center since 2018, and has continued to add solar sites at the Xinzhuang Complex, Taichung and Kaohsiung secondary warehouses, and Chang Yuan Motor's Dounan and Xiaogang facilities. In 2022, we contributed to 3,001 metric tons of GHG offsets in total.

Hotai Motor's Solar Projects	Xinzhuang Complex	Yangmei Complex	Taichung Secondary Warehouse	Kaohsiung Secondary Warehouse	Chang Yuan Motor Dounan Facilities	Chang Yuan Motor Xiaogang Facilities
Installation Capacity (kW)	10	3,400	500	875	210	148
Electricity Generated in 2021 (kWh)	8,360	3,733,261	678,880	1,097,632	272,160	187,120
Carbon Offsets in 2021 (tCO2e)	4.2	1,874.1	340.8	551.0	136.6	93.9

Note 1: Electricity emission factor used in the calculation is 0.509 kg CO2e/kWh.
 Note 2: Up to 2022, all the green energy generated is sold to Taiwan Power Company.



Our dealers have learned 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). By the end of 2022, our dealers have introduced 53 solar sites across Taiwan, offsetting a total of 6,657 metric tons of GHG emissions as we make progress towards achieving the six goals of the TOYOTA Environmental Challenge 2050.

Dealers	Kuotu Motor	Taipei Toyota Motor	Tau Miao Motor	Central Motor	Nan Du Motor	Kau Du Automobile	Lan Yang Motor	Eastern Motor
Implementation of Solar Power Sites	Main office, Zhonghe T, Danfeng T, Shilin T, Shilin L, Binjiang T, Binjiang L, Yangmei PDS	Neihu, Donghu PDS, Dawulun T, Badu T, Xizhi T	Hsinchu L, Nankan T, Main office, Taoyuan T, Bade T, Toufen T, Hsinchu paint shop, South Hsinchu, Zhudong T, Yangmei PDS, CPO L	Main office, and other 17 locations	Main office, Minxiong T, Guiren T PDS	Minzu L, Jianguo L, Gangshan T, Fengshan T	Wujie PDS	Main office, Taitung
Electricity Generated in 2022 (kWh)	1,626,944	560,270	1,676,724	4,183,584	1,885,016	2,615,877	310,441	402,025
Carbon Offsets in 2022 (tCO2e)	816.7	281.3	841.7	2,100.2	946.3	1,313.2	155.8	201.8

Note 1: Electricity emission factor used in the calculation is 0.509 kg CO2e/kWh (2021).
 Note 2: T refers to TOYOTA, L refers to LEXUS, PDS refers to vehicle delivery center, and COP refers to used cars.



國都豐田汽車



北都豐田汽車



桃苗豐田汽車



Main office of Central Motor



Nandu Guiren Facilities



高都豐田汽車



Lan Yang PDS



東部豐田汽車



■ 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 an efficient protective mask in response to the pandemic. By 2022, more than 3.17 million vehicles have responded to the campaign, saving over 470,000 cubic meters of water.

2019		2020		2021		2022	
Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)
388,138	58,221	700,285	105,043	1,019,805	152,971	1,027,505	154,127





06

Employee Care

3% average

Annual merit increase

22.77 hours

Average employee training hours

1,547 people

Participation in health and wellness activities

130 Sessions

Occupational Safety Promotion Activities

Hotai Motor possesses the belief, "Satisfied employees equal satisfied customers". We are committed to creating a happy work environment and strengthening employee identification with the organization. Once our employees can enjoy their time at work, we will be able to enhance team engagement and build up a passionate team to boost productivity and corporate value.

6.1

Career Development and Training

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 2022, we have 14 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.

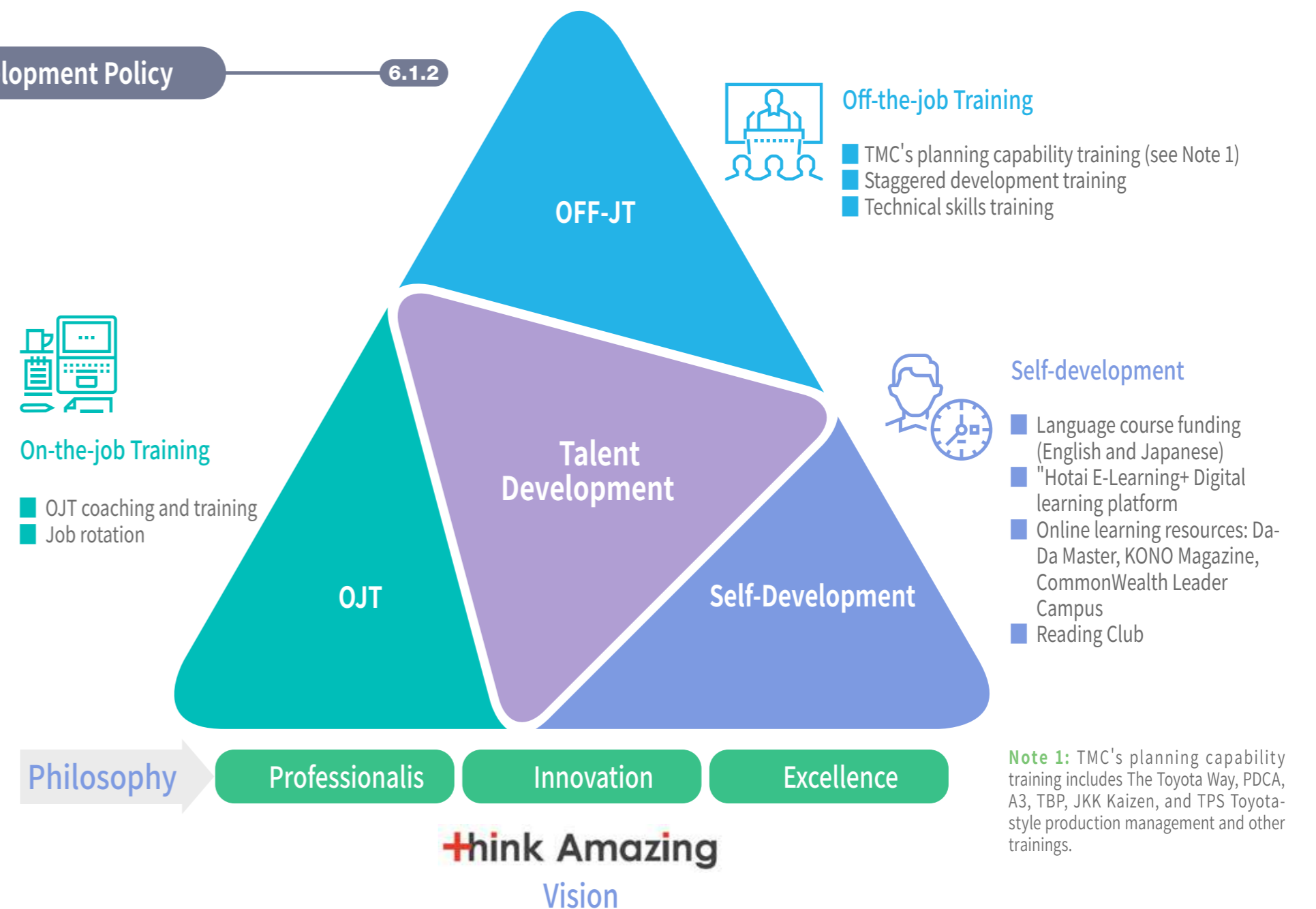


A Multidisciplinary Talent Development Policy

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 build 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.



Note 1: TMC's planning capability training includes The Toyota Way, PDCA, A3, TBP, JKK Kaizen, and TPS Toyota-style production management 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.
- 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-style production management courses are designed to build positive corporate culture and logical reasoning; as part of the training, employees are scheduled to take tests 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

After the first month, new employees will be sent to dealerships as sales representative apprentices for eight weeks to learn about vehicle sales/service market. 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.



Average Training Hours in 2022 (include physical and online courses)

	Male	Female	Total
	20.25	24.05	21.77
Management Level	Male	Female	Category Average
Executive management	10.79	—	10.79
Mid-level management	17.87	17.83	17.87
Junior management	15.99	24.52	19.05
Total	15.32	23.75	17.33
Nonmanagement Level	Male	Female	Category Average
Manager/assistant manager/senior supervisor/supervisor	26.7	29.1	27.5
Senior specialist/group leader	18.9	23.8	21.0
Specialist/team leader /clerk/trainee/driver/guard/registered nurse/dispatched worker	15.5	20.7	18.3
Total	20.9	24.0	22.2

Training hours include physical classes and online live streaming classes
 The ratio of men to women in the company is approximately 1.5:1 (as of 2022/12/31, 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)

Ever since the outbreak of the COVID-19 pandemic in 2019, we have offered a variety of online learning resources. By the end of 2022, "Hotai E-Learning+" has uploaded 121 courses, including various levels of professional skills, book sharing, and career talks. As the pandemic is cooling down, from 2022, our HR combines online and offline courses and designs a blended learning experience, enabling our employees to receive customized and real-time learning materials in both physical and virtual classrooms, aiming to improve their learning effectiveness.



Screenshot of Hotai E-Learning+ Website



Hotai E-Learning+ Course Menu



Online Learning Resource

Hotai E-Learning+

- Officially launched on April 1, 2021, and has cumulated 82 classes.
- Number of students who completed the course : 3,596

Live reading sessions

- Live-streaming reading sessions : 38 sessions, a total of 302 colleagues attended, with a total 1,077 hours of viewing.
- Dada Master : 43 sessions, 3,472 views completed
- KONO magazine : A total of 276 colleagues have used it, with a total of 50,490 readings
- 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.

Dada Master

KONO e-magazine

Commonwealth Leader Campus



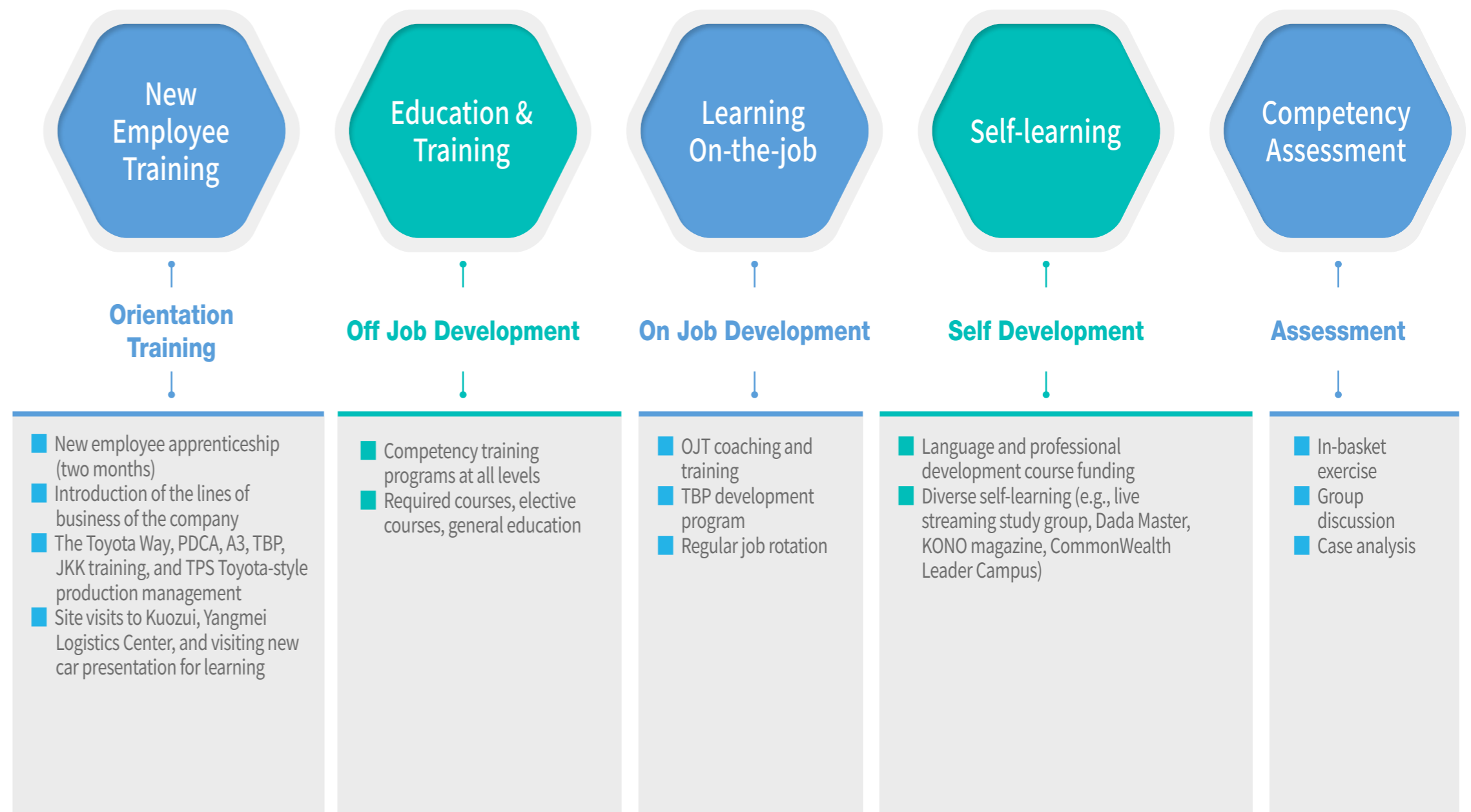
Career Development Programs

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 return to the Career Development Center where their competency development progress will be evaluated and continue to work on the areas identified for improvement.



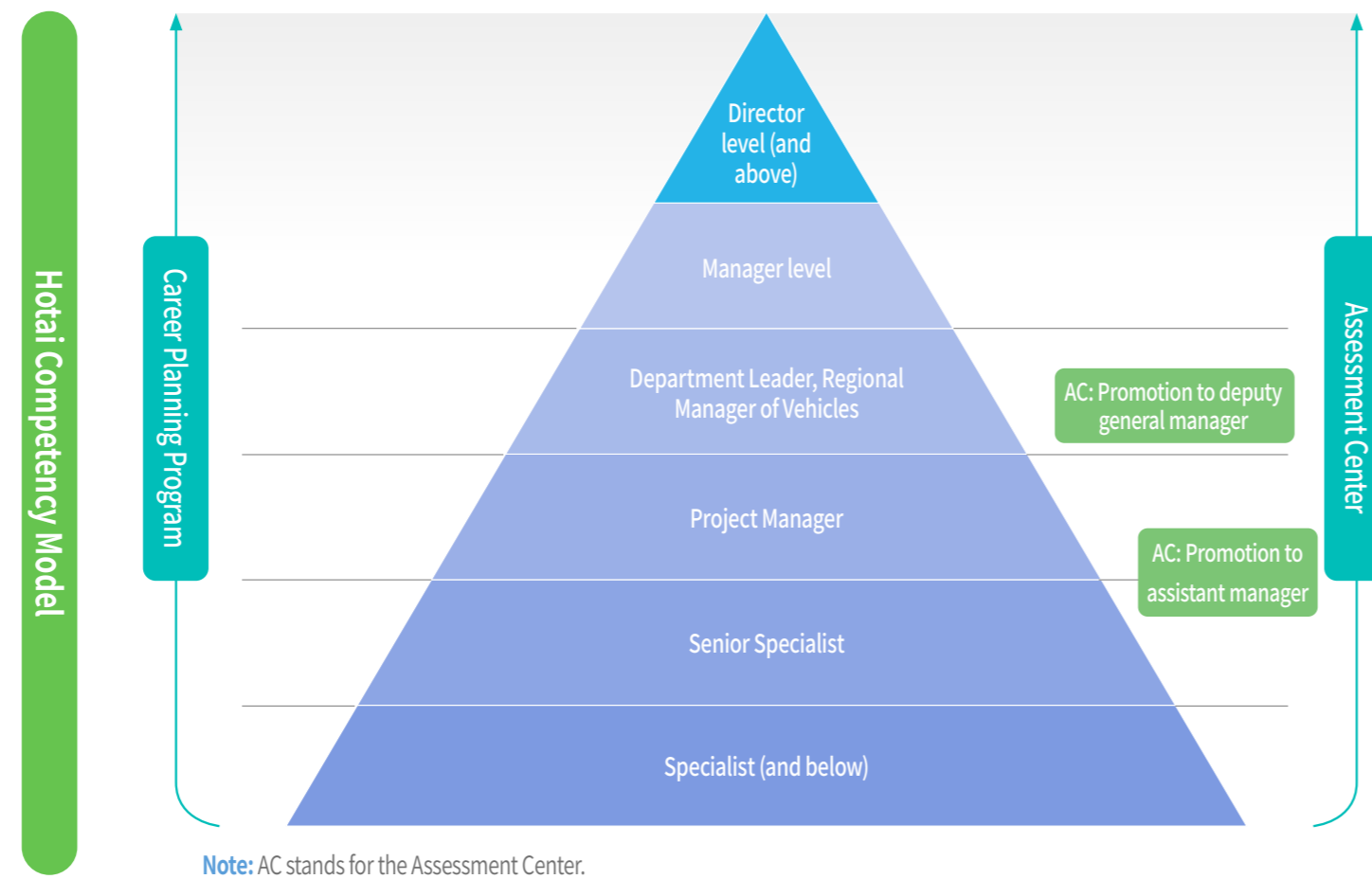
Talent Development Pathway



Manager Training System



The training unit is also responsible for coordinating and planning every year, inviting executives and managers from 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 Career Development Center's 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. The performance and competency assessment helps us discover competent talent with potentials and allows employees to reach their full potential. For employees who underperform, the Human Resources Office 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 also has a mechanism that reviews teamwork enabling 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 daily 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.



6.2

Benefits and Employee Well-being

Talent Recruitment and Retention

6.2.1

In 2022, we have a total of 563 employees and the average male to female ratio is 1.5:1, all of which are full-time employees. Over the years, in terms of age distribution, 53.46% of our workforce is in the age group of 30-50, the highest among all the age groups. As for position distribution, 19.89% of the employees are at management level. For the summer of 2022, we have hired 18 interns which duty is to carry out project planning for their departments' business. We also have outsourced 9 cleaners and 6 security guards. The company has not hired employees of different races, nor has there been any legal proceedings arising from employment discrimination. When Hotai Motor decides to terminate a labor contract with its employee, the period of notice is set as follows; for those who has worked in the company for more than three months but less than one year, the notice shall be given ten days in advance; for those who have worked for more than one year but less than three years, the notice shall be given twenty days in advance, and for those who has worked for more than three years, a notice shall be given 30 days in advance.



Contract Type		Male	Percentage of Total in the Category (%)	Female	Percentage of Total in the Category (%)	Headquarters	Xinzhuang	Yangmei
Contract Type	Regular Employee	341	60.6%	222	39.4%	401	88	74
	Contract Employee	0	0%	0	0%	0	0	0
Employment Type	Full Time	341	60.6%	222	39.4%	401	88	74

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	3	17
	Mid-level management (manager level)	21	87.5%	3	12.5%	0	9	15
	Junior management (department leader level; deputy general manager)	45	66.2%	23	33.8%	0	52	16
Nonmanagement Level	Manager and assistant manager (including senior supervisor and supervisor)	70	64.8%	38	35.2%	2	81	25
	Senior specialist (including group leader)	131	56.2%	102	43.8%	39	124	70
	Specialist (and below)	54	49.1%	56	50.9%	22	32	56
Total		341	60.6%	222	39.4%	63	301	199

In 2022, we have hired a total of 32 new employees which account 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		2022	
		Number of New Employees	Percentage of Total (%)	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%		5.7%	
By Gender	Male	12	2.2	14	2.5%	14	2.5%	14	2.5%
	Female	11	2.0	16	2.9%	18	3.2%	18	3.2%
By Location	Headquarters	20	3.6	26	4.7%	31	5.5%	29	5.2%
	Xinzhuang	2	0.4	4	0.7%	0	0%	1	0.2%
	Yangmei	1	0.2	0	0	1	0.2%	2	0.4%
By Age	Under 30	14	2.5	18	3.3%	24	4.3%	19	3.4%
	30-50	8	1.5	12	2.2%	7	1.2%	12	2.1%
	Over 50	1	0.2	0	0%	1	0.2%	1	0.2%

Our average attrition rate over the last three years is 2.62%, primarily due to our efforts in prioritizing employee development, stellar financial performance, as well as regular merit increase (an average of 2% to 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. The relevant rotation experience is one of the factors when it comes to job promotion. 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.

Statistics of Mid-level and Executives from Local Hires

		2019		2020		2021		2022	
		Number of Hires	Percentage of Total (%)	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%	38	86.4%
	Female	2	5.0	3	7.1	3	7.0%	3	6.8%
By Location	Headquarters	33	94.3	31	91.2	32	91.4%	33	91%
	Xinzhuang	4	100	7	100	7	100%	7	100%
	Yangmei	1	100	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.



Attrition Data

		2019		2020		2021		2022	
		Number of Resignations	Percentage of Total Nonmanagement Employees (%)	Number of Resignations	Percentage of Total Nonmanagement Employees (%)	Number of Resignations	Percentage of Total Nonmanagement Employees (%)	Number of Resignations	Percentage of Total Nonmanagement Employees (%)
Attrition Rate		2.19%		2.17%		2.33%		3.37%	
By Gender	Male	17	3.1	16	2.9	9	1.6	16	2.8
	Female	4	0.7	6	1.1	8	1.4	13	3.6
By Location	Headquarter	15	2.7	16	2.9	15	2.7	25	4.4
	Xinzhuang	4	0.7	3	0.5	0	0.0	1	0.2
	Yangmei	2	0.4	3	0.5	2	0.4	3	0.5
By Age	Under 30	4	0.7	6	1.1	2	0.4	9	1.6
	30-50	11	2.0	4	0.7	11	2.0	9	1.5
	Over 50	6	1.1	12	2.2	4	0.7	11	2.0

Note 1: The above statistics include retirees at the age of retirement.
 Note 2: All are volunteer turnovers.



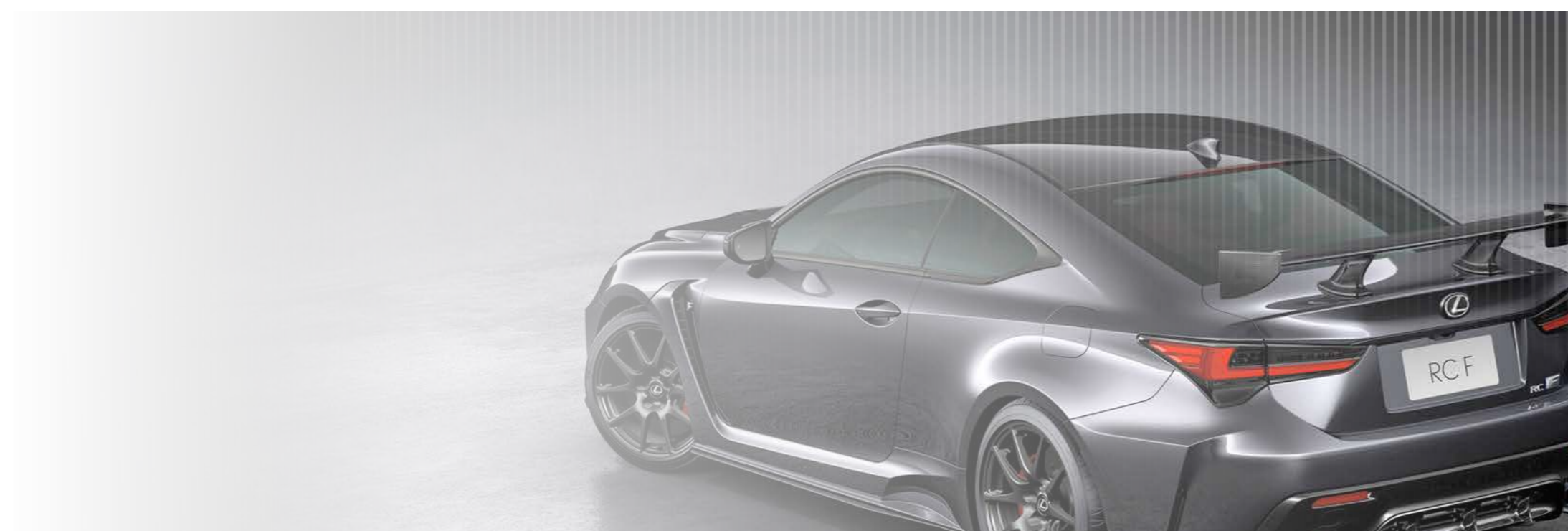
Upholding Human Rights

6.2.2

Every new hire shall read through and follow our Employee Code of Conduct, which content includes but is not limited to creating a harmonious and vibrant working environment with respect for human rights, no discrimination nor harming others' right. Our employees shall abide by the Labor Law, the internal regulations, etc., and develop and promote a law-abiding spirit and awareness. Meanwhile, when using or managing the company's assets or confidential information, employees shall protect personal data and the company's assets, intellectual property rights and business interests, as well as respect the intellectual property rights of third parties, etc. Also, insider trading is prohibited. Employees shall protect the confidentiality of internal information, do not carry out illegal or improper investment, etc.

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 2022, there was no legal proceedings arising from violations of the Labor Law.

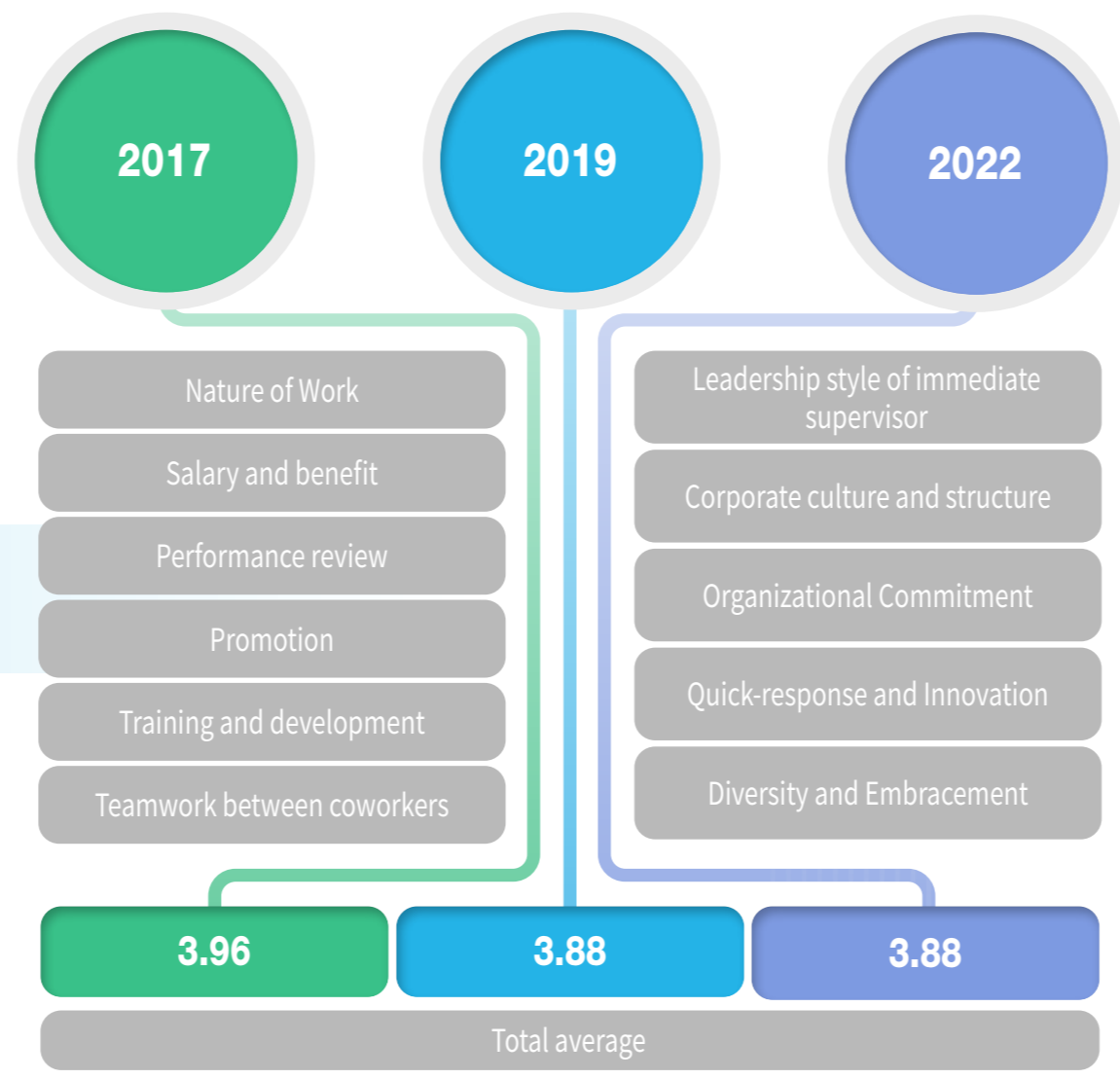
In supporting gender equality in the workplace, we have established the Guidelines on Workplace Sexual Harassment Prevention Measures, Complaint, and Punishment and Hotai Motor's Anti-Harassment Employee Complaint Center run by the head of the Administration Division. Employees can file a complaint to the head of the Administration Division by calling his/her 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. The Sexual Harassment Committee has five members, which consists of representatives of the employees and management. Members of the Sexual Harassment Committee shall consist of at least 50% female and either gender shall make up at least one third of the committee. The committee also commits not to take any unfavorable actions against individuals who file complaints or assist others in filing complaints under the provisions of this policy. We strive to lower the risk of discrimination and harassment incidents through the proper implementation of Employee Code of Conduct and other prevention measures against sexual harassment.



Every two years, we conduct the 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 latest survey which is carried out in 2022, the name of such survey has changed to Organizational Development Surveys, aiming to gather feedbacks from our employees to help develop the company. The year's response rate was 79.1% and the overall satisfaction score was 3.88 (on a 5-point scale). Out of 5 points, the Performance Review has scored 3.59, a relatively low number, which may be mainly caused by the certain challenge in the promotion process as employees have to pass the test conducted by the Assessment Center as well as the job competence assessment. In the future, the company will continue to provide competency training and on-job training in order to equip our employees in advance..



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



Note: Taking the impact of the COVID-19 pandemic into consideration, the survey execution is moved from 2021 to 2022.



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 1.58 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 2022, the average number of full-time employees at nonmanagement level was 528 and their average salary was NT\$2,080,000.

Year	2021	2022	Percentage Change (%)
Number of full-time employees at nonmanagement positions	527	528	0.19
Average salary (NT\$ thousand)	2,425	2,080	-14.23
Median salary (NT\$ thousand)	1,936	1,737	-10.28

Note 1: The difference between average salary in 2021 and 2022 is mainly due to that the Company has not generated profits from its operations in 2022 and, according to the Articles of Incorporation, no allocation of employee remuneration is made.

Note 2: Nonmanagement positions do not include general managers

Position/Pay Ratio		Female to Male Ratio of Fixed Pay		Female to Male Ratio of Variable Pay	
		2021	2022	2021	2022
Management Level	Executive management (director)	-	-	-	-
	Mid-level management (general manager)	0.94	0.95	0.99	0.98
	Junior management (department leader)	0.97	0.98	0.95	0.97
Nonmanagement Level	Manager and assistant manager (including senior supervisor and supervisor)	0.92	0.91	0.93	0.93
	Senior specialist (including group leader)	0.94	0.93	0.91	0.91
	Specialist (and below)	1.00	1.00	0.94	1.02

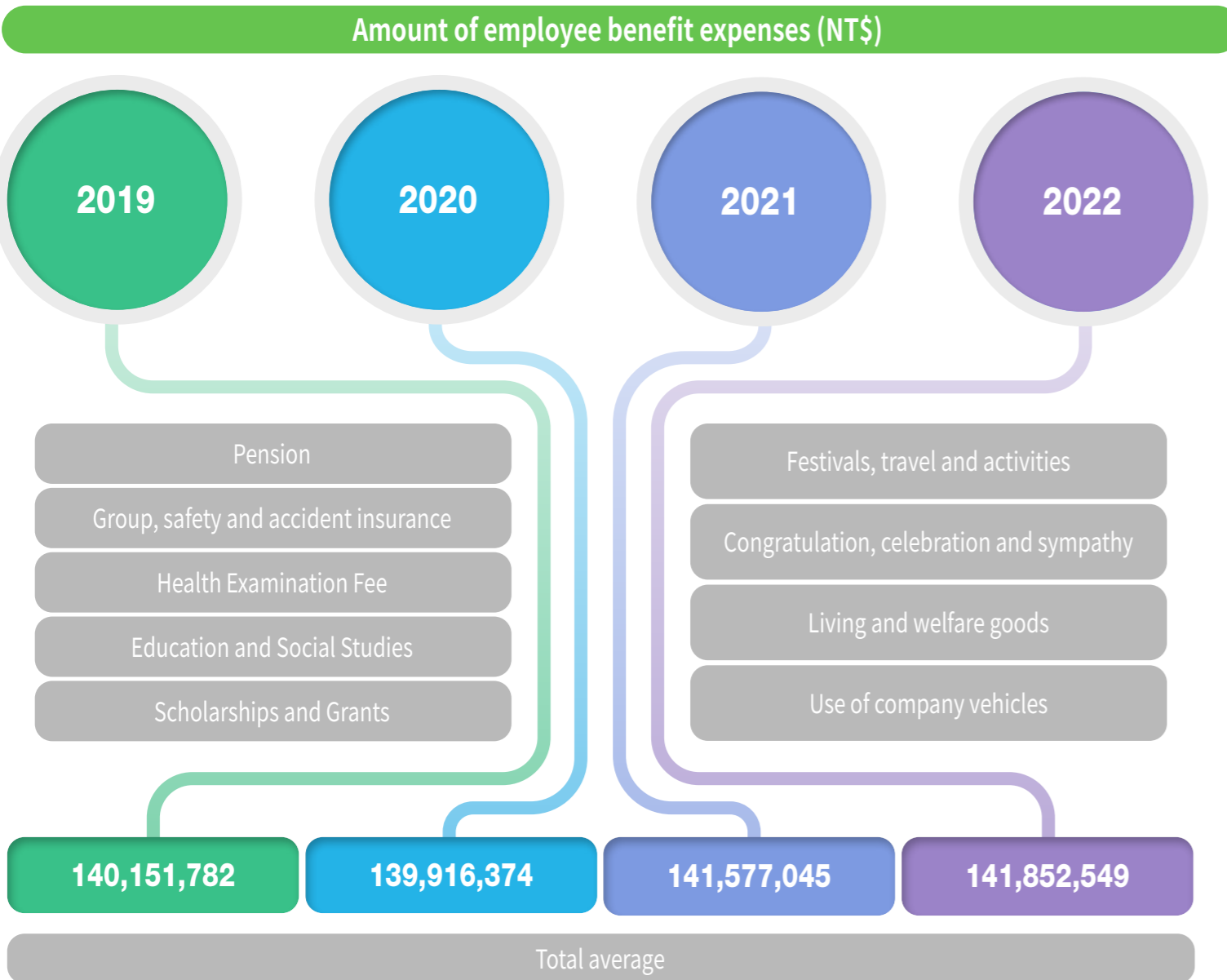
Note: Fixed pay refers to monthly salary; remuneration refers to fixed plus variable pay (bonus). There's no female executive director in 2021 or 2022.



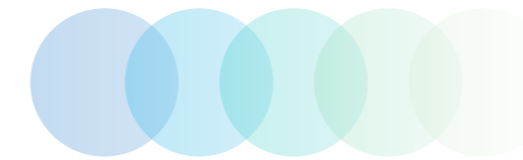
Hotai Motor has established the Employee Assistance Program to offer a comprehensive benefits package to employees, including wedding and childbirth cash awards, bereavement and emergency/hardship consolation payments, scholarships and financial aids, holiday gifts, emergency loans, consolation payments and financial support for hospitalized employees, retirement gifts to help employees who are in need. Every year, we offer paid annual physical exams for all employees 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 favorable 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



We strive to create a safe and non-discriminatory work environment for our employees. In 2022, the rate of employees returning to work from unpaid parental leave was 100%, and the retention rate was 66.7%, 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 women after parental leave, 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 2022

	Male	Female	Total
Number of employees eligible for parental leave in the current year	26	17	43
Number of employees applying for parental leave in the current year	0	11	11
Number of employees expected to return from unpaid parental leave in the current year	0	8	8
Number of employees returning from unpaid parental leave in the current year	0	8	8
Number of employees who remain on the job for another year after returning from unpaid parental leave in the previous year	0	1	1
Number of reinstatement after the previous year's parental leave	0	1	1
Application rate of unpaid parental leave (%)	0	64.7	25.6
Rate of returning to work from unpaid parental leave (%)	0	100	100
Retention rate of employees returning from unpaid parental leave (%)	0	66.7	66.7

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.



Employees are the core competitiveness and value of the company. Hotai Motor is committed to preventing occupational accidents and diseases, ensuring the safety of employees' work, and taking care of their physical and mental well-being. We strive to provide a safe and secure workplace and create a happy and healthy working environment for our vision of sustainable operation and continuous service. To align occupational safety and health management with organizational characteristics and needs, the company takes into account the expectations of stakeholders, consolidates internal and external issues, conducts hazard identification and risk assessments, and analyzes employee health examination data, etc. Based on these information, we set up short-, medium-, and long-term occupational safety and health development, and continue to reduce occupational safety and health risks by following the PDCA cycle.

6.3

Occupational Health and Safety Management

Promoting Safety Management

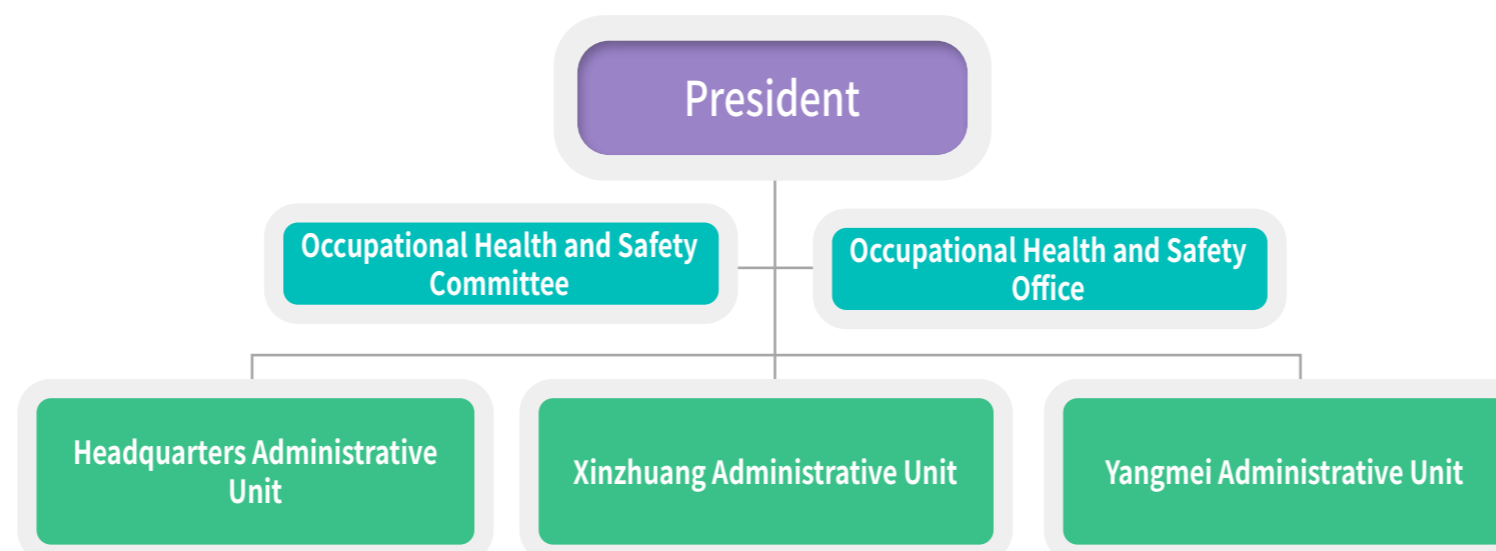
6.3.1

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. We started to implement the ISO 45001: Occupational Health and Safety Management System (OHSMS) in 2018. Since 2021, we have obtained the certification in five of our facilities, including headquarters, Xinzhuang Complex, Yangmei Logistics Center, Taichung secondary warehouse and Kaohsiung Renwu secondary warehouse. The system covers all the employees working at these five facilities, including contractors and subcontractors. We will continue to check and examine its implementation every year. Nevertheless, the promotion of occupational safety and health requires all the employees to work together. In each department, there are seed instructors of safety and health who have completed relevant training. They actively participate in internal and external audits, revision of management system procedures, hazard identification and risk assessment, regulatory compliance verification, management reviews, and other important tasks. In addition, we use a systemic management approach to promote the management practices of occupational health and safety while continue to improve health and safety performance in the workplace.

Hotai Motor's Occupational Health and Safety Commitment



Organizational structure of the Occupational Health and Safety Committee



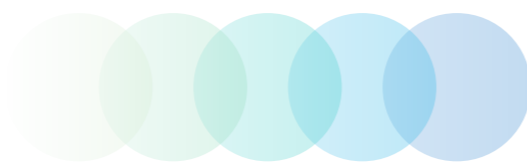
Hotai Motor's Occupational Health and Safety Committee is led by the president as the chair, and the heads of each facility and their employee representatives are members of the committee. The Committee consists of 17 members, 6 of which represent the employees. All members work together to promote the activities of occupational safety and health, and plan and execute relevant decisions. 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, or make phone calls to the special line or visit the office in person to bring up concerns or suggestions. The Occupational Health and Safety Office shall handle and respond to these matters according to the issue's nature, and, if necessary, submit the issues to the committee meeting. Members of the committee shall make recommendations on the proposed workplace health and safety policies, and review and supervise the performance of health and safety management.



Hotai Motor is committed to promoting workplace safety and health, and expands such commitment to our affiliates and dealers, aiming for all of our important partners to strive in secure and safe work environments. To strengthen the information exchange of occupational safety and health management among our affiliates, we have built up "Hotai Occupational Safety and Health Database" in 2022. The database modularizes the required documents and tasks of each company through the categories of risk levels and industry types. Also, such platform has reduced the time of collecting relevant data. The company intends to improve the occupational safety and health management performance, allowing more workers to shine in a secure and healthy workplace. Working together with our employees to create a high-quality workplace drives us to achieve the vision of sustainable operation and continuous service.

Hotai Motor cares about the health of our employees and workers and offers health check-ups that are not required by the laws and regulations. Our annual budget of employee health check-ups is NT\$2,200 (for employees aged 39 years old and under), NT\$11,000 (for employees aged 40 years old and above), and NT\$15,000 (for department supervisors and above). 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. The company-wide health screen rates are 87% in 2020, 89% in 2021, and 87% in 2022. 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 have designed health and wellness promotion activities and talks on relevant topics, released the incentive program of "Hotai Health Points", and offered personalized health services through on-site health consultations. With the help of multiple health promotion events and seminars, we have seen a decreasing trend of such abnormal metabolic indicators in health examination reports.

In addition to health check-ups, we conduct Musculoskeletal Health Questionnaire (MSK-HQ) and workload assessment scale to identify those employees who need assistant or special care. Then, we will make the arrangement for nursing visits or consultation with doctors, as well as implement measures to improve the work environment. The company takes the initiative to identify potential health risk factors and take preventive actions before the hazards cause illnesses. As for the Maternal Health Protection Program, there is a pregnancy supplement program with a NT\$2,000 for each pregnant mother to apply, which has offered to 7 mothers in 2022. Meanwhile, we encourage every employee to internalize a health-conscious mindset and subsequently change their lifestyle habits and behaviors. Doctors, nutritionists, physiotherapists, and other medical and health specialists are invited to our safety and health seminars to share with employees the knowledge of staying healthy. A total of 7 safety and health seminars were held in 2022.



Fostering a Safe Workplace

6.3.2

Hotai Motor's Wellness Activities in 2022

Activity	Description	Sessions	Number of Employees Participated
Onsite Health Clinic	Once a month, we invite doctor(s) from the onsite health service to our onsite health clinic to provide health consultation to employees. The clinic offers one-on-one consultation and is completely confidential.	38	218
Hotai Health Points	To encourage employees to take part in the health events we organize, such as One Test for Three (blood pressure, cholesterol, and blood sugar), InBody Test (for body fat), and talks, they earn points and enter prize draws through participation.	15	928
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.	7	386
Occupational Health and Safety Committee Training	We offer health talks on occupational mental health for members of the Occupational Health and Safety Committee to learn the stress relief techniques from therapists.	1	15

Annual participation

1,547



Hotai Motor's Safety Promotion Activities in 2022

Activity	Description	Execution Results
Workplace Safety Inspection with Health Personnel	Occupational safety and health personnel and occupational health physicians visit the facilities where they work together to inspect the work environment in order to discover potential hazards together.	5 rounds of inspection
Indoor Air Quality Monitoring	Once every six months, the safety officers from the Occupational Health and Safety Office meet with employees from the dedicated unit charged with occupational health and safety matters to monitor the air quality (such as formaldehyde and fine particulates PM 2.5) in the workplace together.	10 rounds of inspection
Workplace Environmental Monitoring	Conduct voluntary monitoring and testing for various features of the work environment in our facilities once every six months, including VOC, dust particles, noise and lighting.	16 rounds of inspection
Respiratory Protection Plan	Conduct the fit testing and physiological assessments on the respirator mask on the operator of sheet metal painting to ensure it fits and work well.	8 operators tested (pass rate: 100%)
Hazard Identification and Risk Assessment	Every year, each department's seed instructor(s) shall examine its unit's operating procedures, facilities, equipment, etc., to identify the types of hazards and risk levels, and prioritize and track high-risk items.	1,689 items examined (no high-risk item)
ISO 45001 Promotion	Design regulatory and system related training programs for employees who are in charge of implementing ISO 45001 from each business unit, and work together to implement occupational safety and health activities such as document revision, internal and external audits, management review, identification of legal requirements, hazard identification, risk assessment, etc.	30 rounds of inspection
High-risk and Regular On-site Contractor Management Enhancement	Implement the compulsory measures required by law, such as operator qualification screening, hazard notification, calling meetings for coordinative organization, inspection of specific mechanical equipment, notification of special operations, etc. This applies to a range of operations, such as interior construction, signage maintenance, water tower cleaning, regular on-site contractors (e.g. warehousing, security, cafeteria, cleaning, etc.)	67 cases of contractor management



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 occupational 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 258 items), 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.

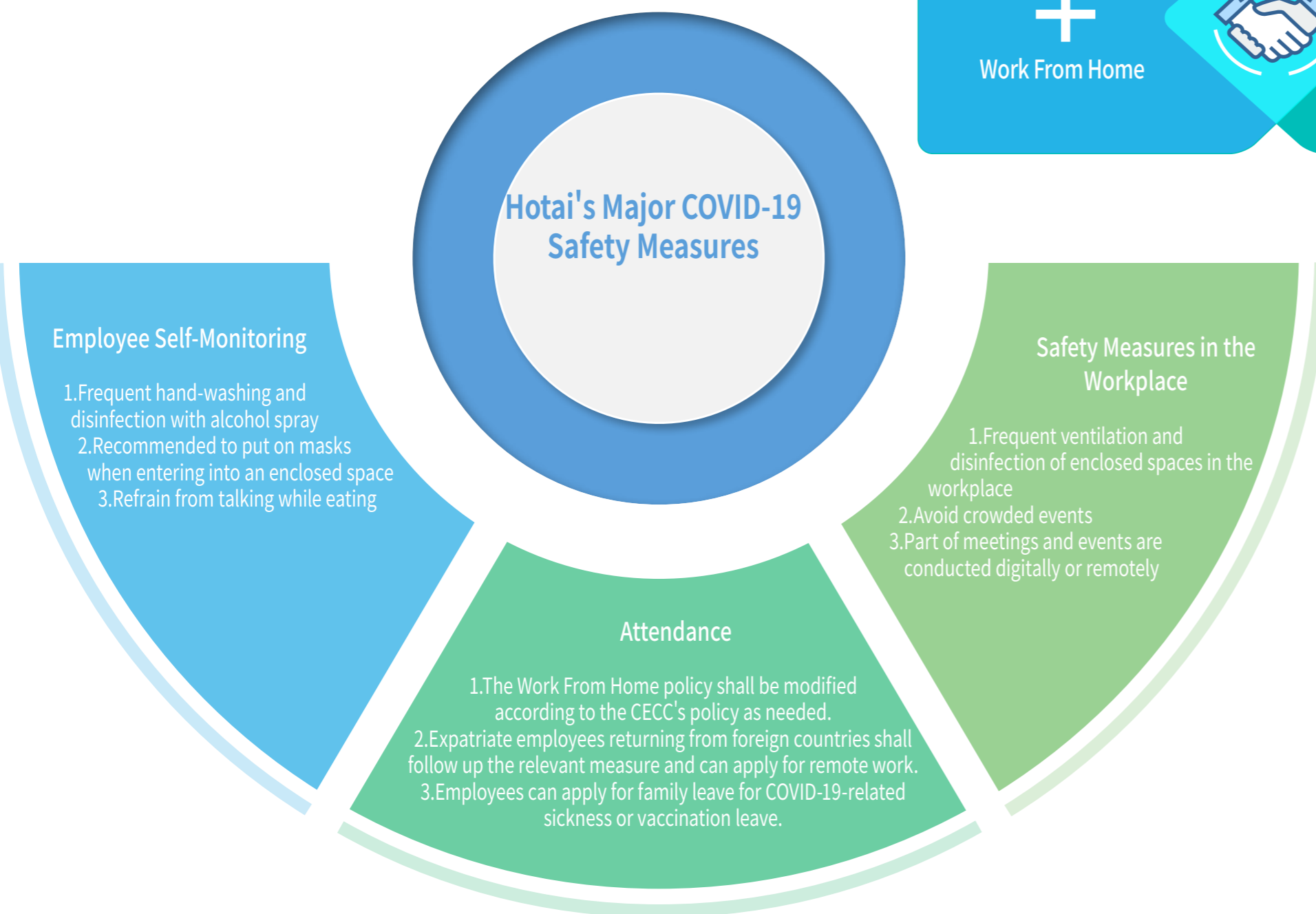
Establish Safety Standards

- 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.

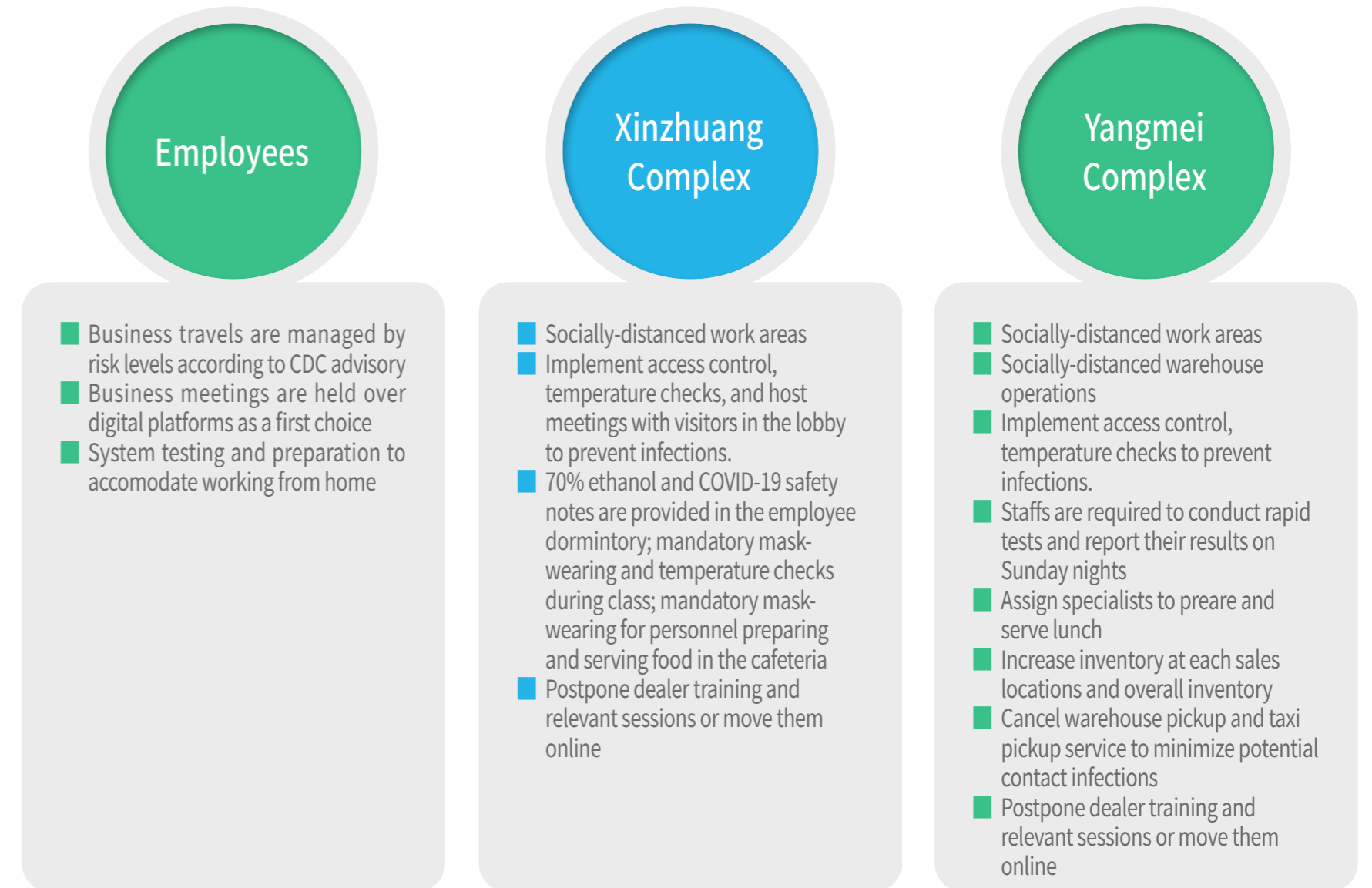
Implement Safety Measures

- 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.

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 office types (e.g. home office, 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.



Social Distance Measures



Preventing Occupational Accidents and Diseases

6.3.4

To ensure employees' health and safety in the workplace, a task team is formed by employees representing each department. Every year or whenever operation procedures are modified, such representative shall conduct inspection on the facilities, equipment and environment of operation procedures to identify hazards and assess risk. The risks are rated and managed. For the high-risk items, immediate measures shall be implemented to improve the Risky area and subsequent progress will be tracked. In 2022, a total of 1,689 items are assessed and no high-risk item is found. As for the high-risk items not requiring immediate measures, they shall be listed as the goals of improvement, and be treated with measures to reduce the chances of causing problems.

Improvement Plans of Occupational Accident Prevention in 2022

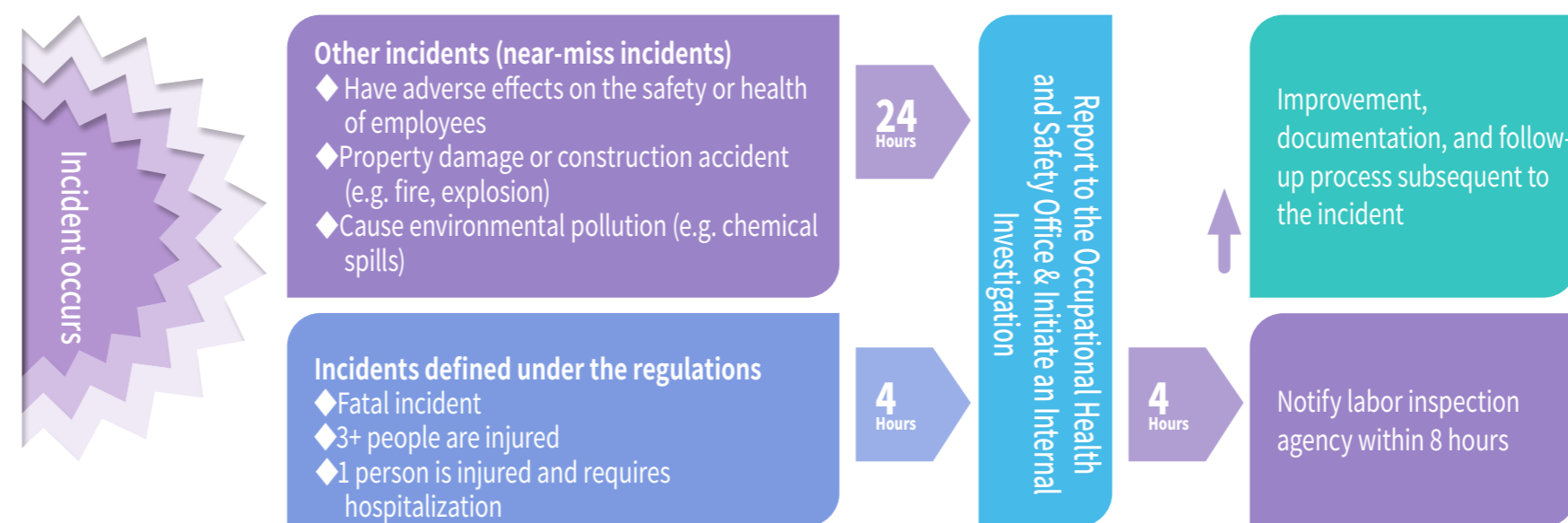
Theme	Details
<ul style="list-style-type: none"> Main Warehouse: Project of preventing high-rise racks from toppling 	<ul style="list-style-type: none"> To avoid high-rise racks fall down one after another, they are fixed to one another row by row. The overall base area is then expanded and minimize the possibility of toppling.
<ul style="list-style-type: none"> Rooftop Solar Sites: Safety Enforcement Project 	<ul style="list-style-type: none"> For the convenience and safety during maintenance, a walkway is built up along the way to the machinery and equipment, and safety cables are also provided.
<ul style="list-style-type: none"> Warehouse: Ergonomics Improvement Project 	<ul style="list-style-type: none"> Carrier roller auxiliary devices are installed in the warehouses for oil products and batteries in order to reduce the loading to carry and the need to reach goods in a prone position.

We believe that everyone has the responsibility to ensure health and safety in the workplace. Therefore, when a worker discovers known or potential hazards, he/she 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 shall review the reports and discuss with relevant departments to determine corrective actions and improvements needed.

We promote workplace safety awareness and supervising ability. In 2022, the need of safety training course is identified according to operation, job responsibilities, machinery, etc., and 37 training sessions are held for 93 participants. The training is not just required by the law but equips our employees with relevant awareness. We plan to conduct occupational safety and health education and training in 2023.

類別	New Hires	Occupational Safety and Health Management Personnel	Occupational Safety and Health Affairs Managers (Type A & C)	EMT1	MEWPs	Fire Prevention Manager	Security Supervisor	Subcontractor Management
No. of people completed the training	57 (incl. interns and temp workworn)	2	2 (retraining), 3 (1st time)	2	2	3 (1st time), 1 (retraining)	1	20

Work-related Incident Investigation Process



We have established "Emergency Handling Guide" and "Work-Related Incident Investigation and Processing Protocol". Whether it is the emergency response measures and procedures, or the handling of occupational accidents and near-miss incidents, there are relevant regulations available. When an incident occurs, we follow the Protocol in subsequently processing and tracking the incident. As for the education and training, we conduct company-wide 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), chemical spill response drills, and the practice of using fire extinguishers and first aid dressing in order to enable our staffs to quickly and correctly to emergency. In 2022, a "Emergency Response Training for Disaster Prevention (Fire and Earthquake)" was conducted in the headquarters, in which about 56 staffs participated; two fire drills were conducted in Yangmei (in the first and second half of the year respectively), with about 120 participants and 0.5 hours of training; a "self-defense fire drill" was conducted in Xinzhuang complex, with about 23 participants and 4 hours of training.

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.

Thanks to the efforts of all colleagues, all the employees of Hotai Motor have had no occupational accidents over the past five years. The company will continue to strive to create a safe working environment, strengthen the concept of safety and hygiene, and maintain a safe and happy workplace with zero accidents.



Item	By gender	2018	2019	2020	2021	2022
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 injuries	All employees	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



07

Community Engagement

12 bloodmobiles

A cumulative of 12 bloodmobiles have been donated

52

The number of students who joined the Campus Recruiting Program

NT\$0.8 million

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

800 passengers

The mobility needs of disadvantaged children met

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.

Last year, in parallel with existing community engagement programs, we dedicated our efforts in building 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 2022 utilizing the shared mobility service provided through our core business: starting in 2023, 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 SDG 15

	Short-term Goals 2023	Medium-term Goals 2024	Long-term Goals
People	<ul style="list-style-type: none"> Volunteer hours to average at 8 hours per person Aim for 2 million participation of our Public Welfare Dreamer event Sponsor indigenous choirs from Jia Xing Elementary School and Tao Shan Elementary School 	<ul style="list-style-type: none"> Volunteer hours to average at 8 hours per person Create the No.1 brand that champions youth empowerment in the area of ESG Sponsor and promote children's choirs in Taiwan 	Reinforce our image as the most trusted company through community engagement
Cars	<ul style="list-style-type: none"> Donate a cumulative of 120,000 sets of crossing guard equipment Provide free mobility service to 800 passengers 	Increase donations of crossing guard equipment and expand vehicle services by integrating resources from our core business	
Environment	<ul style="list-style-type: none"> Achieve the attendance goal of 2,700 for the Environmental Month activities (subject to changes depending on pandemic conditions) Achieve the goal of 11,000 volunteers at the beach cleanup 	<ul style="list-style-type: none"> Continue to invest in local community engagement and partnerships Protect and preserve the coastal environment in Taiwan by the collaborative efforts of the Group through organizing beach cleanups and investing in environmental education 	

Hotai Group's corporate public interest digital platform & video series

- Hotai Group's corporate public interest digital platform: Each month, we create an average of 8 posts to communicate our community engagement efforts to our followers. In 2022, our Facebook reach was 7,171,855, a 130.4% increase from 2021; total number of posts was 95, a 206.5% increase from 2021.
- As of the end of 2022, we had 84,976 Facebook followers, which grew by 20,788 from 2021.
- Hotai Group's public interest video series: Our online videos hit 5.69 million views, which effectively promotes public interest causes.

As part of the efforts to achieve sustainable operation, Hotai Motor encourages employees to give back through volunteering. Since 2017, we offer each employee 8 hours of paid volunteering leave per year that allow them to request for the leave when volunteering outside the company during work hours. Starting in 2019, we also implemented the policy across the Group, including a total of 20 affiliated companies. In 2022, we delivered a total of 57,724 volunteering hours group-wide, including 2,488 hours from Hotai Motor.



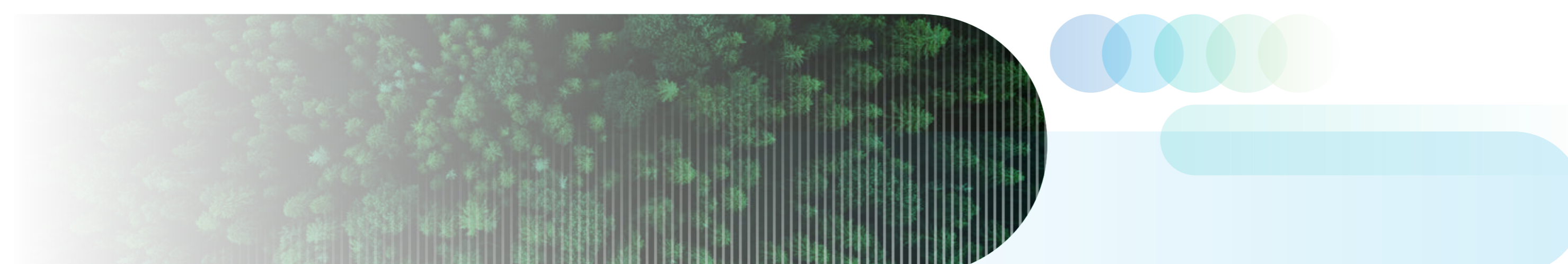
QR Code of our Facebook fan page "Hotai Group ESG—Standing by Our Beautiful Island"



Additionally, we organize a variety of volunteer activities each year that cater to different interests and skills with the goal to encourage employees to volunteer. These activities include but is not limited to environmental protection, community service, education support, and donation for public interest causes. It is our hope that by offering a variety of volunteer opportunities, we can meet the needs of our employees, while also allowing them to experience the value and meaning of volunteer work and encouraging them to roll up their sleeves and support Taiwan's local communities.

In 2022, Hotai Motor's employees averaged 8.5 hours of volunteer work, which reflect their passion and proactiveness for volunteer work. With 8 hours per year as a goal, we encourage employees to continue taking part in volunteer activities. The following is an overview of volunteer activities organized by Hotai Motor in 2022:

	Date	Group Volunteer Activities	Number of Sessions	Attendance	Volunteer Hours	Total(Hours)
1	3/20	Community Cleanup in the Banqiao 435 Art Zone	1	20	4	80
2	4/1	Charity Dive to Save the Ocean	1	5	8	40
3	4/24	Groupwide Beach Cleanup (include employees of our affiliates)	1	321	4	1,284
4	7/8, 7/28, 8/12, 9/30, 10/7, 10/15, 11/17 (all-day-event), 12/2, 12/23	Toy Sharing: Cleaning and Organizing Pre-Loved Toys	10	285	4	1,140
5	8/15-16	Host Parents x Homestay Experience for Indigenous Children	1	14	6	84
		Dream Team Indigenous Career Exploration Camp—Expert Insights	1	5	1	5
6	9/2	Fruit and Veggie Boxes for Children Awaiting Foster Care	1	20	4	80
7	9/20	Tree Planting Event (include employees of our affiliates)	1	100	4	400
8	11/12、12/10	Free Mobility Service Day	2	80	4	320
9	11/15、11/29、12/9	River Cleanup Project for Leopard Cats	3	95	8	760
10	11/23	Love in a Backpack for Marginalized Communities	1	25	8	200
11	12/7	Christmas for Children Awaiting Foster Care	1	10	4	40
Total			24	982	-	4,441



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.

7.1

Core Commitment Area

People

177 teams

Number of registered teams of Hotai Public Welfare Dreamer

NT\$63.67 million

The cumulative value of vehicle-related high-tech teaching devices and materials donated has exceeded NT\$63.67 million

NT\$48.7 million

Our sales locations around Taiwan purchased over NT\$48.7 million baked goods from the Children Are Us Foundation bakery as of 2022

Public Welfare Dreamer

7.1.1

The Public Interest Projects Exhibition Launches in Huashan

Since our first sponsored Hotai Public Welfare Dreamer in 2019, we've been organizing programs that empower the youth to support public interest causes by combining extensive resources from the industry, government, and academia and encouraging the collaboration of corporations and young adults. In 2022, the event entered its 4th year. Over the last four years, we received proposals from 700 teams of young adults and guided 35 teams to implement their public interest projects by offering a NT\$6.45 million as public interest funds to encourage these young adults to expand their influence through actions and bring positive change to the society.

Hotai's 4th Public Welfare Dreamer revolves around three topics—social care, mobility service, and environmental protection—which drew over 100 teams of students from 80 colleges and high schools across the country to enter the contest. Among which, ten teams were selected to receive NT\$200,000 per team as public interest funds. We also invited the Youth Development Administration to fill the advisory role and partner with non-governmental organization, City Wanderer, to support contestants in living out their public interest blueprint. For the first time, students were able to share their experience and public interest solutions through demonstrating their projects at Huashan Creative Park, attracting the attendance of nearly 500 people. We also launched a promotional video, Hotai Public Welfare Dreamer: My Perfect Parallel Universe, a call to the public to support youth empowerment. The film, Drive the Future, documents the 4th Public Welfare Dreamer and tells the stories of these 10 teams of young adults fulfilling their public interest dreams. Hotai Motor entered the Sustainability Expo hosted by the Vision Project of United Daily News and NGO, Social Enterprise

Insight, with the projects from Hotai's 4th Public Welfare Dreamer. Through the innovative exhibition, we shared our experience and achievements in youth empowerment over the last four years and developed public understanding and awareness of sustainability. A total of 6,000 people attended the event in person and online.

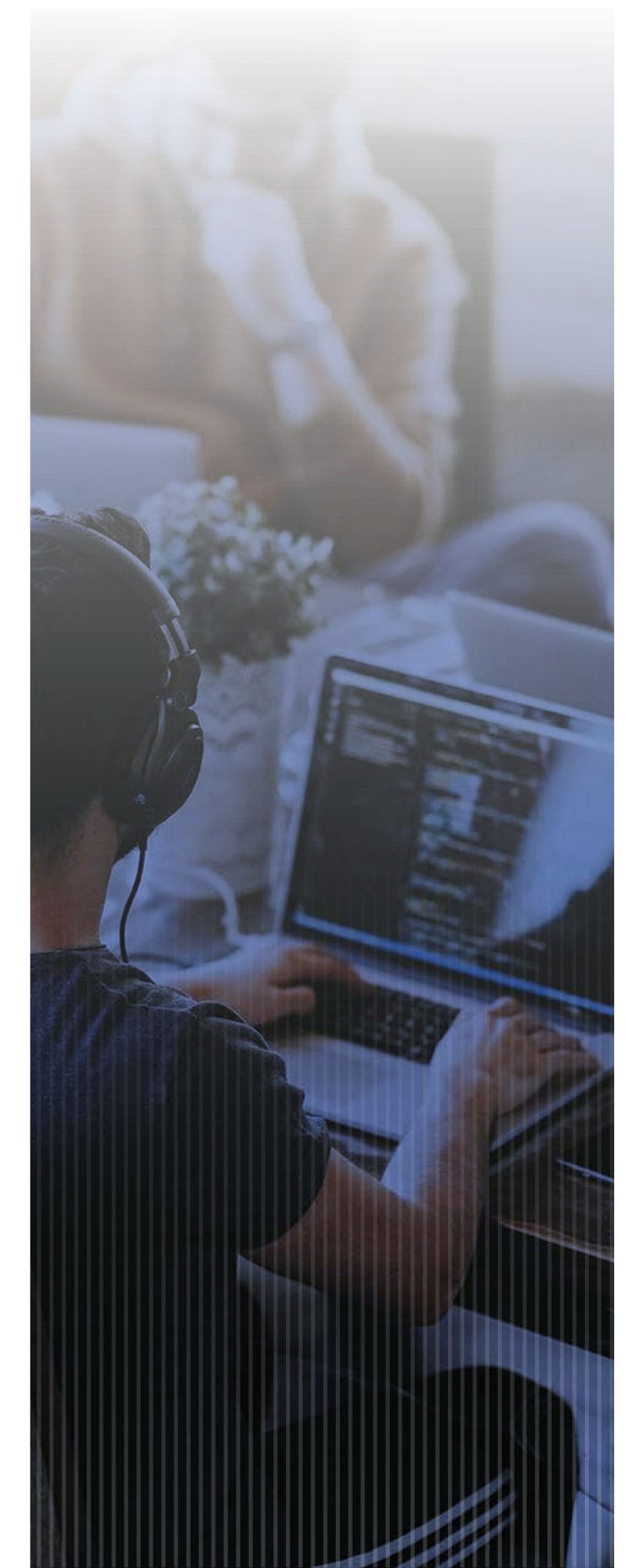
Integrate Resources Across Industry, Government, and Academia to Empower the Youth and Develop Sustainability Talent

In the 4th Public Welfare Dreamer, we invited experts from a variety of backgrounds as judges and provide expert insights and coaching on project implementation during preliminaries and finals. The experts include Head of the Public Engagement Division of the Youth Development Administration, Chang Ching-Ying, Professor of Social Work at Taiwan National University, Feng Yen, Professor of Social Work at National Taipei University, Chen Fen-Ling, Manager of the Social Enterprise Service Team at KPMG Sustainability Consulting, Jeff Hou, and chair of Hotai Motor's Sustainable Development Committee, Huang Wen-Jui. During the implementation stage, one-on-one coaching with industry mentors and NGO/social enterprise visits also helped the teams develop breakthrough thinking and generated a variety of resources. The Public Welfare Dreamer develops the next-generation talent of sustainability and innovation by integrating extensive resources from the industry, government, and academia and resources from the organization.

The 4th Hotai Public Welfare Dreamer Exhibition took place in Huashan Creative Park, an exhibition that showcased the achievements of these young adults from their public interest projects. The exhibition introduced public interest solutions of 10 teams of contestants over the last year, which revolves around three core topics—social care, mobility service, and environmental protection. Programs include sharing our efforts with the public through forums with sustainability specialists and past contestants as speakers. Deputy Director Wang Yu-Chun from the Youth Development Administration, who took on the advisory role, as well as Hotai Motor's President Huang Nan-Kuang were also present. As we move forward, our vision is to continue working with the youth to create a sustainable society.



	Topic	Teams Industry Mentor	Public Interest Solution
Community Engagement	Detour	Sharestart Educational Foundation Hui Cheng Zhang	Career Exploration and Capability Building for Rural Teachers and Students Design and develop appropriate education methods alongside teachers in rural schools through training, and help them adapt to new curriculum and reformed education.
	Slow Down World	AppWorks School Yi-Ting Hsieh	Teaching Plan for At-Risk Teenagers Through a series of activities, help junior high students learn the importance of compassion when encountering differences between themselves and their peers and others' mistakes, and teach them to take a step back and consider the reasons and challenges behind the incident. The goal is to help every student find a sense of belonging at school.
	Warm Sunshine	Soul LAB Anny Chang	Supporting Teen Victims of Sexual Violence The project is dedicated to creating a team that offers safe environment for survivors of sexual violence and promote sexual violence awareness through sharing survivors' stories; it also creates an exclusive, anonymous online community for survivors that offers a safe, stress-free, and approachable support system so that survivors no longer feel isolated.
	Better Life	Learning in Science Yan Tian-Hao, LIS	Developing Learning Apps for Children with Autism Spectrum Disorder Develop a fun educational app to motivate elementary and junior high students with special needs to learn social skills, and raise awareness to their unique needs.
	Generation Span	Waker Group Pie Hong	Improving Cross Generational Communication Promote "Generation Span" with the goal to improve understanding in cross-generational relationships between family members and encourage the public to consider the generational differences existed in common parenting issues. The project uses reasoning to unlock opportunities for parents and children from different generations to put themselves in each other's shoes and bridge generation gaps in the family.
	Bird Days	Do You A Flavor Yan-De Wu	Disability Service & Accessible Events Organize farmers market with accessibility accommodations aimed to create ease of access in terms of space, promotional materials, and communication for individuals with disabilities so that their choices will not be impacted by physical barriers or other factors. The goal is to provide an environment where the general public and individuals with disabilities have the opportunities to connect through inclusive and accessible farmers market.
Environmental Conservation	U&M	Impact Hub Taipei Oliver Chang	Shared Umbrellas The project uses shared economy as the business model and offers "Shared Umbrellas" service near campuses. We aspire to provide a solution to a need for umbrellas and reduce repetitive purchase of umbrellas thereby minimizing waste and pollution.
	Forest&Future	FlyingCrazyer CEO Makarove Hong	Promote Domestic Timber A group of students with a major in forestry and natural resources aspire to reintroduce forest issues to the public through exploration workshops. It's aimed to provide an understanding on how forests benefit the environment as a whole by learning about "Timber from Planted Forest in Taiwan".
	Unplastify Youth	RE-THINK Jason Huang	Circular Program for Plastic Bags Used in Food Deliveries The project is committed to promote sustainability and reduction of plastic use. The goal is to reduce plastic waste generated from increasing food deliveries and to convey the message that even high school students can contribute to protect the Earth and make the planet a better place for humanity and the environment.
Mobility Service	Two Two Seven	founder of Duofu Jeff Hsu	Mobility Needs for Seniors The project is dedicated to helping seniors live a more fulfilled life through providing companionship, social engagement, and connection. It's designed by neighborhoods to create modular activities and offers transportation service and accessible space to make it easier for seniors to go around.



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 2022, we have made over NT\$48.7 million worth of purchases from the Children Are Us Foundation bakery.

TOYOTA Global Dream Car Art Contest

7.1.3

To inspire children's imagination, Hotai Motor organizes the TOYOTA Dream Car Art Contest annually as part of our continual support for the development of children's art and creativity. In 2022, it was our 16th year hosting this contest and we've received an accumulation of over 760,000 submissions over the years. The TOYOTA Dream Car Contest attracts thousands of children every year and is by far the only children's drawing contest in Taiwan that is held on a global scale.

In the 16th TOYOTA Global Dream Car Art Contest, we started allowing online submissions and submissions using computer graphics for children who enjoy drawing to have more avenues to express their creativity. In 2022, we received a record-high 121,000 submissions as children around the island showed great enthusiasm for the contest.



Team B Gold Award submission from the 16th TOYOTA Dream Car Art Contest "Squid Mining Truck in the Deep Sea" by Hsieh I-Jui, Taoyuan Municipal Qing-Xi Elementary School

TOYOTA Global Dream Car Art Contest

	12 th	13 th	14 th	15 th	16 th
A (Ages 7 and under)	27,235	37,522	33,353	26,660	15,056
B (Ages 8 to 11)	33,757	36,408	49,231	68,803	96,785
C (Ages 12 to 15)	1,143	4,833	2,613	10,653	9,999
Total	62,135	78,763	85,197	106,116	121,840

Career Exploration Activity

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 partner schools with the aim to promote youth empowerment. The visits include an orientation to the company, live demonstrations, and Q&A, photo sessions. In 2022, we organized a total of 71 visits to dealers' service centers for students from 31 schools enrolled in T-TEP. (Number of students visited: 2,521; course satisfaction score: 96%; number of T-TEP Facebook reach: 71,251).



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 4,349 students and teachers from 31 schools who joined the group and an average of 15 posts per month.



T-TEP Facebook GroupQRcode

Sheet Metal Painting Summer Camp

7.1.5

The camp offers a diverse learning and career exploration opportunities for students who are in the technical and vocational educational system. Not only does our program help students discover future career directions, it also allows teachers to improve practical knowledge and understanding of sheet metal painting and technical development trend. In 2022, we organized 4 rounds of camps (each round runs for two days) at Hotai Motor and Central Motor's Longjing Sheet Metal Painting Training Center and 49 teachers and students from T-TEP partner schools participated. (Satisfaction score: 96% from students and 98% from teachers; 34 posts of behind-the-scenes photos of the event were shared on the T-TEP and Happiness at TOYOTA Facebook Group; number of Facebook reach: 35,725)



Donating High-tech TOYOTA Teaching Materials

7.1.7

As part of our efforts to develop students' vocational skills, Hotai Motor introduced the TOYOTA Technical Education Program, T-TEP, in 1991 with the aim to help technical and vocational schools develop talent specializing in automotive repair and maintenance. We have partnered with 31 technical and vocational schools to date and donated various Toyota high-tech teaching aids and materials for teachers and students to practice on. The cumulative value of teaching materials and vehicles donated for practice is now over NT\$ 63.67 million, a reflection of our commitment to develop skilled technicians for the automotive industry.

Equipment Donated to Schools under T-TEP

	2020	2021	2022
Equipment	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	55 CVT stepless transmissions and 31 HV converters
Value (NT\$)	887,354	3,532,000	8,290,000

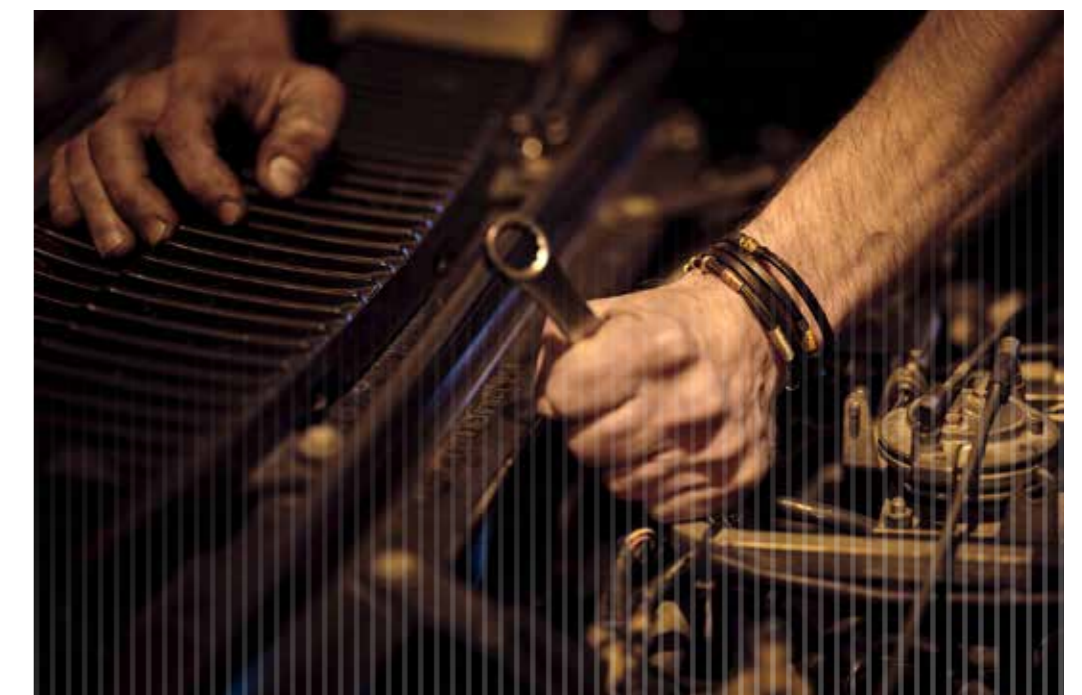
Campus Recruiting Program

7.1.6

The growing need for talent coupled with a declining birth rate have created competition between companies in talent recruiting, especially in the search for first-line workforce. In response to this trend, we launched the TOYOTA Campus Recruiting Program to help dealers build long-lasting relationships with local schools. The program aims to offer seniors from high schools, vocational schools, and universities the opportunity to intern for one semester and receive a three-step training (technical skills development, capability refinement, and technical assessment), and ultimately help students become certified as an entry-level technician. As long as the students complete their internship and pass the technical assessment prior to graduation, a certification will be issued to them by TMC. For out-of-city students, they have the option to choose a location that is closer to home for their internship.

Implementation results: 52 students completed the internship from February to June 2022; 72 students applied to the program from September 2022 to January 2023.

Going forward, we will be adopting the dealership promoter approach by training dealers to develop new partner schools on their own, sharing our experience and know-how from previous years with dealership promoters, and mentoring them in launching the next round of recruitment. Another new approach is to launch the campus ambassador program and leverage peer influence and communication channels used by the younger generation to boost the effectiveness of campus recruiting.

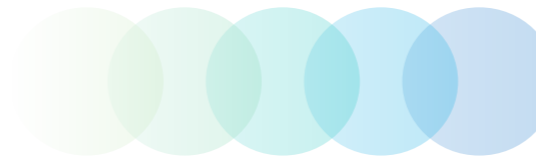


Technical Exchange and Sharing Between Industry and Academia

7.1.8



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 31 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 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. In 2022, we hosted 55 sessions with the attendance of 1,660 students and teachers. It is 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.



2022 Training Conferences Hotai Motor

First half of the calendar year

Teachers from T-TEP partner schools

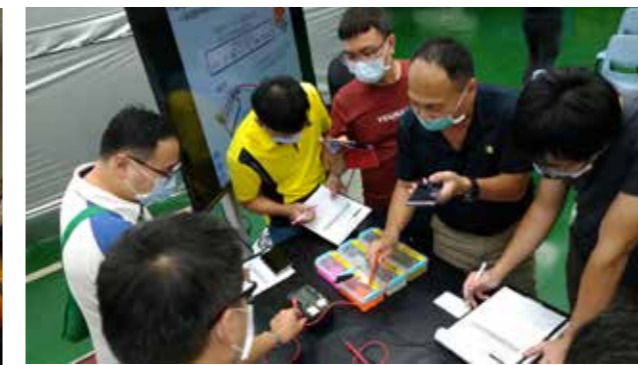
CarMax & Drive+ Connect IoT Service
(The course is offered both online and in-person so that employees can receive uninterrupted training during the pandemic.)



Second half of the calendar year

Teachers from T-TEP partner schools

Introduction and Overview of the BEV system of bZ4X



2022 Training Conferences TOYOTA Dealers

Teachers and students from T-TEP partner schools

TSS active safety features, HV hybrid power system, and overview of BEV



Arts and Culture Development and Events

7.1.9



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. For four consecutive years, LEXUS partnered with the Taipei City government and VOGUE Magazine to sponsor "Taipei Fashion Week x VOGUE Fashion's Night Out", and sponsored French musical Notre-Dame de Paris, continually delivering the ultimate "Experience Amazing" to our car owners. LEXUS also partnered with other makers and artisans in organizing the Littles Series, inviting children of our car owners to learn different trades from Michelin Star chefs and popular sketch artists and encourage the spirit of craftsmanship. Our long-term sponsorship of a variety of arts and cultural events reflects the brand's commitment and support of development in the field and unveils endless possibilities for our owners.

In supporting the sports industry, TOYOTA partners with professional basketball team New Taipei CTBC DEA in the T1 league and sponsors the broadcasting of University Basketball Association (UBA) and High School Basketball League (HBL) games in 2022 to promote the sport in Taiwan. We also support events in music through our work with music program, The Rappers 2, to encourage the young generation to boldly pursue their dreams. TOYOTA also partnered with Atom Boyz, a popular music talent show for all-male bands, encouraging the next generation to find their own platform.

Dream Team Indigenous

7.1.10

Hotai Group launched the Dream Team Indigenous program in 2022, calling on our affiliates to join in on our initiative. The program consolidates group resources in supporting the choirs at Jia Xing Elementary School and Tao Shan Elementary School located respectively in Jianshi and Taoshan townships in Hsinchu County. It is our vision to offer talented and gifted Atayal children in the choirs the opportunity to explore different professions and environments during their formative years of growing and learning. The goal is to expand their horizons and inspire them to envision their future professions.

Dream Team Indigenous helps these children's choirs set foot on the stage of their dreams, allowing the angelic voices from Taiwan to be heard around the world, radiating confidence. We have specifically designed a 2-day Career Exploration Camp where children can explore the variety of career options in the automotive industry through company tours. Our volunteers are also passionately involved in sharing their personal experience working at Hotai Motor and giving expert insights on what they do in their jobs, including functions like human resources, talent development, public relations, and sales and marketing, which allow children to witness the confidence and sense of fulfillment that comes from enjoying the work we do. Additionally, we organized Hotai Homestay to provide children from rural areas a homestay experience in city life. We aspire to bring a wider range of experience to children on their journey growing up and plant the seeds of dreams and inspire them to envision a broader outlook on life.

Through an online video series, we introduce Dream Team Indigenous, choirs from Jia Xing Elementary School and Tao Shan Elementary School to the public. In 2022, we produced 6 videos from the series which received over 5.49 million views.



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.

7.2

Core Commitment Area

Cars

2,000 kilometers

Total distance traveled by vehicles through our "Free Mobility Service Campaign"

12 bloodmobiles

Donated a total of 12 HINO full-size bloodmobiles as of 2022 as the enterprise with the highest number of bloodmobile donation in Taiwan

9,051 passengers

Total passengers carried by the Lishan Bus

Donating Crossing Guard Equipment

7.2.1

At Hotai Motor, it has been our longtime commitment to raise awareness of road safety. Over the years, we observed that the crossing guard equipment used by junior high schools and elementary schools around Taiwan was either inconsistent in quality, damaged, or heavily stained. 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. In 2018, we also opened up applications online to junior high schools around the island. In 12 years, we donated nearly 120,000 sets of crossing guard equipment.

In 2021, we began the third round of donation, maintaining road safety for a wider community of 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 22 years now, and over a million children participated. Millions of dollars have been donated and continued to benefit the causes of road safety and the interest of the public.

Crossing Guard Equipment Donation

Year	2018	2019	2020	2021	2022
Crossing Guard Equipment (Sets)	10,000	12,000	12,000	10,000	10,000

Bloodmobile Donation

7.2.3

Hotai Bloodmobiles

Starting in 2011, we've been donating bloodmobiles—crafted with full size HINO vehicles that are equipped with the latest blood donation equipment—to numerous blood centers around the island each year with the goal to encourage blood donation among citizens and to provide a comfortable and quality environment. To date, we've donated 12 bloodmobiles, which served over 1.2 million blood donors and collected nearly 1.8 million bags of blood (250 c.c. per bag). As the enterprise that has donated the most mobile blood buses, our bloodmobiles currently account for approximately 17% of all the available mobile blood buses in the country. In partnership with our affiliates, Hotai Group has organized over 1,500 blood drives and more than 80,000 donors have donated blood through our blood drives.

Hotai Group's One-Day Blood Drive

As COVID cases continued to rise in 2022, blood centers around the island experienced a sharp decline in blood supply since people reduced time spent outside their homes, causing blood supply to hit emergency levels. In celebration of World Blood Donor Day on June 14 and to contribute to the efforts to aid the blood shortage crisis caused by the pandemic, we organized 2022 World Blood Donor Day: Hotai Group's One-Day Blood Drive by partnering with Taiwan Blood Services Foundation and mobilized all 12 bloodmobiles to set up 15 temporary donation centers at multiple TOYOTA locations and parks in Taipei City, New Taipei City, Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Tainan, Kaohsiung, Yilan, and Hualian. A total of 1,355 bags of blood was collected through the event to replenish blood inventories and alleviate the blood shortage. As of December 31, 2022, our bloodmobiles have collected 272,432 bags of blood, which account for 9% of the blood donation in the country last year.



Free Mobility Service Campaign

7.2.4

In Taiwan, there are numerous disadvantaged groups in certain areas that still have lack of mobility access, and their needs for transportation to move between remote areas, to receive medical care and education, 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 (i.e., yoxi and iRent) provided through our core business and donating vehicles to help improve their lives. The campaign is dedicated to meeting the mobility needs of people from every corner of Taiwan. In 2022, we partnered with the Social Welfare Department of New Taipei City Government, Family Support Center in New Taipei City, and Social Affairs Bureau of the Taichung City Government to offer assistance to the disadvantaged groups, including transportation for the placement of young children and teenagers, medical care and education for children that need early intervention, and delivery of goods by social services. Through the campaign last year, we provided approximately 430 trips of shuttle service and serviced nearly 800 passengers, accumulating 2,000 kilometers of distance traveled. In 2021, Hotai Group joined the Lishan Bus Project 2.0 launched by the Directorate General of Highway and the Taichung City Government Transportation Bureau by gifting a TOYOTA SIENNA CROSSOVER to aid the project, named the "Lishan Route 1 Bus". The bus began service in 2022 to provide transit service to the four major indigenous tribes, Slamaw, Tabuk, New Kayo, and Sqoyaw, located in the greater Lishan area in Taichung City, filling that last mile gap for residents in these mountain areas. As of the end of 2022, Lishan Route 1 Bus has made 4,424 trips and transported 9,051 passengers. Our goal is to continue growing our Free Mobility Service Campaign and expand service areas across the island to create a better environment and improve quality of life for people in Taiwan.



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.

7.3

Core Commitment Area

Environment

330 metric tons

Over 330 metric tons of used toys were collected, recycled, and given new life as of the end of 2022

660,000 trees

Over 660,000 trees have been planted along the coast as of the end of 2022

9 rounds

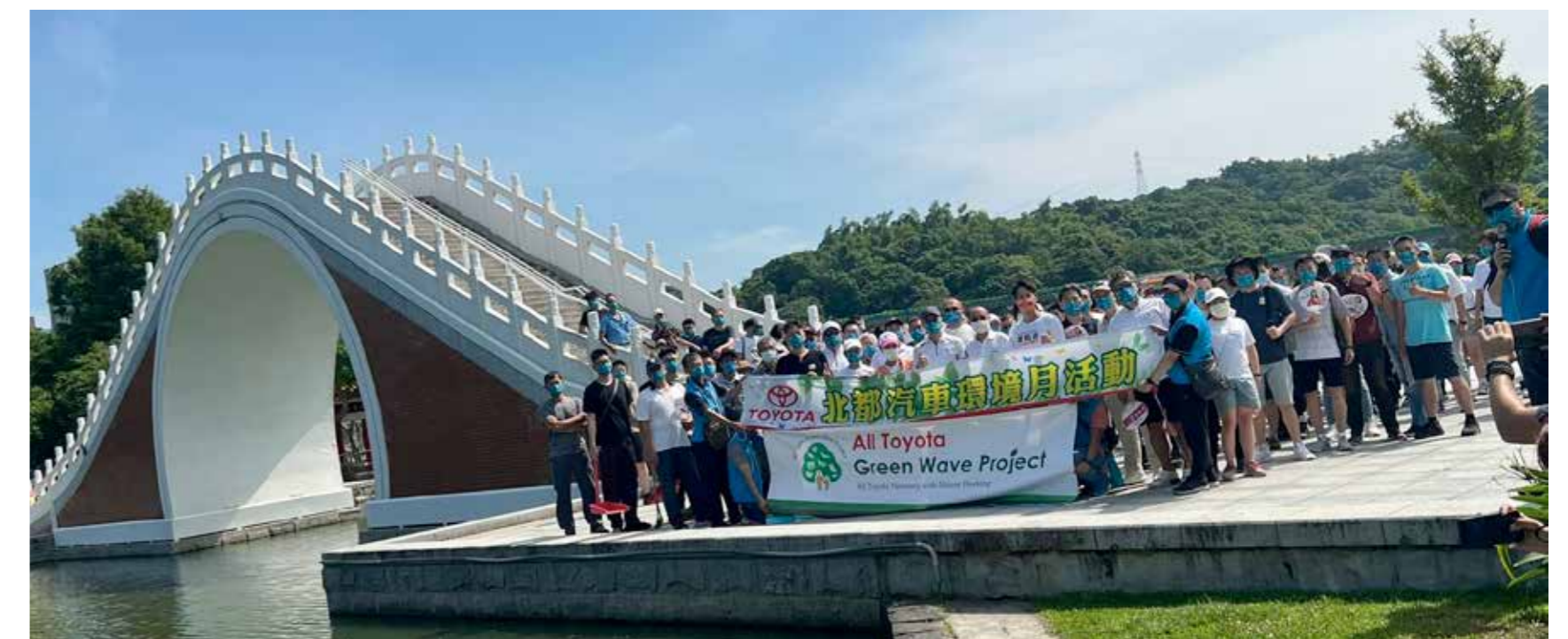
2022 Environmental Month activities

TOYOTA Environmental Month

7.3.1

Every year in June, Hotai Motor partner with dealers in joining in on TOYOTA's Global Environmental 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 Environmental 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 2022, we've hosted 110 rounds of Toyota Environmental Month activities and 39,000 volunteers participated.



Year	2009~2012	2013~2017	2018~2020	2021~2022
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	17
Event Outcome	The activities sprawled over 241,000 square meters and 22,000 plants were planted; participants include government agencies, non-government organizations, employees, car owners, and the general public; 152 sessions of environmental education were held.			

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 2022, an accumulated total of 330 metric tons of toys were recycled through the program, the equivalent of the carbon absorption of 84,975 trees in one year. Over 230,000 people have participated in our events since the program launched, including toy recycling, "Toy Easter", "Little Technician", "Love in a Backpack", and the "Toy Drive". A total of NT\$1.13 million registration fees collected from our events through 2018 to 2022 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



Tree planting event at Chaojing Park in Keelung



One Tree for Every TOYOTA achieved 600,000 trees planted



TOYOTA TV Survival Reality Show



Coastal afforestation event in Penghu on Earth Day

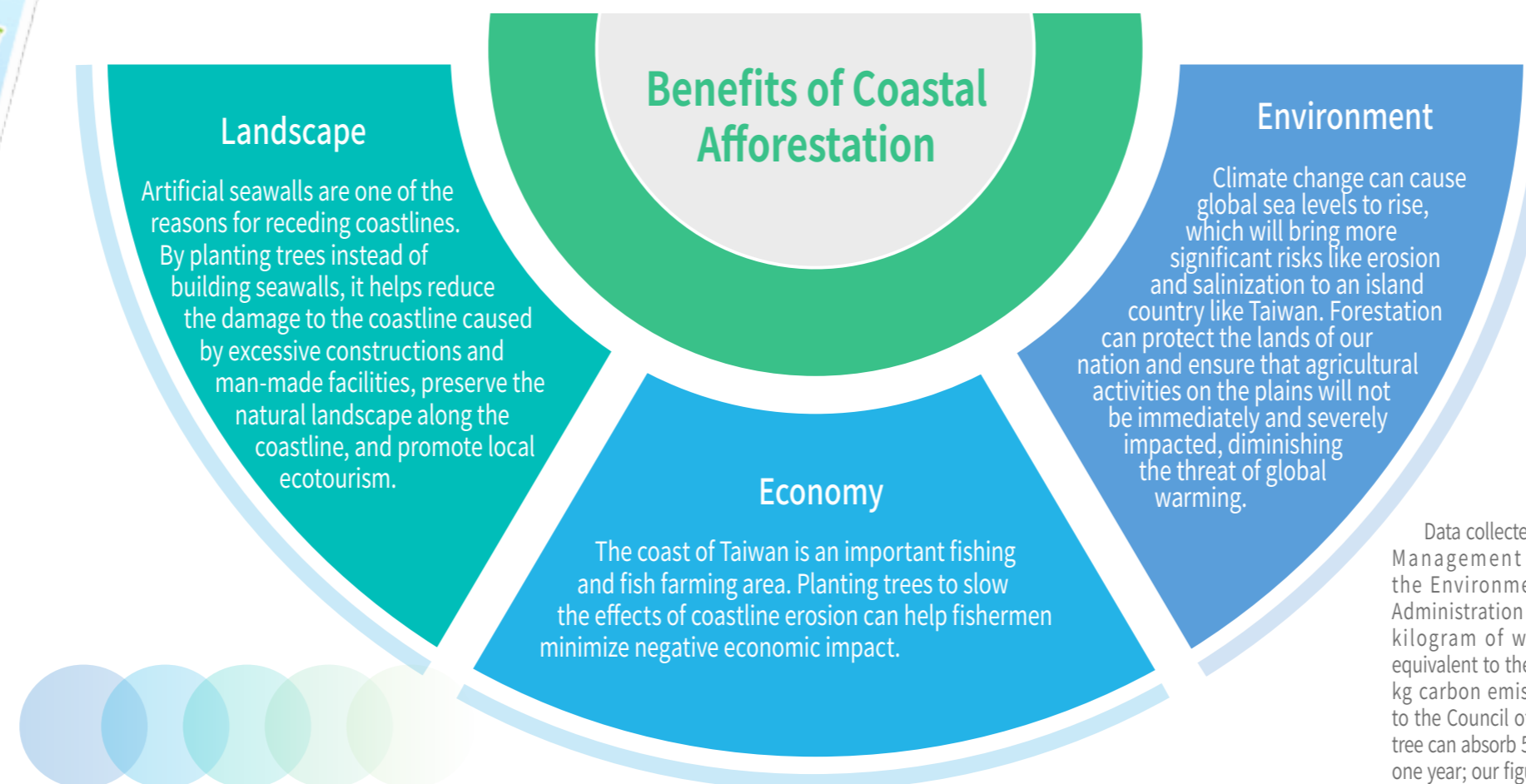
Hotai Motor is committed to safeguarding the coastline of Taiwan by planting trees and making good on the promise to protect our island. Through working with specialists, the survival rate of these trees along the coastline is as high as 90%. As of the end of 2022, we have planted over 660,000 trees spanning over 230 acres and 13 cities and counties along the coast since the inception of the program in 2017, reducing approximately 18,000 metric tons of carbon emissions. On Earth Day 2022, we launched the campaign in Penghu to aid the Penghu County Forest Affairs in its efforts of coastal afforestation. It's a 3-year program that aims to build a Great Green Wall by planting 5,000 seedlings along the Penghu coast through a trilateral resource collaboration and technology sharing. Under the program, the Penghu County Government undertakes the responsibility of seedling care using 2,500 water-storing seedling pots sponsored by Hotai Motor and under the technical guidance of Tse-Xin

Organic Agriculture Foundation.

We continually convey the message through different channels with the aim to expand our influence and gain public support. We produced a short film, 600,000 Trees, depicting the challenges encountered and accomplishments achieved in the last five 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 launch an online game called "Tree Planting Challenge" and regularly run the "Monochromatic Way of Life" campaign with the theme "Do Good, Plant Trees" to incorporate sustainability and tree planting into people's daily lives. We also worked with TOYOTA TV to produce the Survival Reality Show where we invited celebrities Muji Hsu (徐謀俊) and Ho Mei (何美) to gather college students for some game challenges at Chaojing Park, our tree planting site. The show promotes the vision behind One Tree for Every TOYOTA by incorporating fun into learning through activities such as rapid-fire Q&As and water resource challenge and providing hands-on experience of tree planting using water-storing seedling pots. A total of 1,215 college students signed up to participate. The show successfully drew the attention of the younger generation and raised awareness about environmental issues and the One Tree for Every TOYOTA campaign. (Video link: https://fb.watch/jyrsgZwn_/)

Since 2019, we've been organizing tree planting events every year that allow 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. Last year, we invited influencers Boris Wang (王品濤) and Linda Lin (林昀希) as event ambassadors, attracting over 800 people to sign up. From which, we selected 150 volunteers to join us in planting 600 trees at Chaojing Park in Keelung.

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.



Wildlife Conservation Program

7.3.4



In 2021, Hotai Group partnered with the Endemic Species Research Institute, Council of Agriculture of the Executive Yuan (the "Research Institute") and started the Taiwan Wildlife Conservation Program with the goal to protect a rare animal species native to Taiwan, leopard cats, and aid the conservation of Taiwan's ecosystem. With less than 500 leopard cats remained in Taiwan today, it is our hope that we can provide an environment where they can continue to procreate. As a proclamation of our commitment to protect this beautiful, rare species, we created a mascot, Hu Li (虎力), a leopard cat. The Chinese character 力 represents the vitality of leopard cats and the concept of the constant renewal of nature.

The Wildlife Conservation Program funds the training expenses for the release of rescued leopard cats back into the wild to help them adapt to their natural habitat. In addition to donating a TOYOTA RAV4 4WD and COROLLA CROSS as animal rescue vehicles, we also participate in the rescue efforts of wild animals and conduct animal conservation education. As a company in the transportation industry, we particularly follow the topic on how to keep leopard cats safe. To that end, we partnered with our affiliate, Carmax, the Research Institute, and navigation provider Garmin and developed the "Animal Hotspots" feature on the TOYOTA DRIVE+ CONNECT app, which includes data of areas where mammals (leopard cats) and other animals frequently appear on the navigation map. The feature aims to reduce incidents involving leopard cats and other rare animal species and enhance road safety for car owners by sending text and voice reminders to warn drivers "to slow down and watch for animal crossing". Together with our



owners, we are committed to protecting the lives of Taiwan leopard cats and other rare animal species. At the end of 2022, our mascot Hu Li (虎力) appeared on 16 of the "Leopard Cat Crossing" road signs installed at 8 locations in Nantou County where traffic incidents have previously occurred involving leopard cats. These signs not only remind drivers to reduce their speed, but also help pedestrians be aware that these areas are where leopards can be spotted.

Hotai Group also hosted three rounds of activities under the River Cleanup Project for Leopard Cats and called on hundreds of volunteers to visit the Wildlife Rescue and Research Center of the Research Institute in Jiji Township, Nantou County and get to know the work they do at the Rescue and Research Center as well as the natural habitat of leopard cats. The tour also includes a visit to the habitat of leopard cats near the riverbed of Zhuoshui River in Nantou, where we joined forces with volunteers from the Research Institute and the Fourth River Management Office of the Water Resources Agency to clean up oversized garbage that have been stuck in leopard cats' habitat (the riverbed) for a prolong period, offering them a cleaner and healthier habitat to live in.

To promote public awareness of leopard cats and their current conservation status, a promotional video, Mother Nature, was produced by Hotai Group in collaboration with the Research Institute and filmed from the view of a baby leopard cat and shifted to that of mother nature. By depicting a mother's concern for baby leopard cat being exposed to dangers of the outside world, it also highlights our leopard cat rescue efforts and raises awareness on the importance of leopard cat conservation. The promotional video, Mother Nature, received over 1.51 million views.

Group-wide Beach Cleanups

7.3.5

Since 2019, we enlist the help from our affiliates and local dealers across Taiwan to organize beach cleanups. We have also invited local government agencies and non-government organizations and people around the island to join in. Over the years, we've hosted a total of 49 beach cleanups and over 33,431 volunteers participated. In 2022, we expanded our beach cleanup efforts and removed nearly 14,000 kg of waste from 16 beaches around the island. Additionally, we donated NT\$580,000 to Loo Koo Association to fund 35 rounds of environmental education for elementary school students, allowing environmental awareness and the importance to reduce the use of plastics to take root in their hearts from a young age and create a better environment for this island.



和泰吉祥物-虎力平安貼圖 QRcode



大自然媽媽 | 和泰集團 台灣原生動物守護計畫〈虎力平安元年〉影片QRcode

Ho Tai Motor Co., Ltd. (“Hotai Motor” or “Hotai”) published the 2022 Sustainability Report, our 11th year of sustainability reporting, in June 2023. 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 2022. By implementing management approaches and working with our partners, we are moving towards the goal of integrating our operational strategies with the UNSDGs and realizing our vision of sustainable operations.

Reporting Scope, Boundary, and Data

This report contains information disclosure of Hotai Motor’ s operations (includes headquarters, sales location of Xinzhuang and Yangmei) for the reporting period from January 1, 2022, to December 31, 2022, which includes corporate governance, business performance, supply chain management, environmental sustainability, human capital, and community engagement practices and performance data. Impacts that occur on 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.

Reporting Guidelines

This report has been prepared according to GRI and SASB 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 2022 and their corresponding GRI Standards, and disclose the management approach, objectives, and implementation for each material topic.

Internal Review

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. We will gradually adjust to be approved by the board of directors in the future.

External Third-Party Verification

This report has been verified by the British Standards Intuition Pacific Limited’ s branch in Taiwan (BSI Taiwan), in accordance with Type 1 assurance in AA1000 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. Non-financial information includes environmental management systems (ISO 14001), occupational health and safety management systems (ISO 45001), and information security management systems (ISO 27001), all of which have been verified by an impartial third party.

Publication

Hotai Motor publishes sustainability reports annually, 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. Wendy Lin
 External Affairs & Legal Division
 Hotai Motor
 Address: 4F., No. 121, Songjiang Rd. Zhongshan Dist., Taipei City, Taiwan
 Telephone: +886-2-2506-2121#1846
 Email: WENDYLIN@hotaimotor.com.tw

Sustainability Reporting Guidelines (GRI Standards) Comparison Table

DECLARATION
Current GRI 1
Applicable GRI Standards

Hotai Motor has reported in accordance with GRI guidelines, and the reporting period is from January 1, 2022 to December 31, 2022
GRI 1 : Basic 2021
There are no applicable GRI standards yet

GRI STANDARD/OTHER SOURCES	DISCLOSURE TITLE		PLACE		OMIT
			CHAPTER TITLE	PAGE NUMBER	
GRI 2: General Disclosures					
GRI 2 : General Disclosures 2021	2-1	Detailed information of the organization	About Us		
	2-2	Entities Included in Organizational Sustainability Reports	About this report		
	2-3	Report period, frequency and contact person	About this report		
	2-4	Restatements of information	About this report		
	2-5	External Assurance/Confidence	About this report		
	2-6	Activities, value chains and other business relationships	About us 3.1 Dealer Management 3.2 Hotai Motor's Supplier Management System		
	2-7	Employees	6.2 Benefits and Employee Well-being		
	2-8	Non-employee workers	6.2 Benefits and Employee Well-being		
	2-9	Governance structure	4.1 Board Structure and Functions		
	2-10	Nominating and selecting the highest governance body	4.1 Board Structure and Functions		
	2-11	Chair of the highest governance body	4.1 Board Structure and Functions		
	2-12	Highest governance body's role in overseeing impact management	1.2 Sustainable Development Committee		
	2-13	Head of impact management	1.2 Sustainable Development Committee		
	2-14	Highest governance body's role in sustainability reporting	About this report		
	2-15	Conflict of interests	4.2 Compliance		
	2-16	Communicating critical concerns	1.2 Sustainable Development Committee		
	2-17	Collective knowledge of highest governance body	4.1 Board Structure and Functions		
	2-18	Evaluating the highest governance body's performance	4.1 Board Structure and Functions		
	2-19	Remuneration policies	4.1 Board Structure and Functions		
	2-20	Process for determining remuneration	4.1 Board Structure and Functions		
2-21	Annual total compensation ratio	a. Ratio of the highest paid employee's annual total compensation in the reported organization to the median annual total compensation of the other employees of the organization (excluding the highest paid employee) = 10.3 b. Ratio of the percentage increase in annual total compensation of the highest paid individual in the reporting organization to the median percentage increase in average annual total compensation of the other employees of the organization (excluding the highest paid employee) = -2.1			
2-22	Statement on sustainable development strategy	Leadership message			
2-23	Policy commitment	4.2 Compliance			
2-24	Policy commitment adoption	4.2 Compliance			
2-25	Remediating negative impacts process	4.2 Compliance			
2-26	Mechanisms for seeking advice and raising concerns	4.2 Compliance			
2-27	Compliance	4.2 Compliance			
2-28	Membership of associations	1.5 External Engagement			
2-29	Approach to stakeholder engagement	1.4 Materiality Assessment			
2-30	Group Agreement	We do not have an agreement signed between labor and management			

GRI STANDARD/OTHER SOURCES	DISCLOSURE TITLE		PLACE		OMIT
			CHAPTER TITLE	PAGE NUMBER	
Material Topics					
GRI 3 : Material Topics 2021	3-1	Process for determining material topics	1.4 Materiality Assessment		
	3-2	List of material topics	1.4 Materiality Assessment		
Corporate Governance and Business Ethics					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
GRI 2 : General Disclosures 2021	2-27	Compliance	4.2 Compliance		
Risk and Crisis Management					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
GRI 2 : General Disclosures 2021	2-25	Remediating negative impacts process	4.2 Compliance		
F205					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
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		
Customer Safety					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
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		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3 Product Design and Manufacturing		
Product and Service Quality					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
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		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3 Product Design and Manufacturing		
Brand Management and Marketing					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
GRI 417 : Marketing and Labeling	417-1	Requirements for product and service information and labeling	2.3 Product Design and Manufacturing		
	417-2	Incidents of non-compliance concerning product and service information and labeling	2.3 Product Design and Manufacturing		
	417-3	Incidents of non-compliance concerning marketing communications	2.3 Product Design and Manufacturing		
Product Regulations					
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment		
GRI 417 : Marketing and Labeling	417-1	Requirements for product and service information and labeling	2.3 Product Design and Manufacturing		
	417-2	Incidents of non-compliance concerning product and service information and labeling	2.3 Product Design and Manufacturing		
	417-3	Incidents of non-compliance concerning marketing communications	2.3 Product Design and Manufacturing		

GRI STANDARD/OTHER SOURCES	DISCLOSURE TITLE		PLACE		OMIT	
			CHAPTER TITLE	PAGE NUMBER	OMIT ITEM	
Operational and Financial Performance						
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment			
GRI 201 : Economic performance	201-1	Direct economic value generated and distributed	4.6 Financial Performance			
	201-3	Defined benefit plan obligations and other retirement plans	6.2 Benefits and Employee Well-being			
	201-4	Financial assistance received from government	4.6 Financial Performance			
Marketing Strategies and Fair Trade						
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment			
GRI 206 : Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.2 Compliance			
Environmental Impact Management						
GRI 3 : Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment			
GRI 301 : Materials	301-2	Renewable materials used	5.4.2 Mitigation of supply chain environmental impacts			
	301-3	Recycled input materials used	5.4.2 Mitigation of supply chain environmental impacts			
GRI 302 : Energy	302-1	Energy consumption within the organization	5.2.1 Energy Resource Management			
	302-3	Energy intensity	5.2.1 Energy Resource Management			
	302-4	Reduction of energy consumption	5.2.1 Energy Resource Management			
	302-5	Reductions in energy requirements of products and services	5.4.2 Mitigation of supply chain environmental impacts			
GRI 303 : Water and Effluent (2018)	303-1 (Management Objectives)	Interactions of shared water resources	5.3.3 Vision and History			
	303-2 (Management Objectives)	Drainage impacts management	5.3.4 Plans and actions			
	303-3	Water withdrawal	5.2.1 Energy Resource Management			
	303-4	Water discharge	5.2.1 Energy Resource Management			
	303-5	Water consumption	5.2.1 Energy Resource Management			
	GRI 305 : Emissions	305-1	Direct (Scope 1) GHG emissions	5.2.2 Greenhouse gas reduction		
		305-2	Energy indirect (Scope 2) GHG emissions	5.2.2 Greenhouse gas reduction		
305-4		GHG emissions intensity	5.2.2 Greenhouse gas reduction			
305-5		Reduction of GHG emissions	5.2.2 Greenhouse gas reduction			
305-6		Emissions of ozone-depleting substances (ODS)	5.2.2 Greenhouse gas reduction			
305-7		Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.2.3 Pollutant Discharge and Waste Management			
GRI 306 : Waste (2020)	306-1 (Management Objectives)	Waste generation and significant waste-related impacts	5.2.3 Pollutant Discharge and Waste Management			
	306-2 (Management Objectives)	Significant waste-related impacts management	5.3.4 Plans and actions			
	306-3	Waste generation	5.2.3 Pollutant Discharge and Waste Management			
	306-4	Disposal and transfer of waste	5.2.3 Pollutant Discharge and Waste Management			
	306-5	Direct disposal of waste	5.2.3 Pollutant Discharge and Waste Management			

SASB對照表

TOPIC	CODE	METRIC	REFERENCE	PAGE NUMBER		
Energy Management in Retail & Distribution	CGMR 130a.1	1. Total energy consumed	5.2.1 Energy and Resource Management			
		2. Ratio of using outsourced electricity				
Data Security	CGMR 230a.1	Description of approach to identifying and addressing data security risks	4.5.1 Information Security Management System			
		1. Number of data breaches				
		2. percentage involving personally identifiable information				
Labor Practice	CGMR 310a.2	3. number of customers affected	6.2.1 Recruitment and Retention			
		1. Average hourly wage				
		2. Proportion of workers receiving minimum basic wages by region				
Workforce Diversity & Inclusion	CGMR 310a.2	Voluntary turnover rate and involuntary turnover rate of employees	6.2.1 Recruitment and Retention	6.2.2 Protection of Interests		
		CGMR 310a.3			Total pecuniary loss resulting from legal action for violations of	Labor Standards Act
		CGMR 330a.1			Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	6.2.1 Recruitment and Retention
Product Sourcing, Packaging & Marketing	CGMR 330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	6.2.1 Recruitment and Retention			
		CGMR 410a.1			Revenue from products third-party certified to environmental and/or social sustainability standards	5.4.1 Compliance and Certification
		CGMR 410a.2			Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	NA
Product Sourcing, Packaging & Marketing	CGMR 410a.3	Discussion of strategies to reduce the environmental impact of packaging	5.4.2 Packaging Material Recycling			

CODE	ACTIVITY METRIC	REFERENCE	PAGE NUMBER
CG MR 000.A	Number of: (1) retail locations and (2) distribution centers	Sales Network and Services	
CG MR 000.B	Total area of: (1) retail space and (2) distribution centers	Sales Network and Services	



獨立保證意見聲明書

和泰汽車股份有限公司 2022 永續報告書

英國標準協會與和泰汽車股份有限公司(簡稱和泰汽車)為相互獨立的公司，英國標準協會除了針對和泰汽車股份有限公司 2022 永續報告書進行評估和查證外，與和泰汽車並無任何財務上的關係。

本獨立保證意見聲明書之目的，僅作為對和泰汽車股份有限公司 2022 永續報告書所界定範圍內的相關事項進行保證之結論，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人士，英國標準協會並不負有或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係英國標準協會審查和泰汽車提供之相關資訊所作成之結論，因此審查範圍乃基於並侷限在這些提供的資訊內容之內，英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，將由和泰汽車一併回覆。

查證範圍

和泰汽車與英國標準協會協議的查證範圍包括：

1. 本查證作業範疇與和泰汽車股份有限公司 2022 永續報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準 v3 的第 1 應用類型評估和泰汽車遵循 AA1000 當責性原則(2018)的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結和泰汽車股份有限公司 2022 永續報告書內容，對於和泰汽車之相關運作與永續績效則提供了一個公平的觀點。基於保證範圍限制事項、和泰汽車所提供資訊與數據以及抽樣之測試，此報告書並無重大之不實陳述。我們相信有關和泰汽車的環境、社會及治理等績效資訊是被正確無誤地呈現。報告書所揭露之永續績效資訊展現了和泰汽車對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準 v3 查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要之訊息資料及說明。我們認為就說和泰汽車所提供之足夠證據，表明其符合 AA1000 保證標準 v3 的報告方法與自我聲明依據 GRI 永續性報導準則係屬公允的。

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於和泰汽車政策進行高階管理層訪談，以確認本報告書中聲明書的合適性
- 與管理者討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人
- 訪談 10 與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導準則的詳細審查結果如下：

包容性

2022 年報告書反映出和泰汽車已持續尋求利害關係人的參與，並建立重大永續主題，以發展及達成對永續具有責任且策略性的回應。報告書中已公正地報告與揭露環境、社會及治理的訊息，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了和泰汽車之包容性議題。

重大性

和泰汽車公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題。永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷。以我們的專業意見而言，這份報告書適切地涵蓋了和泰汽車之重大性議題。

回應性

和泰汽車執行來自利害關係人的期待與看法之回應。和泰汽車已發展相關道德政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應。以我們的專業意見而言，這份報告書涵蓋了和泰汽車之回應性議題。

衝擊性

和泰汽車已鑑別並以平衡和有效之量測及揭露方式公正展現其衝擊。和泰汽車已經建立監督、量測、評估和管理衝擊之流程，從而在組織內實現更有效之決策和結果管理。以我們的專業意見而言，這份報告書涵蓋了和泰汽車之衝擊性議題。

GRI 永續性報導準則

和泰汽車提供有關依據 GRI 永續性報導準則 2021 之自我宣告，並對每個涵蓋其行業準則和具相關性的 GRI 主題準則之重大主題，其揭露項目依據全部報導要求的相關資料。基於審查的結果，我們確認報告書中參照 GRI 永續性報導準則之永續發展相關揭露項目已被報告、部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋了和泰汽車的永續性主題。

保證等級

依據 AA1000 保證標準 v3 我們審查本聲明書為中度保證等級，如同本聲明書中所描述之範圍與方法。

責任

這份永續報告書所屬責任，如同責任信中所宣稱，為和泰汽車負責人所有。我們的責任為基於所描述之範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過如 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2022053
2023-06-07

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.

...making excellence a habit.™



和泰汽車股份有限公司
Hotai Motor Co., Ltd.

www.hotaimotor.com.tw