



和泰集團
Hotai Group

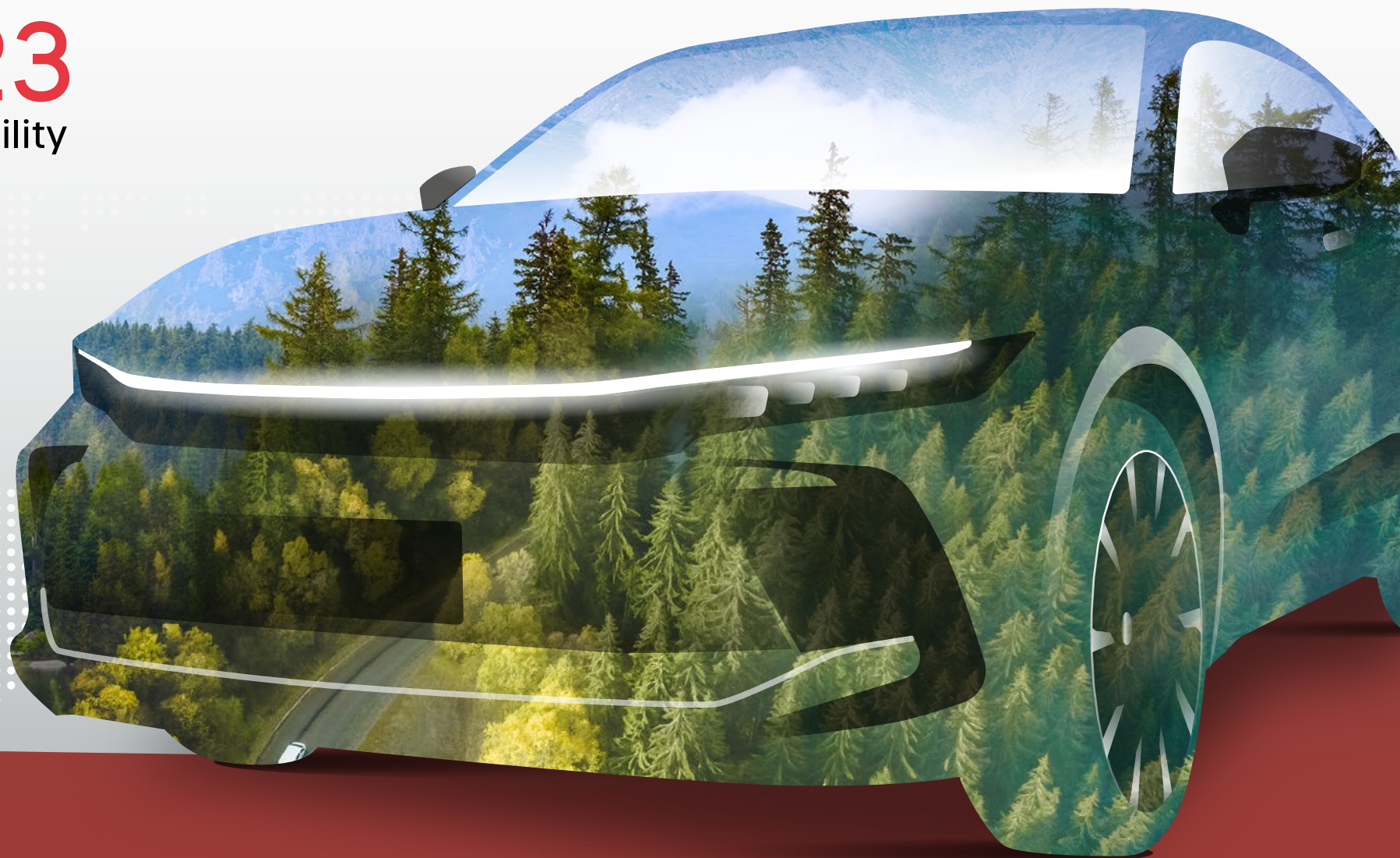
和泰汽車股份有限公司
Hotai Motor Co., Ltd.



和泰集團
與美好台灣同行

2023

Sustainability Report



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Amidst the global automotive industry's transformation and a rapidly evolving market, Hotai Motor remains dedicated to putting customer needs first. In 2024, with our "think Amazing" mindset, we will continuously innovate, deliver an outstanding customer experience, and usher in a new era of mobility services for the Hotai Group. We not only strive to fulfill our promise of "Do Amazing" but also aim to "Do Impossible".

Leadership Message



Hotai Motor Chairman



Hotai Motor President

Mobility Empowering with Diverse Energy Solutions and Innovative MaaS Opportunities

In recent years, the demand for island-wide transportation in Taiwan has steadily increased. With the support of our parent company TMC, we have introduced the all-new TOYOTA CROWN and YARIS CROSS in 2023, alongside redesigned and upgraded models like the TOYOTA HIACE, GRANVIA, ALPHARD, and PRIUS PHEV, as well as the LEXUS RZ and LM series. Our annual performance has exceeded expectations, with all our dealers collectively achieving a total of 166,000 registered units of both large and small vehicles. This accomplishment continues our 22-year streak as Taiwan's market leader. TOYOTA has dominated both the domestic and import car segments, with the COROLLA CROSS, RAV4, and ALTIS ranking among the top 10 passenger cars of the year. LEXUS has also performed exceptionally well, with the RX, NX, UX, and ES leading sales in their respective segments.

MaaS (Mobility as a Service) drives Hotai Group's efforts in Taiwan. From travel information and trip planning to car rental services, we aim to integrate MaaS into everyday life. Recently, Hotai Group has introduced the chicTrip travel planning app and the OpenHub charging service, offering a seamless mobility experience. With a single membership account, users can access all of Hotai Group's mobility services and earn Hotai Points through Hotai Pay, meeting their various travel needs.

Openness Leveraging Our Resources for Deeper Social Care in Taiwan, While Enhancing Regulatory Compliance and Risk Management for Sustainable Growth

Hotai Motor is committed to integrating internal and external resources and collaborating with stakeholders to actively promote public welfare activities and broaden our social impact. For the third time, our Dream Team Indigenous Program has sponsored the choirs from Jiaying Elementary School and Taoshan Elementary School to compete in Korea and Singapore. The Campus Recruiting Program connects graduating students from high schools, vocational schools, and colleges/universities with internships and workplace experience at service workshops and centers. This year we have recruited 101 students, fulfilling our commitment to local talents development. The Free Mobility Service to Produce Happiness For All Program continues to leverage our core sharing services, yoxi and iRent, to address the mobility needs of disadvantaged children. In addition to

New Taipei City and Taichung, our services have expanded to Kaohsiung and Tainan. Also, we now include adults in need as identified by the Social Welfare Department, and partner with the Ronald McDonald House to assist families from remote areas in traveling to hospitals, seeking to reduce their travel burden. To date, we have provided over 6,000 free rides. At the same time, Hotai Motor supports the arts and culture sector. TOYOTA and LEXUS have organized and sponsored various cultural training events, with total sponsorship exceeding NT\$41 million.

To enhance regulatory compliance, Hotai Motor has established a comprehensive risk management system focusing on robust information security and personal data protection. Our internal regulations address areas such as copyright, trademarks, sensitive assets, R&D results, and patents. We also provide training for employees and dealers to improve their expertise in personal data protection and copyright.

In recent years, we have consistently excelled in corporate governance evaluations, achieving a top 5% ranking among listed companies for 4 consecutive years. Our commitment to sustainability is reflected in our numerous awards, including the Taiwan Corporate Sustainability Award, Social Inclusion Award, and the Gold Award in the Corporate Sustainability Report category. In 2023, we have further demonstrated our dedication to ESG by receiving recognition in biodiversity, innovative growth, and creative communication. Additionally, we have been honored with the Sustainability Citizen Award for nine consecutive years. These accolades reinforce our ongoing commitment to a sustainable future.

Value Fostering a Vibrant Workplace and Nurturing Talent for Sustainable Success

"Satisfied employees lead to satisfied customers" is our core belief. We are dedicated to creating a joyful work environment, enhancing job value recognition, and fostering team spirit. Building a passionate and productive team is our goal, with the aim of enhancing both employee productivity and corporate value.

Positioned at the top of the industry, we provide competitive salaries and outstanding welfare, including an average annual salary of NT\$2,630,000 and a median of NT\$1,991,000. Employees receive an average annual salary increase of 3% and a three-month year-end bonus for years. Additional perks include a NT\$50,000 annual travel allowance, holiday bonuses, and various club activities that support work-life balance. Our comprehensive welfare system has resulted in a 100% return-to-work rate after parental leave and an average turnover rate

of just 3.43% over the past three years, well below the industry average. We invest significantly in employee development through diverse training programs, with an average of 20 training hours per employee. Furthermore, we have upgraded our health examination welfare in 2023 to exceed legal requirements, allowing employees to select from a range of options. This coverage now also includes temporary workers, ensuring a more comprehensive approach to health care.

Eco Driving energy efficiency and carbon reduction with a commitment to environment friendliness

Guided by the six challenges of the TOYOTA Environmental Challenge 2050, we are committed to promoting environmental management initiatives with the ultimate goal of achieving carbon neutrality. Using 2019 as the base year, our short-term goal is to reduce carbon emissions by 18% (15% for TMC) by 2025, and medium-term goal is to reduce emissions by 33% (32% for TMC) by 2030. In our ongoing commitment to sustainability, we implement the TCFD (Task Force on Climate-related Financial Disclosures) framework to effectively manage climate-related risks and opportunities. Our ambitious targets include achieving zero CO₂ emissions in new vehicles, across the vehicle life cycle, and in our plants by 2050, as well as minimizing and optimizing water usage, establishing a recycling-based society, and living in harmony with nature. In terms of biodiversity, we are expanding the Taiwan Indigenous Wildlife Conservation Program. This includes collaboration with Taipei Zoo and organizing the Wild Animal Marketplace to promote education on the conservation of Formosan leopard cats. At the same time, we actively implement various energy-saving programs, continually enhancing energy efficiency to mitigate the impact of climate change; in 2023, we have achieved a reduction of 126.86 tons of greenhouse gases. Our concrete environmental performance includes an average 33% reduction in carbon emissions, a 3% reduction in electricity usage, a 17% reduction in both water usage and waste (all compared to the 2019 baseline) across nationwide dealers, along with achieving 100% recycling of HV batteries across Taiwan.

To promote environmental sustainability awareness, we conduct internal sustainability education for dealers, as well as Hotai executives and employees. Last but not least, by the end of 2023, we have established 70 solar power sites. Our commitment is to continuously support our partners' environmental initiatives and ensure comprehensive environmental risk assessments across all areas. By fully aligning with TOYOTA's environmental protection standards and integrating the Group's efforts, we are advancing toward a new era of sustainable mobility.

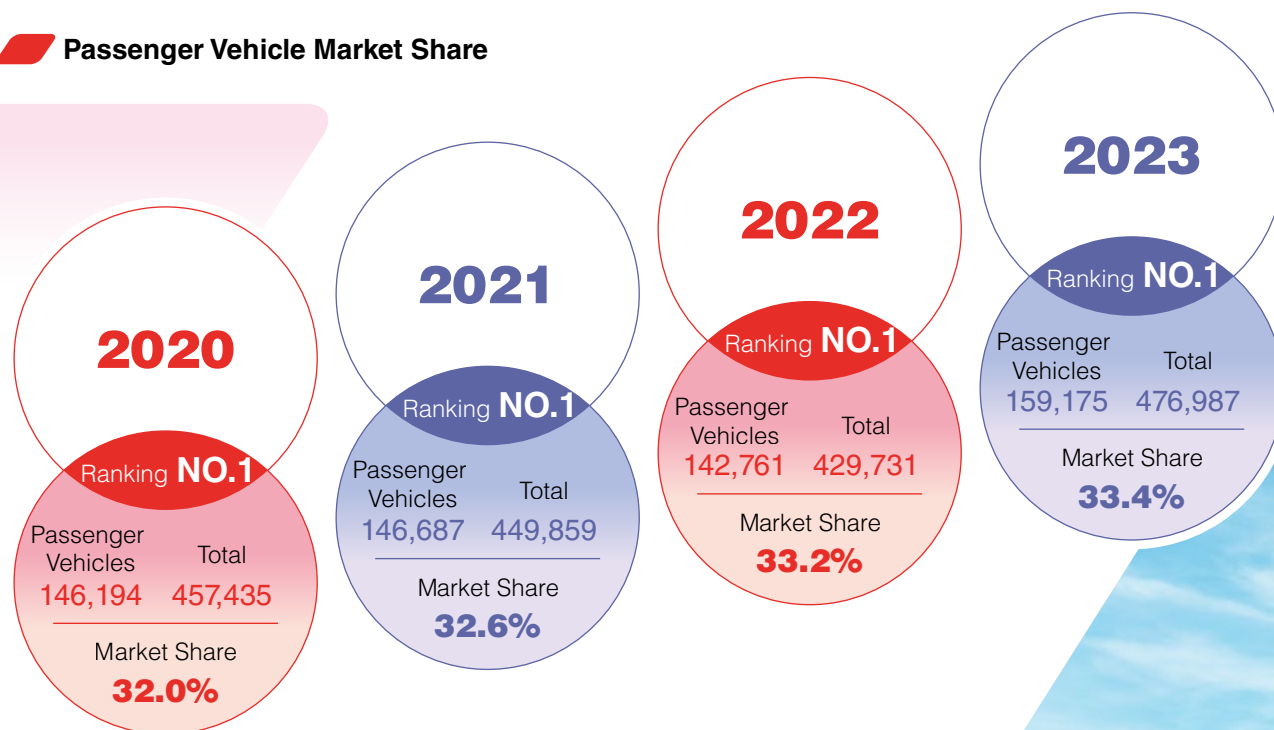
About Us

0.1 History of Hotai Motor

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. We also serve as the distributor for YOKOHAMA tires in Taiwan. Our comprehensive services include after-sales support and related services, creating a one-stop value chain. 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.

To address sustainability challenges such as energy shortages and rising fuel prices, we began introducing TOYOTA hybrid vehicles with advanced environmental technologies in 2006. Over the years, these hybrids have gained consumer acceptance, leading to an increased demand for domestically produced hybrids. Meanwhile, the LEXUS luxury imports, TOYOTA passenger vehicles and TOYOTA/HINO commercial vehicles we distribute are renowned for their high quality and comprehensive aftersales support. This reputation has helped us maintain the highest market share for 22 consecutive years. In recent years, we have expanded into Mobility as a Service (MaaS), ushering in a new era of mobility solutions.

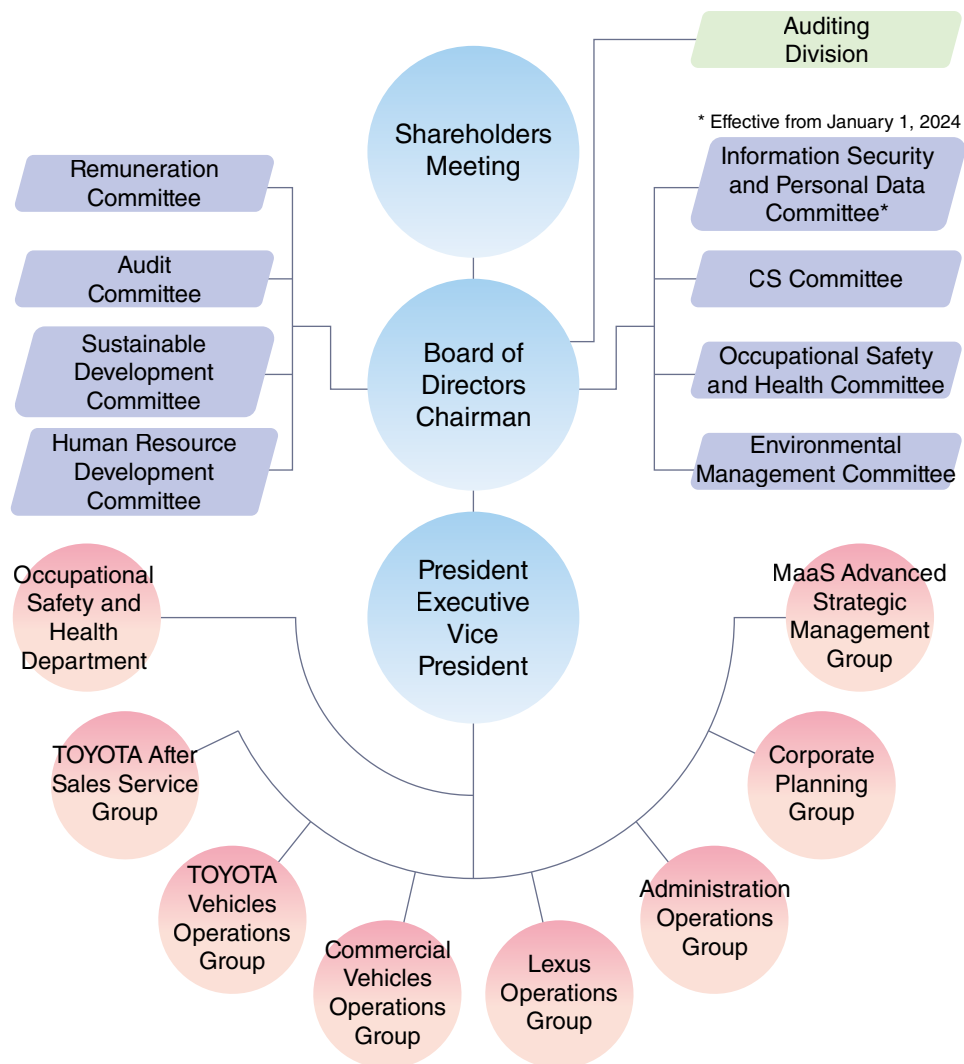
Passenger Vehicle Market Share



Note: The volume refers to number of vehicle registrations.



Organizational Structure



0.2

Group Operations



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



0.3 70 Years of Rich History



2023~

2023.12	Hotai's three car brands together have recorded a total of 166,000 units, continuing its streak as Taiwan's sales champion for 22 years. Corolla Cross continues to be the best-selling model for the 3rd consecutive year, and HINO ranks top in the commercial vehicle sales for the 3rd consecutive year.
2023.12	Free Mobility Service With yoxi expands its services to Tainan.
2023.11	Hotai Motor receives the Taiwan Corporate Sustainability Award (TCSA) from the Center for Corporate Sustainability for the 8th consecutive year.
2023.11	TOYOTA Customer Service Center has earned the Gold Award from 2023 Taiwan Customer Service Center Evaluation.
2023.11	All-new TOYOTA GRANVIA people mover debuts.
2023.11	The new TOYOTA GR86 unveils automatic and manual transmission options with Brembo brakes.
2023.10	Hotai Motor's President Su, Chwen-Shing is honored with the 2023 IDC Future Enterprise CEO of the Year Award.
2023.10	LEXUS flagship sports car GT unveils new models of LC & LC Convertible Limited Edition.
2023.10	Hotai Group organizes its 6th volunteer tree-planting event to preserve Taiwan's coastline.
2023.09	All-new YARIS CROSS debuts.
2023.09	Hotai Group's School Zone Crossing Guard Equipment Donation Program has entered its 13th consecutive year.
2023.08	All-new LEXUS LM debuts.
2023.08	Hotai Group introduces a new travel planner app, chicTrip.
2023.07	Nature Mama 《大自然媽媽》, a production under Hotai Group's Taiwan Indigenous Wildlife Conservation Program, has been honored with the Best Annual Sustainable Micro Movie and Platinum Award at the 2023 Taipei Golden Eagle Microfilm Festival.
2023.07	Free Mobility Service With yoxi expands its services to Kaohsiung.
2023.07	Sponsored by Hotai Group's Dream Team Indigenous Program, Jiaying Elementary School and Taoshan Elementary School win the Double Gold Quality Award at the 12th World Choir Games held in South Korea and the Gold Quality Award at the 7th Singapore International Choir Festival, respectively.
2023.07	Hotai is honored with the Gold Award in the Best Service in Taiwan by Commercial Times for the 9th consecutive year.
2023.06	Free Mobility Service With yoxi, now known as Free Mobility Service to Produce Happiness For All, donates a thousand yoxi rides and volunteer service in support of the Ronald McDonald House.

2023.06	Redesigned ALPHARD models hit the sales floor.
2023.06	Hotai Group's island-wide blood donation event on World Blood Donor Day.
2023.05	Hotai Group's Taiwan Indigenous Wildlife Conservation Program is honored with the TWBA Taiwan Biodiversity Award.
2023.05	All-new LEXUS RZ450e debuts.
2023.04	All-new TOYOTA PRIUS PHEV debuts.
2023.04	Hotai Group hosts the beach cleanup event and mobilizes volunteers around the island to reduce plastic pollution.
2023.03	All-new TOYOTA CROWN debuts.
2023.03	Hotai Motor introduces the latest hydrogen-powered electric vehicle, TOYOTA MIRAI.
2023.03	Hotai Auto Body Manufacturing Co., Ltd. held its founding ceremony in Xizhou, Changhua.
2023.02	HINO introduces all-new 700 series commercial vehicles.
2023.02	Hotai Group's Taiwan Indigenous Wildlife Conservation Program collaborates with MOA's (Ministry of Agriculture) sustainable agriculture ESG project to protect Taiwan's precious indigenous animal: Formosan leopard cat.
2023.02	TOYOTA introduces limited GR86 10th Anniversary Collector's Edition.
2023.01	Hotai Group invests in the establishment of Gochabar Technology Co.,
2023.01	HINO introduces all-new 300 series with PCS pre-warning protection system.
2022~	
2022.12	Hotai's three car brands together have recorded a total of 150,000 units, continuing its streak as Taiwan's sales champion for 21 years. Corolla Cross continues to be the best-selling model for the 2nd consecutive year, and HINO ranks top in the commercial vehicle sales for the 2nd consecutive year.
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 is honored with the National Sustainable Development Award by the National Development Council under the Executive Yuan.
2022.11	Hotai Motor receives the Taiwan Corporate Sustainability Award (TCSA) from the Center for Corporate Sustainability for the 7th consecutive year.
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 manual 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 Groups'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." has been renamed "Hotai Auto Body 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.
2020.12	TOYOTA remains the top selling auto brand in Taiwan in 19 consecutive years, recording a total of 146,194 TOYOTA and Lexus vehicle sales in 2020, and TOYOTA RAV4 has been our bestselling model. Meanwhile, HINO continues to rank top in the full-size commercial vehicle category for the 11th consecutive year.
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 SIENTA 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.
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.
2019.01	Hotai Motor's affiliate Hotai Leasing Co., Ltd. invests in the incorporation of Hoing Mobility.
2019.03	All-new TOYOTA RAV 4 and COROLLA ALTIS hit the sales floor.
2019.04	One Tree for Every TOYOTA campaign achieves a milestone of 200,000 trees planted.
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.
2019.06	For the six consecutive year, Hotai Motor receives the gold award from Commercial Times in the Best Service in Taiwan 2019.
2019.07	All-new TOYOTA HILUX launches.
2019.08	Receives the "Commonwealth Magazine CSR Corporate Citizenship Award" for the fifth consecutive year.
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.
2019.10	Kuozui receives the "Outstanding Foreign Corporation Contribution Award" from the Ministry of Economic Affairs.
2019.11	Hotai Motor receives the "Taiwan Enterprise Sustainability Award" from the Taiwan Enterprise Sustainability Training Center (TCSA) for four consecutive years.
2019.11	Receives the "Sustainability Award" from "British Standards Institution" (BSI) for two consecutive years.
2019.12	Hotai Motor donates the "Hotai 10" 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.
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 Xinzhaung facilities, which spans over 8,000 ping.
1955.04	Restructures as Hotai Trading Co., Ltd., having 30 employees.
1952	Hotai signs a distribution agreement with Hino Motors Ltd. as the exclusive distributor for the Taiwan region.
1949.08	Hotai signs a distribution agreement with TMC and Yokohama Tire as the exclusive distributor for the Taiwan region.
1947.09	Hotai Automobile Co. is founded with NT\$810 thousand registered capital and 10 employees. The office is located on the roadside to the right of Taipei Main Station.

0.4 Vision, Mission and Operational Objectives



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

Our Vision— **+think Amazing**

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 "**+think 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 push the boundaries of innovative ideas and approaches, 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!

Keep a watchful eye
and stay informed of
the latest trends

Think outside the box as
we encounter future
challenges

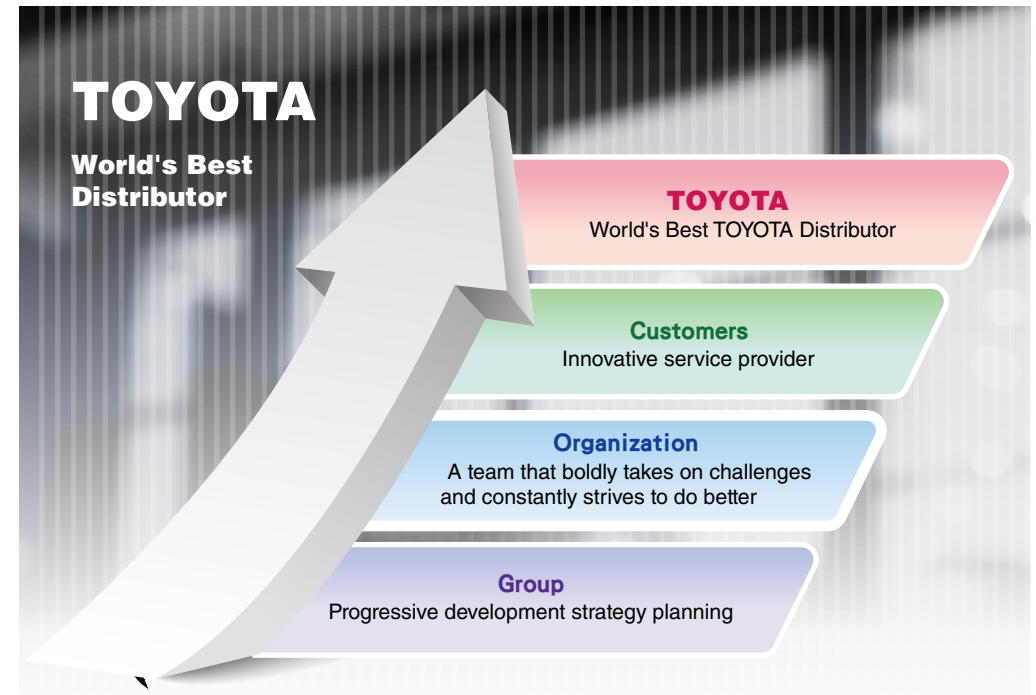
+think Amazing

Aim higher to
deliver impressive
results

Take innovative
approaches to
overcome crisis

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 Medium-term and Long-term Plans

Based on this mission, we have formulated our medium- and long-term goals for 2023-2027. Through the introduction of new generation products and innovative services, we continue to improve the surrounding value chain and accelerate our transformation in mobility. We aspire for Hotai Motor and its affiliated brands to become leading benchmarks in their respective 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 medium- and long-term plans are gradually achieved.

2024 Operational Objectives

In 2023, the global economy has faced challenges due to worldwide monetary policy tightening, value chain inventory adjustments, and geopolitical conflicts. These factors impacted Taiwan's exports and slowed our economic growth. Looking ahead to 2024, we will anticipate the future and stay vigilant, control risks prudently, and pursue innovation to gain future business opportunities along with our operational objective is to "Rise Up Against Adversity, Be Vigilant and Beware of Danger, Beyond Evolution, Return To The Top." 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 in 2024			
		TOYOTA	LEXUS	Commercial vehicle
Collaborate in sales and services to create a competitive niche	Vehicle	Sustain innovation and surpass peaks	LEXUS No. ONE dominates the luxury car market	Carry trust and lead innovation
	Service	Build sufficient service capacity and intelligent experiences Strengthen the brand's No. 1 position	ONE LEXUS builds a cultural foundation	Return to essence and offer innovative services
Pursue a steady business development and explore new ventures		<ul style="list-style-type: none"> Hotai Finance: Reinforce the auto loan business, accelerate the development of other fields of business, and leverage the synergies of the financial sub-group. Hotai Leasing: Promote sales through services, and facilitate the development of diversified products and services by means of technology. CarMax: Strengthen the service blueprint for the internet of vehicles, and expand business in overseas markets. Chang Yuan Motor: Integrate the Group's resources to ramp up sales of commercial and finished vehicles, and implement smart services to provide precise services and increase customer stickiness. Toyota Material Handling Taiwan: Seize the opportunities generated by automation, expand leasing business, and boost service capabilities. Hotong: Maintain solid business operations to secure profitability in, and expand the value chain to maximize gains in the face of sluggish economy. Hotai Insurance: Develop business with caution, implement risk management, and maintain a stable operational framework. MaaS: Boost member penetration and stickiness across all brands, and maximize data value. Hotai Auto Body Manufacturing: Complete commercial vehicle lineup, and fully upgrade production efficiency and quality. 		
Maintain holistic backup measures and full management structures		<ul style="list-style-type: none"> Strengthen digital supervision mechanisms and systematize control management to enhance the Group's operational reporting system for major events. Enforce the Group's cybersecurity policies, enhance technical capabilities, nurture cybersecurity experts, and raise cybersecurity awareness among all employees. 		
Sustain improvement and fulfill social responsibilities		<ul style="list-style-type: none"> Advance greenhouse gas audits and checks in our affiliates, continue to enhance carbon reduction management systems, and foster sustainable business practices. Review and integrate our current philanthropic projects and resources, and focus on the impacts raised from the areas relevant to our core business. Strengthen our image as an employer, construct innovative welfare programs for employees, and foster a culture of sustainability. 		

0.5 Sales Network and Services



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

Our Sales Network

Passenger vehicles

Kuotu Motor Co., Ltd., Taipei Toyota Motor Co., Ltd., Tau Miau 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."

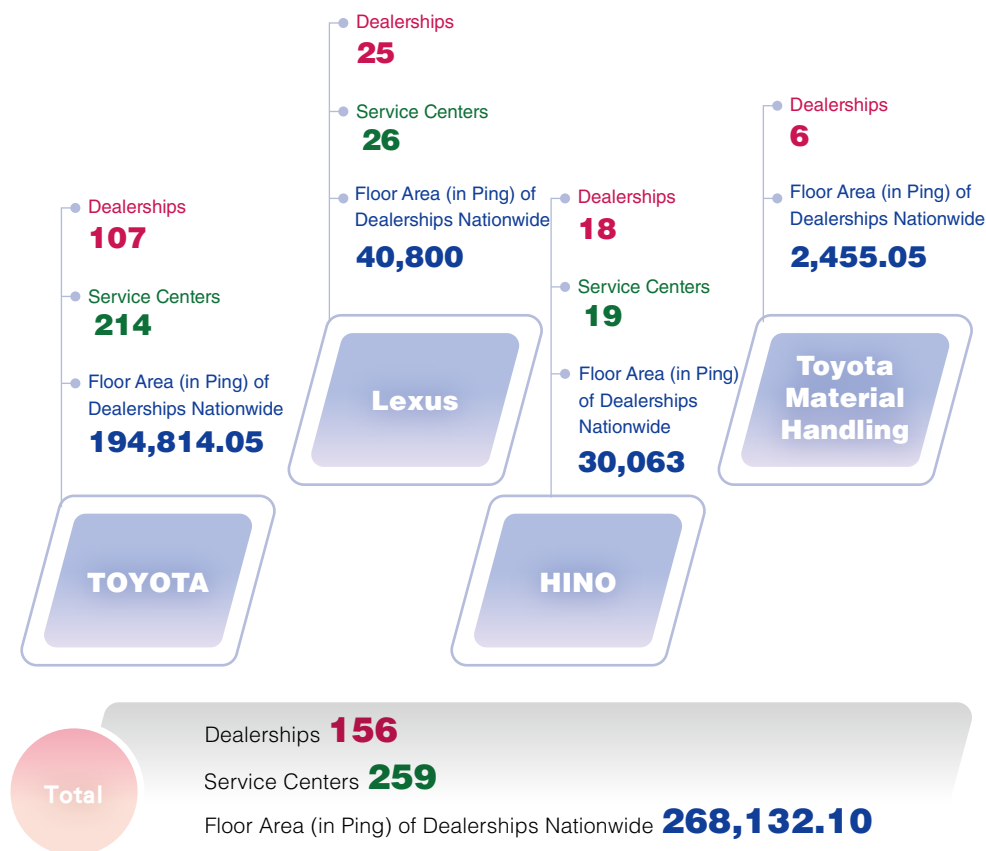
The complex features cutting-edge, high-performance learning equipment and skill labs, providing auto repair technicians and first-line sales representatives a variety of training facilities and space. Facilities include a quiet employee-only dormitory, dining hall, recreation and common space. Thousands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

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 156 dealerships and 259 service centers, which consist of 107 TOYOTA dealerships and 214 service centers, 25 LEXUS dealerships and 26 service centers, 18 HINO dealerships and 19 service centers, and 6 Toyota Material Handling dealerships.



0.6 2023 Sustainability Highlights

Economic

- **33.4%**
Maintained the largest market share in the automotive market for **22** consecutive years
- **100%**
All the new employees have completed anti-bribery training
- **39.66%**
Percentage of local sourcing in **2023**

Environmental

- **50** metric tons
The amount of VOC emissions (volatile organic compounds) reduced in **2023** by using environmentally friendly waterborne paint
- **33,385** metric tons
In **2023**, our dealerships collectively recovered **21.82** metric tons of refrigerant through the R134a machines, equivalent to the reduction of **33,385** metric tons of CO₂ emissions.
- **100%**
All our vehicle models meet the carbon emissions, noise control, CO₂ emissions, and fuel economy regulations and standards.
- **50.9** million bottles
By installing a central oil supply system, we have reduced an accumulative 50.9 million motor oil bottles as of **2023**.

Social and Employee Related

- **100%**
The rate of employees returning from unpaid parental leave in 2023 is 100%
- **8.1** hours
The average hours of "Paid Volunteer Leave" for our employees in 2023.
- **6,000** rides
Shuttle service provided by the 2023 Free Mobility Service to Produce Happiness For All (formerly known as Free Mobility Service With yoxi)
- **NT\$67.98** million
Donated an accumulated total of over NT\$67.98 million hi-tech automotive teaching aids and materials
- **> 400** metric ton
An accumulated total of over 400 metric tons of pre-loved toys were recycled and given new life as at the end of 2023.
- **> 780,000** trees
Over 780,000 trees have been planted from our "One Tree for Every TOYOTA" campaign, reducing approximately **26,000** metric tons of carbon emissions.





01

Sustainable Management

Our Guiding Principle

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

2021

The CSR Committee was renamed the Sustainable Development Committee

9 GRI Topics

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

13 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 significant issues of concern to stakeholders and continuously align our work with the United Nations Sustainable Development Goals. By incorporating corporate sustainability into our operational strategies, we work towards making a positive impact and creating value for our stakeholders and the sustainability of the environment and society.

1.1 Corporate Sustainability Policies

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

Guided by our commitment to "Standing by Our Beautiful Island", we have focused on producing happiness for all through our core mobility business. In 2023, we have conducted several interviews with cross-company teams and executives to incorporate sustainability into our policy-making. These discussions have helped us develop a sustainable strategic blueprint with four main pillars: Mobility, Openness, Value, and Eco. This blueprint will be integrated into our daily operations. We will also mobilize resources and efforts from both internal and external stakeholders to work towards a sustainable future.

Our Corporate Sustainable Blueprint Guidelines

Mobility

Empowering with diverse energy solutions and innovative MaaS opportunities.

Openness

Leveraging our resources for deeper social care in Taiwan, while enhancing regulatory compliance and risk management for sustainable growth.

Value

Fostering a vibrant workplace and nurturing talent for sustainable success.

Eco

Driving energy efficiency and carbon reduction with a commitment to environment friendliness.



1.2 Sustainable Development Committee

Hotai Motor established the Corporate Social Responsibility Committee in 2018—which was renamed the Sustainable Development Committee in December 2021—as a functional committee under the Board to pursue corporate sustainability, implement and oversee related policies and sustainable development strategies. The Committee meets at least twice a year and is charged with adopting annual sustainability policies and reviewing the implementation of each ESG topic through regular meetings. Our 2023 ESG performance was presented to the Board in December last year. Whenever 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 2023.

Summary Of ESG Operational Results Presented To The Board In 2023

Environmental (E)

- CO₂ emission in the TOYOTA Environmental Challenge 2050:
◆ Hotai: ↓ 133% ◆ Dealers: ↓ 33% (goal was ↓ 12%)
- Certified by ISO 14064-1
- Completed the Hotai Group's Net Zero Blueprint
- Scored the highest in the audit and evaluation
- Planted a total of 70 solar power sites
- Accomplished the Group's environmental training and activities

Social (S)

- NGO collaboration: Ronald McDonald House has now joined the Free Mobility Service to Produce Happiness For All program
- More than 50,000 people participated in the events held by the Taiwan Indigenous Wildlife Conservation Program
- More than 5.1 million people participated in our Public Welfare Dreamer events
- Campus awareness hit 94% (exceeding the 90% goal) through partnerships with 5 universities/schools
- Conducted 7 campus career events
- More than 4.39 million viewers watched the performances of the teams supported by our Dream Team Indigenous Program
- Rolled out the sustainability blueprint across internal departments
- Achieved an average of 8 volunteer hours per person

Governance (G)

- Established our risk management system, including policies and procedures
- Completed the format for material information, and established the online group chat for corporate governance
- Developed core principles for legal compliance and ethical corporate management, and expanded their implementation across the organization
- Implemented legal compliance evaluations across 9 group companies

Please refer to the [website of Hotai Motor](#)

The Sustainable Development Task Team, established under the Sustainable Development Committee, aims to optimize the use of Group resources, incorporate various ESG topics into our daily business operations, and supervise our actions and performance in the areas of economy, environment, and society. The Office of Environmental Affairs, Office of Social Affairs, and Office of Corporate Governance are responsible for implementing sustainability practices and developing 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 of the Sustainable Development Task Team include delegates from the Environmental Management Committee, TOYOTA Vehicles Division, Lexus Vehicles Division, TOYOTA Service Marketing Division, External Affairs & Legal Division, and Corporate Governance Office. 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.

2012 ···· **2016** ···· **2018** ···· **2019** ······ **2020** ········ **2021** ········ **2022** ········ **2023**

- Published the first CSR Report
- The Corporate Social Responsibility Yearbook listed Hotai Motor as the benchmark enterprise for CSR
- CSR Committee officially formed
- Became one of the companies that the Taiwan Sustainability Index is based on
- Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for five consecutive years
- Nominated for the Top 50 CSR Corporate Citizenship Award by CommonWealth Magazine for six consecutive years
- The CSR Committee was renamed the Sustainable Development Committee and published the sustainability report
- Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for six consecutive years and the Sustainable Citizenship Award for seven consecutive years
- Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for seven consecutive years and the Sustainable Citizenship Award for eight consecutive years
- Received the National Sustainable Development Award for the first time (Enterprises)
- Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for eight consecutive years and the Sustainable Citizenship Award for nine consecutive years

To amplify our sustainability efforts and results, the three offices have developed the 2024 sustainability objectives and measures based on environmental (E), social (S) and governance (G) aspects, which is another step toward our goal of sustainable operations.

1.4 Materiality Analysis

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 three 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 the partnerships where these activities occur, both 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

A total of

21

operating activities had
environmental impact

A total of

38

operating activities
had social and
human rights 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, and reversible or irreversible.

The top three positive impact activities are

- climate mitigation action
- human resources inclusion, and
- career development education/training

The top three negative impact activities are

- climate mitigation action
- sales strategies and fair trade
- customer privacy protection

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.

A total of

8

significant positive impact
issues were determined

A total of

6

significant negative impact
issues were determined

Identification of Material Issues:

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.

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 19 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 2023, six key stakeholder groups are identified: shareholders/investors, customers/clients, suppliers, dealers, media reporters and employees. 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 52 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, and 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 52 activities into 21 sustainable issues, the main stakeholders were asked about the degree of concern for each issue. The number of returned surveys was 34 for dealers, 109 for employees, 49 for media reporters, 20 for customers, 35 for suppliers, and 7 for shareholders, totaling 254. The issues of concern to each stakeholder are shown in the table below:

Stakeholder Group	1 st Concerned Issue	2 nd Concerned Issue	3 rd Concerned Issue
Dealers	Customer safety	Regulations of product	Customer privacy protection
Employees	Customer safety	Occupational safety and health	Customer privacy protection
Media Reporters	Product and service quality	Customer safety	Brand management and marketing
Customers	Customer safety	Product and service quality	Customer privacy protection
Suppliers	Product and service quality	Brand management and marketing	Human resources and inclusion
Shareholders	Risk and crisis management	Customer privacy protection	Customer safety



5

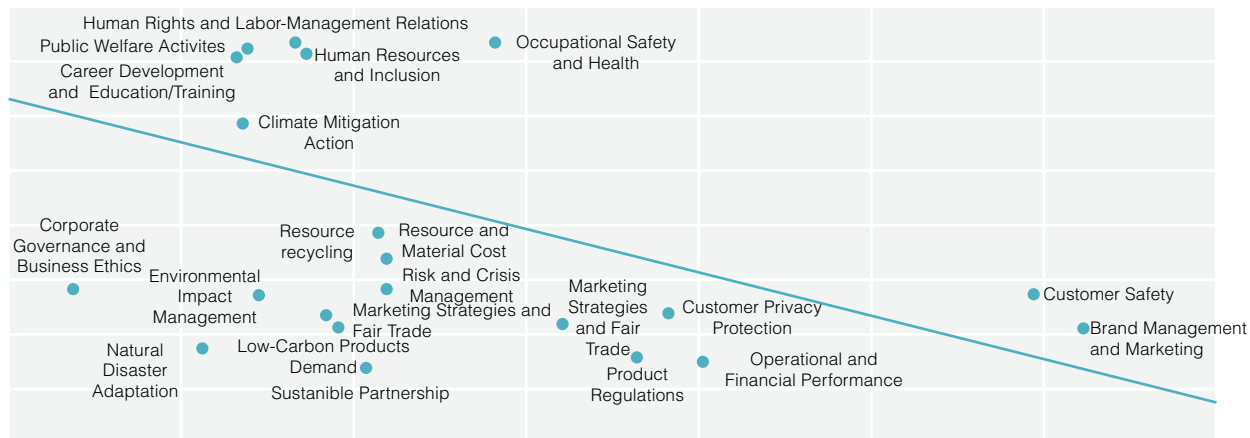
Identification of Material Issues

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 8 material issues with high concern and impact in the positive impact matrix and selected 6 material issues in the negative impact matrix. Compared with the previous report, the total number of material issues remains at 10 (combined positive and negative). Compared with the material issues in the previous report, the difference in 2023 lies in the addition of several social issues under corporate governance, such as human resources & inclusion, career development & education/training, human rights & labor-management relations, occupational safety & health, and public welfare activities. Meanwhile, climate mitigation action, which was a material issue in the previous year, was again listed as a material issue in the statistical results of the returned survey in 2023.

Positive

High

The Degree of Positive Impact



Low

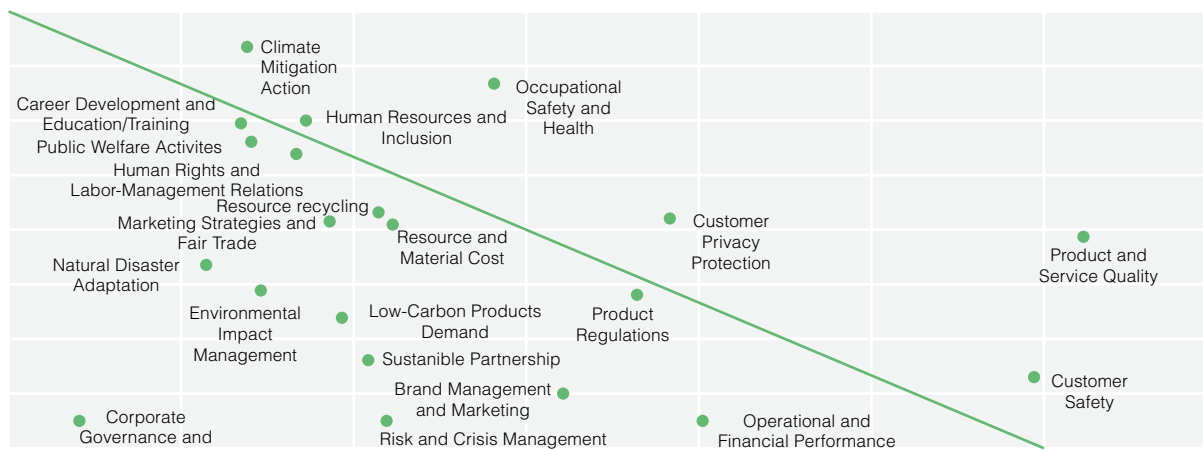
The Concern Degree of Stakeholders

High

Negative

High

The Degree of Negative Impact



Low




The Concern Degree of Stakeholders

High



















6

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)							
Customer Privacy Protection	418	1. Customer privacy policy 2. Disclose comprehensive customer relationship management activities and results 3. Report on the operations of the Information Security Committee	1. Enhance cloud platform identity authentication protection 2. Establish a comprehensive customer personal data protection system	Establish automatic vulnerability scanning mechanism	Dealer	1. Annual Report 2. Sustainability Report 3. Posts	Once a year	No major breaches of customer privacy	1. Strictly comply with applicable privacy laws and regulations 2. Communicate privacy policy to stakeholders 3. Disclose comprehensive customer relationship management activities and results 4. Report on the operations of the Information Security Committee	No major breaches of customer privacy	
					Shareholder	1. Annual Report 2. Sustainability Report 3. Corporate Website	Once a year or irregularly				
					Employee	1. Annual Report 2. Sustainability Report	Once a year				
					Customer	1. Annual Report 2. Sustainability Report 3. Corporate Website	Once a year				
Customer Safety	416	1. Product certification 2. Environmental safety management system	Commodities and parts comply with government regulations or green supply chain requirements	Introduce more vehicle safety equipment to actively remind driving safety	Dealer	1. Sales Seminar 2. Product Training 3. Onsite audit 4. Online Training 5. Recalls	Irregularly	Strictly comply with relevant laws and regulations	No major breaches of product quality	No major breaches of product quality	
					Customer	1. Survey 2. Toll-Free Line 3. APP 4. Email	Irregularly				
Product and Service Quality	416	1. Product management system 2. Customer service system 3. Regularly monitor market conditions and relay the information to dealers and suppliers	1. Introduce products that meet market demand (such as electric vehicles) 2. Enhance the sales and service maintenance capabilities of frontline personnel	Use automated parts demand forecasting system to reduce the risk of material shortage	Employee	1. TV/Print Ad/Press Release 2. Hotai Newsletter 3. Email 4. Meeting	Irregularly	1. Product certification 2. Dealer rating system 3. Supplier audit and evaluation	No major breaches of product quality	Maintain the largest market share	
					Customer	1. TV/Print Ad/Press Release 2. Survey 3. Toll-Free line 4. APP 5. Email	Irregularly				
					Supplier	1. Telephone Interview 2. Routine Meeting 3. Onsite Audit 4. Audit Assessment	Irregularly (at least once a year)				



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	1. Create an annual brand marketing plan 2. Communicate the latest internal and external news through press releases and Hotai's periodic newsletter 3. Host new vehicle test drives for the press to provide firsthand experience and enhance product understanding	1. Use social media to expand influence on target customer groups 2. Host themed events (e.g., track activities) to boost brand's image in performance	-	Customer	1. TV/Print Ad/Press Release 2. Survey 3. Toll-Free line 4. APP 5. Email	Irregularly	1. Host events aligned with Hotai's public welfare themes and encourage employee volunteering 2. Broadcast updates on our public welfare activities	1. No major breaches of product quality 2. Achieve annual and interim sales targets 3. Disclose important company information regularly and on a timely basis	Maintain the largest market share	
					Dealer	1. Sales Seminar 2. Product Training 3. Onsite audit 4. Online Training 5. Recalls	Irregularly				
					Supplier	1. Telephone Interview 2. Routine Meeting 3. Onsite Audit 4. Audit Assessment	Irregularly (at least once a year)				
Climate Mitigation Action	305 201	1. Toyota Environmental Management System 2. ISO14001 3. ISO14064	Positive Actual Impact: 1. Achieve the Group's carbon neutrality and build a net zero blueprint 2. The Group implements the carbon reduction and waste reduction plan	-	Shareholder	1. Annual Report 2. Sustainability Report 3. Annual General Meeting 4. Investor Conference 5. Investor Relations on Corporate Website	Once a year, 4 times a year or irregularly	Aim for a 3% yearly reduction in carbon emissions	Carbon emissions decreased by 9% (relative to 2019)	Target an 18% decrease in carbon emissions by 2025 from 2019 levels	
					Employee	1. TV/Print Ad/Press Release 2. Hotai Newsletter 3. Email 4. Meeting	Irregularly				
					Customer	1. TV/Print Ad/Press Release 2. Survey 3. Toll-Free line 4. APP 5. Email	Irregularly				
					Dealer	1. Annual Report 2. Sustainability Report 3. Posts	Irregularly				
Human Resources and Inclusion	405	1. Labor-Management Committee 2. Employee Satisfaction Survey	Positive Actual Impact: 1. Cultivate corporate culture and cohesion 2. Create a harmonious and vibrant working environment	-	Employee	1. Labor-Management Committee 2. Employee Satisfaction Survey	4 times a year Once a year	Strictly comply with relevant laws and regulations	No major labor-management breaches occurred	No major labor-management breaches occurred	

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)							
Career Development and Education/ Training	404	1. On-the-Job Learning (OJT/ departmental rotation) 2. Off-the-Job Training (new staff training/TMC's planning skills training) 3. Self Development (language course funding/E-learning+/ reading club)	Positive Actual Impact: Establish a comprehensive development policy to cultivate talent with professionalism, innovation, and excellence	-	Employee	1. New staff training 2. Training programs for reserve managers and staff 3. Digital leaning resources	Once a year Irregularly	1. Organize diverse training programs 2. Provide employees with learning resources	-	-	
Human Rights and Labor-Management Relations	410 412	1. Establish the Employee Code of Conduct 2. Hold Labor-Management Committee meetings to assess communication status	Positive Actual Impact: Create a workplace that upholds human rights and is free from discrimination and abuse	-	Employee	Labor-Management Committee	Once a year	Strictly comply with relevant laws and regulations	No major breaches of human rights	No major breaches of human rights	
Occupational Safety and Health	403	1. Adopt ISO 45001 Occupational Health and Safety Management and related certification 2. Establish the Hotai Group Occupational Safety and Health Database 3. Conduct health and wellness activities	Positive Actual Impact: Create an inspiring workplace through robust safety measures, enabling employees to thrive in a healthy and secure environment	-	Employee	Health and wellness activities	Irregularly	Strictly comply with relevant laws and regulations	No major work safety violations occurred	No major work safety violations occurred	
Public Welfare Activities	413	1. Promote public welfare initiatives (e.g., Dream Team Indigenous Program, Taiwan Indigenous Wildlife Conservation Program, and Public Welfare Dreamer, Free Mobility Service to Produce Happiness For All, etc.) 2. Support volunteer activities and offer employees one paid volunteer day per year to give back to society	Positive Actual Impact: Invest company resources and manpower to take concrete actions in helping the disadvantaged, thereby enhancing the company's positive image	-	Dealer Media Reporter Employee	Share resources for public welfare projects, such as co-hosting volunteer activities Hold press conferences on public welfare affairs to share our sustainability vision and values Hold volunteer events to enhance employee awareness of the company's community engagement initiatives	Irregularly	Continue organizing public welfare activities and amplify their reach	1. Donation items in public welfare projects 2. Number of people reached through public welfare Ads 3. Report project results to the sustainability committee for review	Obtain sustainability and public welfare awards	            

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 compiles the "Stakeholder Communication Situation" of the previous year and reports it to the Board of Directors every year. The identification results of 2023 are expected to be reported to the board of directors at the end of 2024. Hotai Motor's 2023 report content is summarized as follows:

Summary








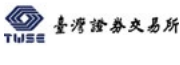
 <p>Customer Safety</p> <p>Describe the safety considerations of our products, and offer solutions to meet customer needs and provide recommendations.</p>	 <p>Customer Privacy Protection</p> <p>Provide full disclosure of our customer management and privacy protection policy.</p>
 <p>Product and Service Quality</p> <p>Regularly communicate product information to employees, conduct personnel training and performance reviews, and provide solutions to address customer needs.</p>	 <p>Brand Management and Marketing</p> <p>Brand image and positioning, marketing expenses and strategies, performance indicators and surveys, network and media evaluation, net promoter score indicators, product recall disposal, etc.</p>
 <p>Occupational Safety and Health</p> <p>Measures taken to ensure employees' physical and mental wellness and to prevent work-related injuries and illnesses.</p>	 <p>Human Resources and Inclusion</p> <p>Ensure diversity, equity, and fair treatment within the organization, enabling employees to maximize their potential and contribute to the organization's success.</p>

1.5 External Engagement

Hotai Motor actively engages with external associations and organizations that focus on the automotive sector and sustainability. This participation helps us better understand market trends, technological innovations, and best practices. It also strengthens our competitiveness, builds closer partnerships with companies within and outside the automotive sector, and promotes effective information sharing and exchange.

Name of Organization	Title
Third Wednesday Club	Member
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 2023 Awards and Honors

Awards	Description	Organization Giving the Award
2023 TCSA Taiwan Enterprise Sustainability Award	8th consecutive year	 台灣企業永續研訓中心 Center for Corporate Sustainability
2023 2023 Sustainability Citizen Award	9th consecutive year (in the top 20 for 4 straight years)	 天下雜誌 Commonwealth Magazine
TWBA Taiwan Biodiversity Award 【Bronze Prize in the Profit Business Category】	First-time winner	 台灣企業永續研訓中心 Center for Corporate Sustainability
Nature Mama 《大自然媽媽》 【receives the Best Annual Sustainable Micro Movie and Platinum Award at Taipei Golden Eagle Microfilm Festival】	First-time winner	 台灣永續能源研究基金會
TOYOTA TOWN ACE Renaissance Trilogy [receives the Digital Singularity Award for Best Creative Film]	First-time winner	 Taiwan Digital Media and Marketing Association
TOYOTA Customer Service Center has earned the Gold Award 【2023 Taiwan Customer Service Center Evaluation】	First-time winner	 工商時報 COMMERCIAL TIMES
Hotai Motor is honored with the 2023 「The Best Service in Taiwan」 Gold Award	Awarded for 9 consecutive years	 工商時報 COMMERCIAL TIMES
Rank in the top 6%-20% in the 10th Corporate Governance Evaluation	Ranked top 5% of all listed companies in the 3rd, 4th, 5th, and 7th Evaluations	 臺灣證券交易所 TWSE



CROWN



02

Customer Service

97.9%

Average supply rate of automotive parts in the last four years

22

consecutive years as the number one company in Taiwan's automotive industry

5 Stars Rating

Corolla Cross、Corolla Altis、RAV4 have received 5-star safety ratings from the Ministry of Transportation and Communications of Taiwan

Over 9.7
(out of 10)

2023 customer satisfaction score



Our people-first culture is what enables us to maintain a leading position in Taiwan's automotive industry for 22 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 care about 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 working 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, the upgrade of working environment and facility, 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 professional and heartwarming 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 join our events—all of the aforementioned are aimed to convey the warmth of our brand to every car owner.



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 surprisingly personalized services to our customers as part of their "Happiness at TOYOTA" experience as car owners

Every year, Hotai Motor conduct customer satisfaction education courses and establish a Customer Service (CS) certification instructor system. We introduce online CS education resources for all employees to inspire a customer service spirit among everyone.

Periodically hosting interdepartmental Customer Satisfaction Committees, as well as sharing implementation results across dealers, and review TOYOTA SSI/CSI results through monthly surveys.

Each year, we design key themes and projects to promote customer satisfaction and invite dealers to jointly execute and implement them.

Creating a Culture that
Prioritizes Employee
Satisfaction and
Customer Satisfaction

Note: SSI: Sales Satisfaction Index (New Car Sales Customer Satisfaction Index) , CSI: Customer Service Index (Automobile After-Sales Service Customer Satisfaction Index)

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.

Service Culture and Strategies Over the Years

2014~2016 Only for YOU

2014 《Building a CS Culture》

Establishing High-Performance Teams with High 5

■ Strengthening the CS (Customer Service) Culture

2015 《Seeing Trust》

Building Trustworthy Teams that Show Care

■ Enhancing Mindsets, Improving Systems, Enjoying Work

2016 《Activating the Key》

Creating Teams that Share Happiness and Success

■ Employee Satisfaction Customer Satisfaction (Talent Development)



2017~2023 Happiness at TOYOTA

TOYOTA's Joyful Culture → Allowing Employees to Enjoy a Happy Workplace at TOYOTA + Enabling Customers to Experience a Joyful Life with TOYOTA

2017 《Rooting the Spirit》

Employee and Customer Experience

2018 《Developing Characteristics》

Defining CS Competencies and Key Behaviors

2019 《Consolidating Results》

Shaping and Promoting CS Core Values

2020 《Learning and Observing》

Continuous Benchmark Learning within and outside the Industry

2021 《Ongoing Optimization》

Upgrading Internal and External Customer Experiences

2022 《Inspiring Motivation》

Stimulating Creativity and Enhancing Honor/Achievement

2023 《Deepening Focus》

Implementing ES Improvements and Information Exchange

The engagement and backing of Taiwan dealership network + Continuous promotion of diversified project activities

【Starlight Alliance Selection】Encouraging Employees to Combine Creativity with Proposals for Improving Disadvantaged Groups

【Genie Lamp On-site Motivation】Collaborating with Dealers to Plan Surprise Activities for Outstanding Employees

【Star Picking Plan】Comprehensive Evaluation of ES (Employee Satisfaction) / CS (Customer Satisfaction) Performance, Selecting Excellent Service Centers

【Cross-Industry Alliance Experience Events】Hosting Digital Experience Events, Offering Free Magazine/Movie/Music Services to Customers

Maintaining TOYOTA as the "No.1 Local Brand"

2.2

Customer Relationship Management

2.2.1 We Listen Intently to Customers' Needs

The "Happiness at TOYOTA" service culture serves as a foundation for our commitment to putting customers first. By upholding 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 automotive 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. 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 strengthen customer relationship.

In light of increased internet access of customers, Toyota 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's capabilities and expand 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, we provide more convenient inquiry services. To enhance customer experience and road safety, we launched AI-power dashboard indicator recognition services in July 2023. This feature enables car owners to instantly identify dashboard indicators and understand their vehicle's condition. In the same year, the TOYOTA Customer Service Center was awarded the Gold Medal at the second "Taiwan Customer Service Center Evaluation" for its seamless service design that deeply understands customer needs, carefully listens to customer suggestions, and effectively solves problems. In 2020, Lexus also introduced AI customer service and subsequently launched the Smart Center. The system integrates with the LEXUS LINK in-car system, transitioning from passive reception of customer feedback to proactively notifying customers of important matters.

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.

Customer Feedback Channels

	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 telephone surveys (SSI/CSI sample size: 80~100 respondents per month), and online surveys (sampling size: 300 SSI and 500 CSI cases)
Paper and Online Survey	<ul style="list-style-type: none"> Monthly random sampling online surveys to assess the level of customer satisfaction Owners who have taken delivery of their new cars (sample size: 10,500 respondents per quarter) Owners who have brought their cars back for maintenance service (sample size: 40,000 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) 	<ul style="list-style-type: none"> 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.
Mobile App	All-in-one lifestyle mobile app, My Toyota 	All-in-one lifestyle mobile app, Lexus Plus 	LINE@HINO Commercial Vehicles 

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.

Source of VOC in 2023

Source of VOC*	TOYOTA	Lexus	HINO
Phone calls	18%	71%	65%
Corporate website Customer service chatbots + emails	80%	19%	1%
Phone interview, mail survey and online survey	2%	10%	34%

Source of VOC*

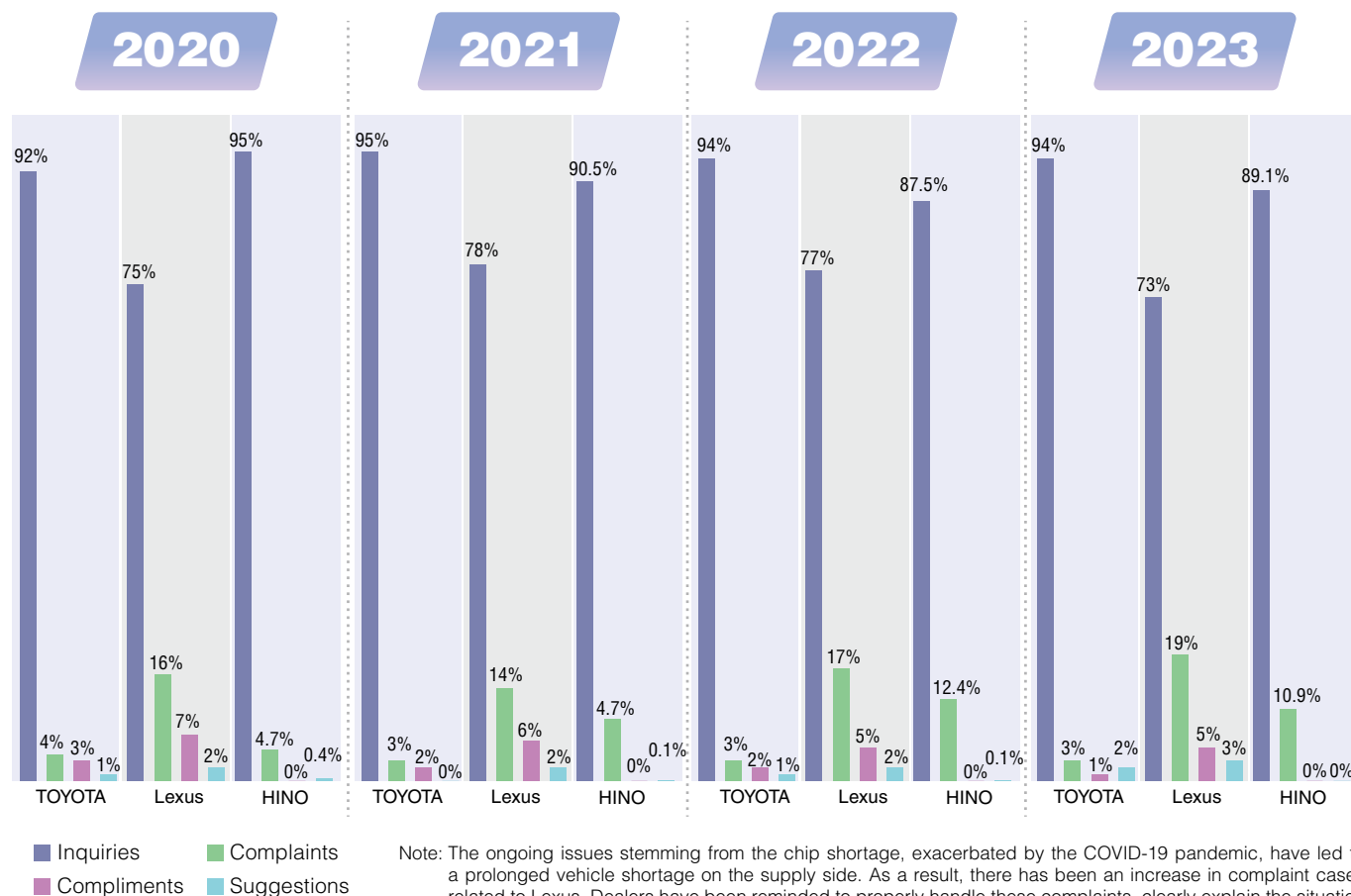
Business Units

Phone calls	Customer service divisions of TOYOTA and Lexus
Corporate website Customer service chatbots + emails	HINO: Commercial Vehicles Technical Training Office

Phone interview, mail survey and online survey

Except for TOYOTA where
phone interviews are conducted
by dealers, all other interviews
and surveys are conducted by
external providers.

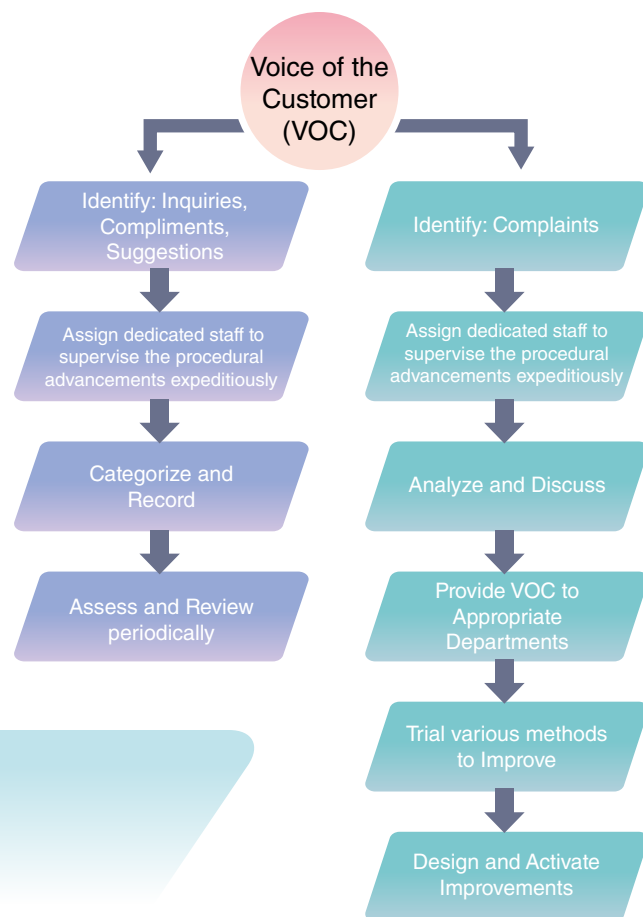
Customer Feedback by Category



Note: The ongoing issues stemming from the chip shortage, exacerbated by the COVID-19 pandemic, have led to a prolonged vehicle shortage on the supply side. As a result, there has been an increase in complaint cases related to Lexus. Dealers have been reminded to properly handle these complaints, clearly explain the situation to customers, and appease customer's dissatisfaction.

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.

Voice of the Consumer Process



Customer Satisfaction

At Hotai Motor, we put customers 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 periodically 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, in the meantime, meet and exceed customer expectations.

Hotai Motor will transfer customer feedbacks collected through a variety of customer satisfaction survey methods (e.g., phone interview and mail survey), 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 2023, 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 view 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, while maintaining TOYOTA's leading position in the market.

Brand	Survey Method	2020	2021	2022	2023	2023 Target
TOYOTA	SSI phone interview (score)	9.8	9.8	9.8	9.8	9.8
	CSI phone interview (score)	9.7	9.7	9.7	9.7	9.7
Lexus	SSI (completion rate)	99%	99%	99.6%	99.8%	95.0%
	CSI (completion rate)	99%	99%	99.2%	99.1%	95.0%
	SSI (satisfaction score)	991	990	992	995	980
HINO	CSI (satisfaction score)	984	986	987	988	975
	CSI-Survey (satisfaction score)	96.1	95.8	95.4	96.0	93
	CSI-Survey (satisfaction score)	98.3	98.2	99.1	99.2	95

Summary of survey methods:

1. 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.
- This survey targets customers who have brought their cars back for maintenance service and received aftercare.

2. 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.

3. HINO :

- CSI online survey and phone interview: the average satisfaction score of all HINO service centers (on a 100 point scale) .
- SSI online survey and phone interview: the average satisfaction score of all HINO service centers (on a 100 point scale) .
- 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, Lexus and HINO 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, online service scheduling, and occasional e-coupons which greatly enhance the convenience for car owners in maintaining their vehicles.

To provide customers with a more comprehensive digital service experience, at the end of 2020, Hotai Motor introduced the "Hotai ONE ID membership system, shifting from a "car-centric" to a "people-centric" approach. This single account allows customers to access various group-related services including car rental and ride-hailing. By the end of 2021, we further introduced "Hotai Pay" and "Hotai Points", establishing car owner membership system and diverse payment methods, giving a refreshing digital experience. Hotai Motor also partnered with CTBC to launch the "CTBC Hotai Co-branded Card", offering more diverse point reward schemes, marking an important milestone in the group's digital transformation. To expand the use scenarios of Hotai Points, the "Hotai Shopping" online mall was launched in mid-2022, meeting the comprehensive lifestyle needs of Hotai members. Starting in May 2022, HINO has introduced 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 user-friendly experience for users.

In 2023, Hotai newly launched a travel planning app "Go Fun", which not only continues to deepen the integration of various mobility services within the group to create a MaaS mobility service system, but also offers flight and accommodation search and booking functions, meeting various travel needs and becoming the go-to app for travel planning. In the future, Hotai Motor will continue to strive to provide the whole society with more diverse, convenient, and safe driving experiences and mobility services, fulfilling our corporate social responsibilities and setting an example as a benchmark enterprise."



In recent years, Hotai Group has actively promoted MaaS (Mobility as a Service) related services and culture. Through a single platform integrating diverse transportation services, we aim to improve mobility convenience and perfectly meet every customer's various needs when they are traveling.



To better understand our consumers' expectations and vision of mobility services, Hotai Motor initiated a biennial MaaS Data Hackathon starting from 2022. In the 2022 event themed Combining Smart Technology and Sharing Economy, we not only released valuable internal mobility service data but also offered a total prize pool of millions as an incentive for proposals. We successfully engaged over 250 universities, colleges, startups, and large enterprises across the nation to form teams to participate in the competition, and to show their infinite and implement what they learned to pave the way for a new generation of carbon-reduced mobility. Chairman Huang Nan-Guang of Hotai Motor personally attended the final, stating that the group's commitment to promoting the growth and development of Taiwan's MaaS. By providing commercial data and a competitive platform, we aim to deepen the younger generation's understanding of mobility services. Furthermore, through 1-on-1 guidance from 20 top industry mentors in a workshop setting, we help teams refine data value and optimize proposals. This event nurtures local youth, enabling them to unleash innovative thoughts and energy, creating a smart mobility lifestyle that is environmentally sustainable, economically viable, and convenient, bringing a better mobility future to 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 industry's first TOYOTA Neighborhood Service Stations. These service stations provide express maintenance, basic repairs, tire change and battery replacement to meet the needs of car owners. Until the end of 2023, there are 92 TOYOTA Service Stations which have serviced 300,000 customers who visited. The customer satisfaction rate is as high as 97% and up to 97% of the customers are willing to come back.

2.2.2 Customer Relationship Management

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** ".

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

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 periodically survey vehicle owners (approximately 170,000 owners) about their level of interest towards each section of the magazine to help us create topic contents that better align with their interests.

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.

In order to care for new car owners after delivery, we use the APP to push the newsletter on the first day of delivery, and a customer care message is sent on the third day 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.

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 components, 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 2023, TOYOTA issued a voluntary recall which affected 8,053 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.

Case Name

C-HR High-Pressure Fuel Pump Inspection/Replacement

Number of Vehicles to be Recalled

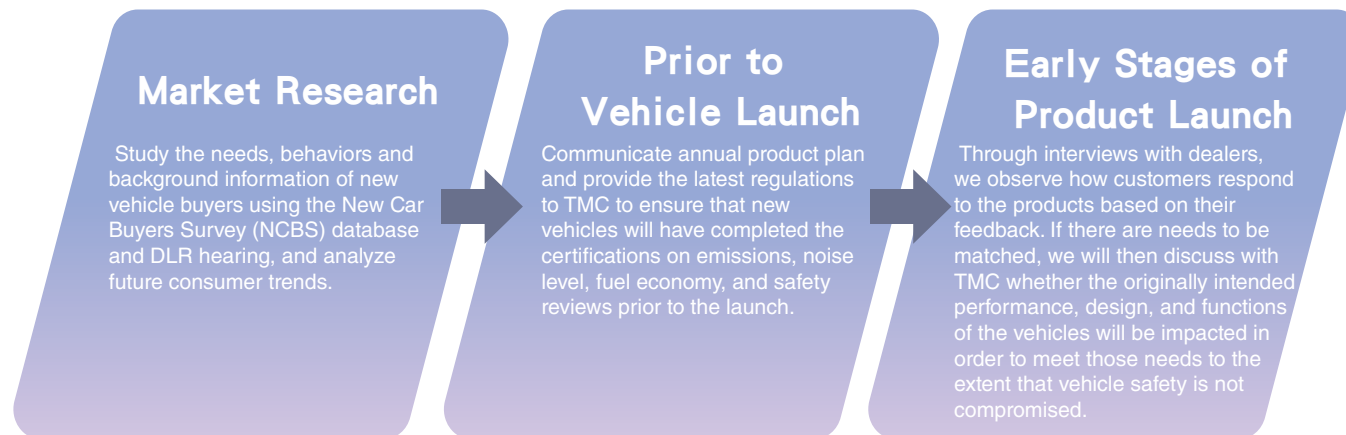
8,053

2.3 Product Design and Manufacturing

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

Customer needs have always been one of our top priorities. Before the introduction of any new product and components, 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



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.

Sales of Electric Vehicles

Unit: Amount of individual vehicles

Year	2020	2021	2022	2023
TOYOTA	21,671	29,708	29,739	29,533
Lexus	5,747	6,423	6,036	12,648
HINO	25	4	6	34
Total Registrations	27,443	36,135	35,781	42,215



2.3.2 Improving Product Safety Performance

Safety is our foundational and utmost 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 safety tests and use driving simulators and crash test dummies 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 and 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, 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 2023, 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 Safety Tests

Analyze all sorts of crash events 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.

In the 2023 Taiwan New Car Assessment Program (TN-CAP), TOYOTA vehicles, including the Corolla Cross, Corolla Altis, and RAV4, received five-star ratings from the authorities. This demonstrates that these vehicles provide excellent safety protection for occupants and pedestrians before and during collisions.

Driving Simulators

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.

Crash Test Dummies

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 make 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 equipments, 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 consumers' expectations, Hotai Motor is consistently upgrading the safety equipments 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 17 vehicle models are packed with these safety features to ensure driver and passenger safety.

Lexus

- Our luxury brand, Lexus, has made its mark by providing a quiet ride and advanced safety features. As of 2023, 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

- For Hino trucks, the cabin features a high-rigidity reinforced design, complemented by door impact beams and a collapsible steering column. Models over 5 tons are additionally equipped with visibility assistance devices and anti-underrun devices to enhance vehicle operational safety. In terms of buses, the RM model is equipped with a wide-axle suspension system, offering excellent driving stability. It also includes advanced active safety systems such as PCS (Pre-Collision System), LDWS (Lane Departure Warning System), ACC (Adaptive Cruise Control), and VSC (Vehicle Stability Control), providing comprehensive safety protection for every journey.

2.3.3 Risk Management in Implementing New Vehicle Models

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 ensure our customers' best interests, 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, components insurance, and typhoon insurance. On average, we spend over NT\$12 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 analyze 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.



2.3.4 Ensuring Efficiency and Quality of Parts Supply

Our parts supply management is built on the spirit of the TOYOTA Production System (TPS) and its methodology. Our management system provides accurate information that enables us to deliver a wide variety of parts service across our extensive network of 267 service centers around the island. Hotai Motor's Parts management system 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 areas of focus as it directly impacts the interests of customers in vehicle use. From 2020 to 2023, our parts supply rate has met our targets and averages at 97.9%.

1

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

2

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

3

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

4

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

Subject	2020	2021	2022	2023	2023 Target
Purchase Order Volume	26,746	24,631	25,341	25,523	-
Sales in Total (in NT\$ thousand)	12,529,308	12,889,677	14,286,655	15,396,324	-
Components Supply Rate (%)	97.6%	97.8%	98.0%	98.2%	97.8%
Number of Delivery Locations	184	205	240	267	-

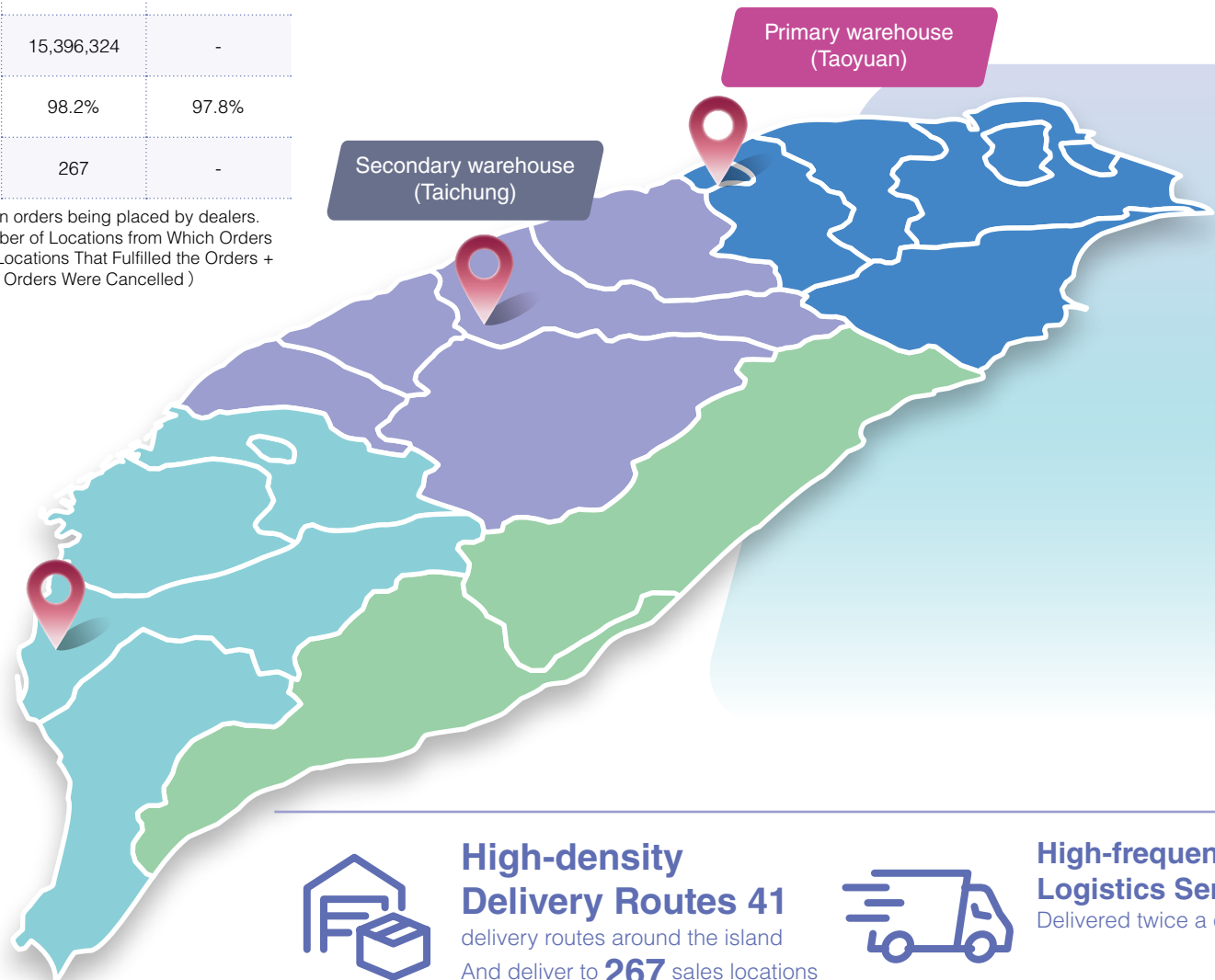
Note : Parts supply rate refers to the percentage of parts that are ready to ship upon orders being placed by dealers.
Calculation: Number of Locations from Which the Parts Were Shipped / Number of Locations from Which Orders Were Placed = Number of Locations That Fulfilled the Orders / (Number of Locations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

Our Parts Logistics Centers

Hotai Motor 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)

Components Information System



High-density Delivery Routes 41

delivery routes around the island
And deliver to **267** sales locations



High-frequency Logistics Service

Delivered twice a day





03

Partnerships

First Taiwanese Company

The first Taiwanese company in the automotive industry to have all its dealership locations certified with ISO 14001

NT\$64.1 Million

Total environmental protection expenditure of eight major dealerships in 2023

17,125 Units

The number of on-site services provided by mobile commercial vehicle painting service trucks across Taiwan

16,458

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

3.1 Dealers Management

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.

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 safe. 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.

3.1.1 Passenger Vehicle Dealers

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 92 TOYOTA neighborhood service stations. Together with our existing 122 TOYOTA service centers, we will have a total of 214 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	2020 (T)	2020 (L)	2021 (T)	2021 (L)	2022 (T)	2022 (L)	2023 (T)	2023 (L)
Session	131	67	121	67	132	102	131	110
Cumulative Attendance	2,329	1,073	1,235	972	2,613	1,654	2,666	2,172
Amount Invested in Dealer Training (in NT Dollars)	7,420,000	8,640,950	7,192,900	5,998,396	7,549,400	9,925,240	9,165,000	9,467,560

Note : We require our top eight dealers to conduct regular training in Personal Data Protection Act related topics each year for all employees.

Passenger Vehicle Customer Events

Starting from September 2023, in order to create a factory-entry experience that makes car owners happy and relaxed, Hotai will design activities with the theme of "Stress Relief" at TOYOTA service plants across Taiwan, and install Air Aroma fragrance air conditioners in guest lounges to release TOYOTA's exclusive "Provence White Tea" fragrance oil allows car owners to immerse themselves in the aroma and naturally create a sense of relaxation. In addition, OSIM wireless 3D massage pillows are available for free on site, as well as videos of stretching and stress-relieving massage recorded by professional instructors. This allows car owners to stretch and relax with the instructors while waiting in the guest lounge, and wait for their car comfortably.

In 2023, Lexus had launched a cloud lounge platform to provide high-quality digital knowledge content for customers waiting at the factory to browse; it also provide car owners with more considerate services through Lexus Link. Real-time monitoring of the vehicle's engine, battery, brakes, airbags and other systems. When the vehicle light signal is abnormal, it will proactively care for the owner and introduce a three-way call. When necessary, the platform will directly assist the owner with road rescue and tow it back to the original factory for maintenance to ensure the owner's driving safety.



3.1.2 Commercial Vehicle Dealers

Our current commercial vehicle dealerships nationwide are full-featured, which provide a one-stop-shop for both vehicle sales and service and offer our customer with a total solution. 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 regional paint shops since 2021 and expanded the scale in 2023. Meanwhile, we have 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 2023, we serviced 17,125 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.

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 2023, 372 technicians completed the training.

顧客休息區
環境香氛空調

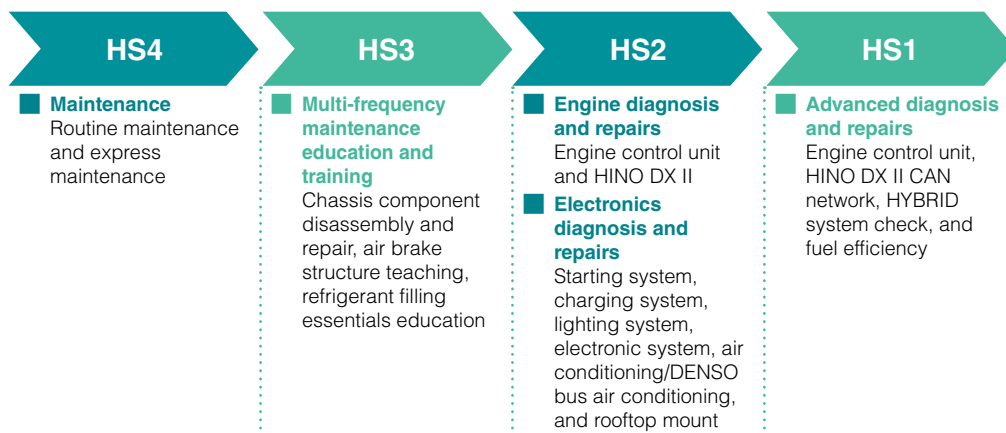
Air Aroma 香氛精油
舒緩放鬆, 穩定情緒

TOYOTA

專業老師伸展放鬆
在座位也能輕鬆伸展及按摩

免費使用OSIM 3D 按摩枕
OSIM 無線3D 按摩枕 調整到內按摩

全方位
舒壓體驗



Note: HS is Hino Service training system

Training Statistics of Large Commercial Vehicle Aftersales Support

Year		2020	2021	2022	2023
Session	Technical	34	27	23	24
	Management	1	2	0	0
Cumulative Attendance	Technical	318	391	352	372
	Management	15	11	0	0
Amount Invested in Dealer Training (in NT Dollars)		1,662,800	1,890,400	1,752,000	1,904,400

Commercial Vehicle Touching Service Events

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 2023, we held 99 rounds of seminars which had an accumulated attendance of 1,190 drivers. From 2008 to 2023, a total of 16,458 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	2020	2021	2022	2023
Rounds of seminars	138	82	Not Holding	99
Cumulative attendance	1,860	1,297		1,190

3.1.3 Dealers Technical and Service Training

Dealers Technical and Service Training

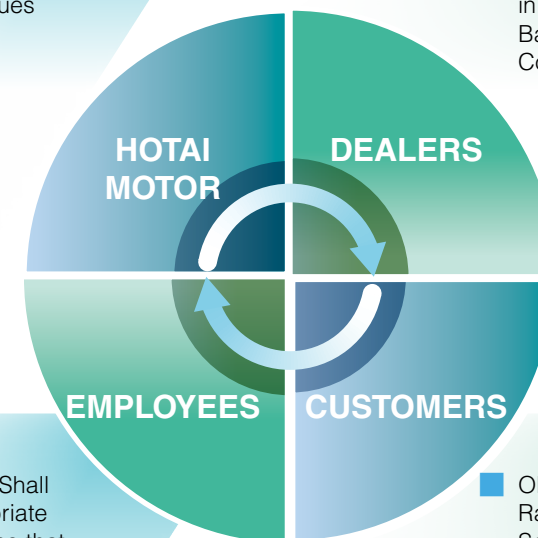
Hotai Motor is dedicated to fostering strong partnerships with our dealers and collaboratively enhancing service quality. We offer comprehensive technical education and training programs for our dealers, including general maintenance training, sheet metal painting training, service specialist training, and sales personnel training. Through Hotai's training system, we effectively boost the productivity and technical skills of our dealers, ensuring that customers receive higher quality products and more dependable services.

- Efficient Training Program
- Make Good Use of TMC's Training Materials and Techniques

- Improving The Productivity of Service Center
- Employees Can Engage in Progressive Learning Based on Different Course Stages

- Supervisors Shall Give Appropriate Evaluations so that Employees Can Obtain Clear Learning Goals
- Effectively Improve Employees' Logical Thinking ability.

- Obtain Accurate and Rapid Repair at Every Service Center
- Reduce The Number of Reconstruction Cases



Technician Training

TEAM-GP (Toyota Education And Management system-Global Program, hereinafter referred to as TEAM-GP) technical personnel education is TOYOTA's education and training system to develop general maintenance technician technical services, which consists of four certification levels.

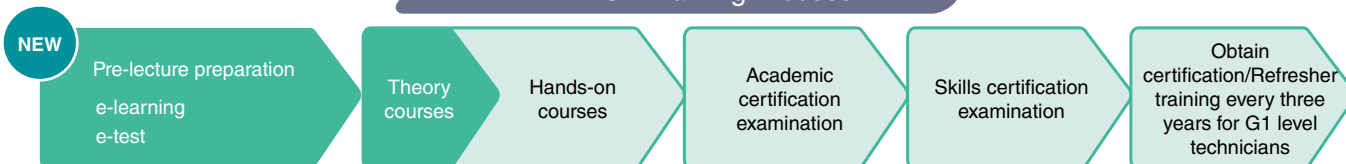
Certification Levels

Level	Required Skills for Technicians at Each Level	
GP-G1 (DMT Senior Diagnostic and Repairs Technicians)	Knowledge	<ul style="list-style-type: none"> Integrated Diagnosis
	Practical Skills	<ul style="list-style-type: none"> Skills Signal and Control Diagnosis and Repairs NVH Diagnosis and Repairs Cross-System Diagnosis and Repairs
GP-G2 (DT Diagnostic and Repairs Technicians)	Knowledge	<ul style="list-style-type: none"> Basic Diagnosis and Repairs: Functions ; Control Systems and Electrical Circuits
	Practical Skills	<ul style="list-style-type: none"> DTC Based Fault Diagnosis and Repairs Circuits and Mechanism Diagnosis and Repairs Independent System Diagnosis and Repairs
GP-G3 (PT Advanced Diagnostic and Repairs Technicians)	Knowledge	<ul style="list-style-type: none"> Vehicle Functions Operating Principles ;System Inspection and Maintenance
	Practical Skills	<ul style="list-style-type: none"> Overhaul(Measuring, Adjusting, Disassembly/Assembly, ect Evaluate the problem area based on knowledge of the machine, its .operation, and visual inspection.
GP-G4 (TT TOYOTA Diagnostic and Repairs Technicians)	Knowledge	<ul style="list-style-type: none"> TOYOTA's Concept of Customer Service ; Work Safety Basic Functions of Vehicle(Drive/Turn/ Stop) ; Basic Functions and Operation of Every System
	Practical Skills	<ul style="list-style-type: none"> Periodic Maintenance and High Frequency Works

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.

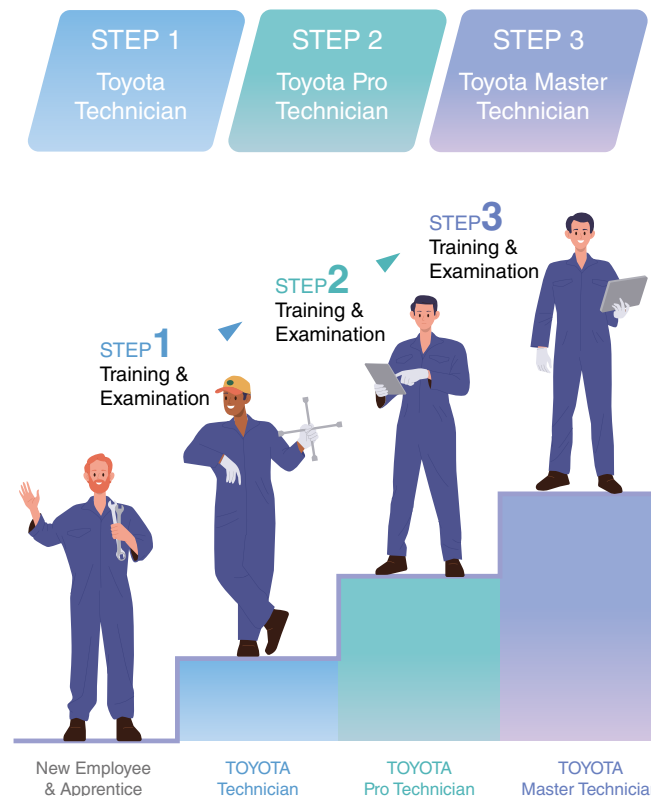
TEAM-GP Training Process



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.

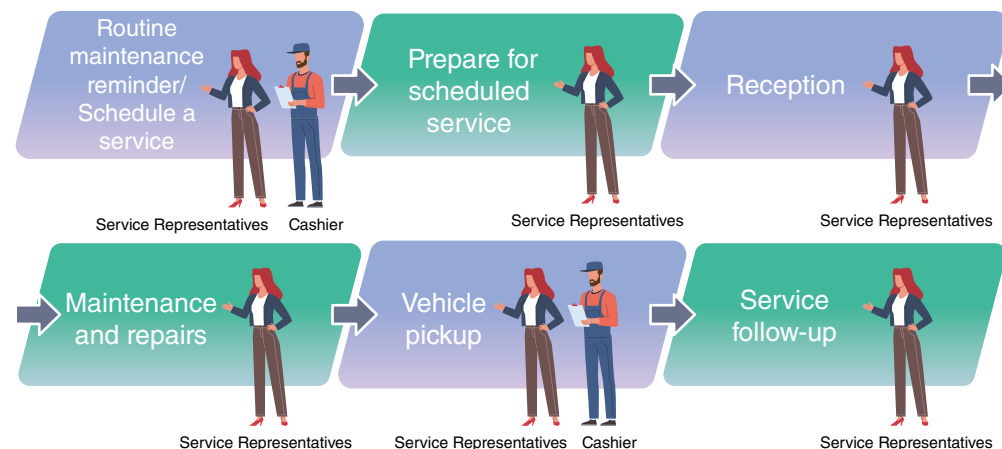
Sheet Metal Painting Training Structure



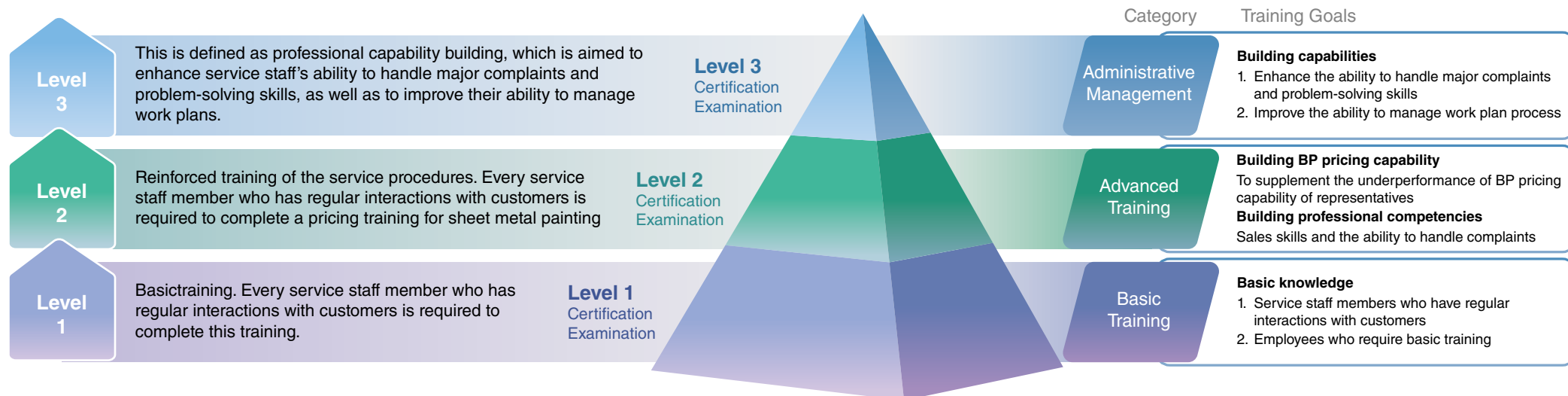
Service Staff Training

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.



Service Staff Covered by the TSA21 Training Program



TOYOTA + Lexus Aftersales Service Staff Training Hours and Costs

	Training Hours				Costs (NT\$)			
	2022 (T)	2022 (L)	2023 (T)	2023 (L)	2022 (T)	2022 (L)	2023 (T)	2023 (L)
Service Representatives	808	352	904	328	2,003,800	563,150	3,184,000	7,056,00
Entry-Level Technicians	880	488	856	504	3,279,400	1,574,200	3,678,000	1,580,000
Sheet Metal Technicians	472	256	368	232	1,264,700	888,200	1,110,000	730,400
Auto Body Paint Technicians	384	368	520	280	1,001,500	931,000	1,193,000	754,000
Total	2,544	1,464	2,648	1,344	7,549,400	3,956,550	9,165,000	3,770,000

HINO Aftersales Service Staff Training Hours and Costs

	Training Hours		Costs (NT\$)	
	2022	2023	2022	2023
Service Representatives	-	128	-	316,400
Entry-Level Technicians	824	768	1,752,000	1,542,000
Sheet Metal Technicians	-	64	-	36,800
Paint Technicians	-	16	-	9,200
Total	824	976	1,752,000	1,904,400

In 2023, a total of 348 personnel, including branch managers, deputy managers, and dealership headquarters staff, received training, each completing 13 hours of training. Additionally, 423 sales consultants each completed 7 hours of training, totaling 771 personnel trained. Follow-up training was also conducted by internal trainers from each dealership to ensure all sales consultants received the necessary education.

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

Sales Personnel Training

In order to ensure that frontline personnel possess excellent sales skills and service quality, we plan various educational courses for dealership managers and sales consultants every year. These include training sessions for branch managers, deputy managers, new sales consultants, and internal trainers. The goal is for all levels of sales personnel to acquire the necessary job competencies to achieve annual sales targets.

In response to the rise of e-commerce, the pandemic era, and changes in customer car-buying behavior, we started planning the "Tianjun Warrior Training" for frontline dealership personnel in 2021. This includes basic digital courses focusing on the management and use of online communities and digital tools. In 2022 and 2023, we offered advanced digital courses with topics such as in-depth community management, multimedia application, high-traffic community management strategies, and practical video shooting courses. These courses aim to enhance the digital selling skills of all staff and continue the digital transformation of sales services.

3.1.4 Environmental Performance of Dealers

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 2023, the total electricity and fossil fuels used by our top eight dealers was 307,679 billion J.

Energy Resource Consumption of Top Eight Dealers

Types of Energy	Energy Unit	2020	2021	2022	2023
Gas	Liter	908,641	834,169	824,450	756,663
Diesel	Liter	646,575	620,588	638,657	609,462
Heavy Oil	Liter	0	0	0	0
Lubricating Oil	Liter	0	0	0	0
Natural Gas	Cubic Meter	669,241	696,414	764,872	658,299
LPG	Liter	0	0	0	0
Electricity	kWh	67,032,909	65,689,568	66,230,404	66,566,974

Energy Resource Consumption of Top Eight Dealers

Types of Energy	Energy Unit	2020	2021	2022	2023
Gas	GJ	29,667	27,235	26,907	24,694
Diesel	GJ	22,734	21,821	22,447	21,420
Heavy Oil	GJ	0	0	0	0
Lubricating Oil	GJ	0	0	0	0
Natural Gas	GJ	22,411	23,321	25,602	22,035
LPG	GJ	0	0	0	0
Electricity	GJ	241,318	236,482	238,319	239,530
Total	GJ	316,130	308,859	313,274	307,679

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.

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 88% 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	2020	2021	2022	2023
Gas	Metric tons CO ₂ equivalent (CO ₂ e)	2,056	1,888	1,866	1,712
Diesel		1,685	1,617	1,664	1,588
Heavy Oil		0	0	0	0
Lubricating Oil		0	0	0	0
Natural Gas		1,258	1,309	1,437	1,237
LPG		0	0	0	0
Electricity		34,120	32,976	33,711	32,951
Total		39,119	37,790	38,678	37,488

Note 1: Scope 2 emissions are from electricity use, and the discharge coefficient was 0.502 kg CO₂e/kWh in 2020, 0.509 kg CO₂e/kWh in 2021 and 0.495 kg CO₂e/kWh in 2022 & 2023. 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 above data is collected by Hotai Motor and have not been verified by a third-party certification body.

Greenhouse Gas Reduction Activities Over the Years

2020	2021	2022	2023
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Continuously replacing lighting equipment with LED models Promoting the construction of solar energy sites for Hotai & dealerships, with a cumulative total of 70 sites across Taiwan Replacing company vehicles with hybrid/plug-in models to reduce gasoline usage

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	2020	2021	2022	2023
Nitrogen oxides (NOX)	Kg	3,050	3,049	3,246	2,937
Sulfur oxides (SOX)	Kg	5,872	5,636	5,800	5,535
Total	Kg	8,922	8,685	9,046	8,472

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 2.243 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 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 2023, we recycled a total of 7,643 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 14001:2015 certification, environmental training, environmental facilities, environmental surcharges, and waste disposal fees. In 2023, the total expenses were NT\$64.1 million as a result of an increase in waste disposal fees and environmental facility expenses, which accounted for 68% and 16% of the expenses.

Environmental Expenses (NT Dollars) of Top Eight Dealers and Percentage (%)								
Item	2020		2021		2022		2023	
	Expenses	Percentage (%)	Expenses	Percentage (%)	Expenses	Percentage (%)	Expenses	Percentage (%)
ISO Certification	664,925	1%	655,470	1%	546,551	1%	581,742	1%
Environmental Training	2,137,911	3%	699,927	1%	2,833,852	5%	3,070,003	5%
Environmental Facilities	29,501,813	43%	24,676,975	39%	9,495,564	18%	9,986,645	16%
Environmental Surcharges	4,668,328	7%	3,666,492	6%	4,929,296	10%	7,046,987	11%
Waste Disposal Fee	31,399,705	46%	32,896,760	53%	34,023,115	66%	43,411,440	68%
Total	68,372,682	100%	62,595,624	100%	51,828,378	100%	64,096,817	100%

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.

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.

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.

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 217 suppliers who have transactions with Hotai Motor in 2023. 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 2023, we've conducted risk assessment on 161 of these suppliers, which account for approximately 74.2% of all our suppliers, including 26 onsite audits. Our assessment did not identify any high-risk issues.

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

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

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. While we did not terminate any supply agreements in 2023, we decided to discontinue cooperation with one supplier after they violated our requirements.

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 incompliance 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.

Improving Environmental Knowledge

Our company encourages all employees to prioritize the procurement of products made from recycled materials. Currently, all bulbs, faucets, air conditioners, and office machines used company-wide are energy-efficient models. Additionally, we require our parts and packaging suppliers to comply with relevant regulations, such as chemical storage methods and waste disposal processes, and to provide verification reports on hazardous substances.

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). To date, we have published 229 issues of Team Eco Newsletter. We also share these articles from our monthly newsletters on our Facebook group, TOYOTA Team Eco.

The topic and Content for 2023 Include:

No.	226	227	228	229
Topics	Viewing the World from Taiwan: Carbon Neutrality and International Plastic Reduction Policies	TOYOTA Greenhouse Gas Emissions and SBTi Reduction Targets	TOYOTA Local Environmental Month Activities of Eight Major Dealerships	Summary of COP28 Conference Promotion of Carbon Neutrality by Dealerships
content				

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 2023, 39.66% 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	2020	2021	2022	2023
Percentage of Local Sourcing (%)	36.66	43.98	46.5	39.66

Note1: Percentage of Local Sourcing (%) = (Domestic Procurement Amount for Vehicles and Parts) / (Total Procurement Amount for Vehicles and Parts, Both Domestic and International)

Note 2: Percentage of Local Sourcing = Total Value of Vehicles and Parts Sourced Locally / Total Value of Vehicles and Parts Sourced Locally and Elsewhere

Key Supplier: Kuozui Motors

Kuozui Motors is TMC's manufacturing base in Taiwan, founded as a joint venture by TMC (65%), Hino Motors (5%) and Hotai Motors (30%). Kuozui Motors have two factories, one located in Zhongli and the other in Guanyin, which have been running for over 39 years with an annual production as high as 200,000 units and have cumulatively produced 3.648 million units. Kuozui 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 678,000 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 and almost 120,000 units are manufactured by 2023. 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.

AFC Smart Energy Storage Field Launched



Kuozui Motors continues to integrate the three aspects of "energy saving," "energy creation," and "energy storage" to implement its business policies of energy security, resource recycling, and sustainable development, aiming to achieve Taiwan's goal of net-zero carbon emissions by 2050.

Energy saving: 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.

Energy creation: 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.

Energy storage: 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 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.

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 9 sessions, more than 2,940 people participated. We continue to hold beach cleanup activities to create a beautiful environment in Taiwan in 2023, and we clean up nearly 500 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 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. By 2023, Kuozui Motors has made donations totaling NT\$3,960,000 to Neiding Elementary School. Starting in 2022, Kuozui Motors has collaborated with Neiding Elementary School to offer expertise in safety, production, and environmental knowledge to teachers for use in designing educational materials. The Kuozui Motors has also made relevant facilities available for the school's teaching purposes. Beginning in 2023, Kuozui extended its support to Shulin Elementary School, located near the Guanyin Plant, donating NT\$120,000 to enhance educational facilities, strengthen club activities, and provide graduation awards to encourage outstanding students, thereby fostering community relations.

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 2,789 top-performing students have received scholarships in the last 23 years, and the accumulative amount of scholarship money given has reached approximately NT\$25.89 million. Additionally, in 2023, Kuozui Motors expanded the number of students eligible for skill exchange programs and awards for exceptionally outstanding students to encourage continued effort and excellence. To promote industry-academia collaboration and cultivate more skilled automotive technicians, Kuozui Motors periodically provides the latest vehicles and key components to schools to enhance technical and vocational education. In alignment with Hotai Group's commitment to supporting indigenous communities, Kuozui Motors established 20 additional scholarships for underprivileged indigenous students, totaling NT\$200,000, and sponsored educational support for indigenous students in remote areas. This sponsorship includes funding for both soft and hard infrastructure improvements, amounting to NT\$200,000, to enhance the learning environment for disadvantaged students.

Accumulated Donated Vehicles and Key Parts:



The Compact Vehicle Prototype
96



The compact vehicle engine
161



The compact vehicle gearbox
98



The Full-Size Vehicle Prototype
16



The full-size vehicle engine
6



The full-size vehicle gearbox
6



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上市發表會



04

Integrity Management

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 77 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 13 to 15 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. 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 May.

In 2023, 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 8.29 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.

4.1.1 Diversity of the Board

To maximize Board function and improve the quality of decision-making, our [Corporate Governance Best Practice Principles](#) requires that diversity of Board composition should be considered. In addition to the requirement that directors in management positions should not exceed one third of the Board seats, we also formulate diversity policies based on the operations, nature of business and development needs of the company. In 2023, 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, but 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 22 to 33 in our 2023 Annual Report.

4.1.2 Board Performance Evaluation

As part of the efforts to increase Board effectiveness, the Board of Directors approved and adopted the [Hotai Motor Board Performance Evaluation Guidelines](#). The Guidelines provides that the performance of the Board, Audit Committee, Remuneration Committee and individual directors should be reviewed and evaluated every year. 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 2023, 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 25, 2024. 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 are 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. Sustainable related indicators are scheduled for inclusion in the external evaluation for 2024.

4.1.3 Functional Committees of the Board

To enhance governance and oversight, the Board has the following committees: the Audit Committee, Remuneration Committee, Sustainable Development Committee and Human Resource Development Committee. In 2023, the Audit Committee met five times, the Remuneration Committee met three times, the Sustainable Development Committee met twice, and the company's Human Resource Committee met four times; all meetings had a 100% attendance rate.

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.

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.
- 12 Any other material matter required by the company or the Competent Authority.

4.1.4 Board of Directors and Executive Management Remuneration Policy

The Remuneration Committee regularly reviews the annual and long-term goals of directors and executives. Based on their evaluation of goal attainment rates, the committee then provides director remuneration and bonuses to the board of directors for approval.

Director remuneration includes director base compensation, profit sharing, and allowances. 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.

Executive remuneration consists of salary, allowances, and bonuses, all of which are determined in accordance with the Company's Remuneration Criteria. 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.



4.1.5 Internal Audit System

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.



4.2 Compliance

At Hotai Motor, we keep discipline and compliance at the heart of our business practices, and we see integrity and transparency as the core of corporate social responsibility. As part of our commitment to ethical business practices, we monitor periodically the latest regulatory updates through a search of legal databases to ensure ongoing compliance with relevant laws and regulations. And to continue Hotai Motor's legacy, we have developed extensive guidelines specific to different functions and job grades with the goal to preserve the core values of ethics and integrity. In 2023, 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. The Company was imposed liquidated damages of 100,000 NTD by the Taiwan Stock Exchange Corporation (TWSE) which determined that the company's supervision and management of its subsidiaries did not comply with the Regulations Governing Establishment of Internal Control Systems by Public Companies. (For improvement measures, please refer to the section [4.5.2](#))



Rules and
Procedures of
Board Meetings



Hotai Motor
Corporate
Governance Best
Practice Principles



Anti-Bribery Policy
and Standards of
Ethical Business
Practices



Procedures for
Handling Material
Nonpublic
Information



Procedures and
Guidelines for Anti-
Bribery and Ethical
Business Practices

*(For improvement measures, please refer to the section [4.5.2](#))

Recusal Rules for the Board of Directors

- Disclosures of cross-board membership, cross-shareholding, and existence of controlling shareholders in the highest governance body can be found on pages 20 to 31 of our 2023 Annual Report.
- 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.

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.
- The Code was amended in November 2023 to align with the latest "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to improve the company's integrity standards.

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.

4.2.1 Ethical Business Practices and Anti-Bribery Training

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. An individual can anonymously report the concerns, (Tip-off Mailbox: whistle@hotaimotor.com.tw) and we are committed to ensure a strict non-retaliation policy to protect individuals for making a report 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 2023, we have received 16 reported cases and 0 confirmed incident, and since most of the concerns reported are related to the subsidiaries of the Company, the cases have been funneled to appropriate departments within the Group for further actions.

Reporting Concerns	2020	2021	2022	2023
Number of Concerns Reported	7	17	27	16
Number of Confirmed Incidents	0	0	0	0

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 2023, 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 2023, there were no incidents of corruption that have been found to be substantiated and confirmed.

Ethics Training		2020	2021	2022	2023
Annual Compliance Training for All Employees	Attendance	556	563	563	567
	Percentage of Employees Receiving Training	100%	100%	100%	100%
Anti-Bribery Training for New Employees*	Attendance	26	24	27	33
	Percentage of Employees Receiving Training	100%	100%	100%	100%

* Note 1: Those who have not completed the anti-bribery education and training for new hires must attend the supplementary training course for new hires.

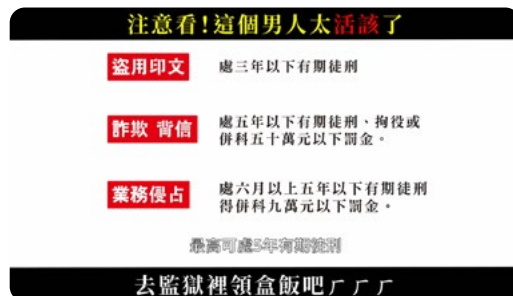
*Note 2: Due to the different arrival times of new employees, the number of participants in education and training is slightly different from the annual statistics of new employees.

4.2.2 Zero Tolerance Policy

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 10, 2023, 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 15,167 times and received 2,134 comments.



Compliance Educational Animated Videos

To enhance the liveliness of legal courses while maintaining the educational significance of compliance, the Legal Department produced animations for the first time in 2023. These animations focused on pre-sale and after-sale scenario, explaining common legal disputes that frontline staff at dealerships are prone to encounter. The content was designed to be simple and easy to remember, facilitating compliance among frontline employees and collectively maintaining a law-abiding environment. The two animations accumulated a total of 8,673 views, achieving a coverage rate of 99%.



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. In 2023, we conducted both in-person and online courses covering 5 topics, including various business compliance and copyright issues. The results are as follows:

2023 In-Person Training

Training Sessions Held

120 (including trainings for our Affiliates and dealers)

Attendance

3,338

2023 Online Training

Attendance

4,748 (including trainings for our dealers)

Percentage of Employees Receiving Training

99%

Note 1: Dealers and affiliated companies include Kuotu Motor, Taipei Motor, Tao Miao Motor, Zhongbu Motor (中部汽車), Nandu Motor (南都汽車), Kau Du Automobile, Lanyang Motors (蘭揚汽車), Eastern Motor, Chang Yuan Motors, TOYOTA Material Handling Taiwan, Hotai Connected, Ho-Yun Car Rental (和運租車), CARMAX, Kuozui Motors, Formosa Flexible Packaging, and Hotai Auto Body.

Note 2: Dealers include Kuotu Motor, Taipei Motor, Tao Miao Motor, Zhongbu Motor (中部汽車), Nandu Motor (南都汽車), Kau Du Automobile, Lanyang Motors (蘭揚汽車), Eastern Motor, Chang Yuan Motors.

Note 3: [Actual number of students enrolled / Total number of frontline personnel at dealers] * %

4.2.3 Zero-tolerance Policy and Compliance Review to Safeguard Intellectual Property

Hotai Motor has adopted the 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, creating a comprehensive intellectual property management system.

To promote the compliance of intellectual property rights, two seminars on personal data protection law were held in 2023, with a total of 211 Hotai Motor employees participating. These seminars combined case studies with explanations of personal data collection, processing, usage, and protection. The aim was to ensure that group employees pay attention to relevant legal requirements when carrying out daily operations and planning new projects, thereby strengthening corporate sensitivity and vigilance.

Additionally, three training courses on copyright law were conducted, with a total of 3,896 frontline staffs from eight major dealerships participating. Using famous cases discussed in the media, these courses taught practical methods for distinguishing between "plagiarism" or "illegal borrowing," and highlighted 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 2023, 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.

Information Disclosure Channels

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.

Stakeholders Section

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

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



4.4 Risk Management

4.4.1 Risk Management

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 to evaluate the effectiveness of the design and implementation of the internal control system, and issue an internal control system statement accordingly.

In order to strengthen our risk management and control, Hotai Motor's Audit Office conducted two group audit training sessions in 2023. These sessions focused on high-risk areas such as information security auditing and newly revised regulations on personal data management. The aim was to enhance the professional knowledge and skills of the group's auditing personnel. 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.

4.4.2 Risks and Opportunities Related to the Industry


1. Industry Status and Development:

In 2023, the global economy was impacted by various factors including tight monetary policies in different countries, inventory adjustments in industrial chains, and geopolitical conflicts. These events affected Taiwan's exports and slowed down our country's economic growth. The annual economic growth rate was 1.31%, a decrease of 1.14 percentage points compared to 2022. However, benefiting from the stabilization of the automotive market supply chain and strong market demand, along with various brands continuing to fulfill long-term orders and the launch of key new car models in the fourth quarter, the total registration number of 2022 in Taiwan reached 476,987 units. This number sets a new 18-year high and represents an 11% increase compared to the previous year. In terms of market share by brands, the TOYOTA/LEXUS/HINO brands represented by our company ranked first. The top three positions in market share were all held by Japanese car manufacturers, with a combined market share of 52.5%.

Ranking	1	2	3	4	5	6
Brand	TOYOTA LEXUS HINO	MITSUBISHI CMC MG	HONDA	MERCEDES BENZ	HYUNDAI	FORD
Volume	166,414	53,556	30,420	24,794	22,175	21,496
Market Share	34.89%	11.23%	6.38%	5.20%	4.65%	4.51%

2. Various development trends and competitive situations of products

In recent years, many international car manufacturers have switched from using agents to operating brand subsidiaries directly. They actively introduce new products and offer more competitive prices, keeping the proportion of imported cars at a high level. As the global automotive supply chain gradually stabilized after the pandemic, the market share of imported cars in Taiwan rose to 48.5% in 2023. In terms of car segments, SUV models continue to sell well. With various brands launching multiple crossover SUVs, SUV sales accounted for 53.1% of the market in 2023. Our TOYOTA COROLLA CROSS dominated as the No.1 selling SUV and domestically produced car in Taiwan, while the TOYOTA RAV4 maintained its position as the best-selling imported car for 16 consecutive years. As the global automotive industry faces transformation and rapid market changes, Hotai Motor always prioritizes customer needs. With a "think Amazing" mindset, we aim to provide consumers with the most perfect customer experience, creating a new era of mobility services for the group. We not only strive to achieve the goal of "Do Amazing" but also aim to "Do Impossible".



Favorable Factors

- Due to the government's extension of the Old Vehicle Replacement Tax Reduction Program until early 2026, and the continued promotion of the Regulations Governing Subsidies for Air Pollution Reduction from Vehicle Scrappage and the Regulations on Encouragement for Greenhouse Gas Reduction from Vehicle Scrappage, these policies will help sustain the demand for new cars.
- Given the adjustment of the basic wage and salaries for military personnel, civil servants, and teachers, as well as the increase in the tax-free amount for each person's basic living expenses, these are expected to contribute to an increase in people's disposable income. Moreover, there is still high demand for domestic travel, and the stable job market also supports domestic demand performance, which helps the domestic consumer market grow steadily.

Unfavorable Factors

- Global geopolitical risks will be a major concern for the future. This issue poses significant risks to the global economy and could potentially trigger a global trade chain disruption and financial system crisis.
- Facing structural problems such as labor shortages, wage increases may further exacerbate the risk of inflation. The aforementioned situations may lead central banks to adopt stricter monetary policies, thereby affecting economic development.

Response Strategies

- We will continue to enhance market share and strive for the introduction of appropriate products.
- We will continue to strengthen our skills on front-line digital sales to create optimized sales and operational efficiency.
- We will also improve used car retail sales and inventory, creating new value chain benefits.



Favorable Factors

- The government's policy incentives, such as tax reductions for new vehicles through the promotion of old-for-new replacement programs for cars and motorcycles, continue to stimulate domestic car consumption growth.
- As the price ranges of general car brands and luxury car brands gradually overlap, luxury car brands are becoming a purchase option for more car owners. Benefiting from this, the luxury car market is expected to continue growing.
- In response to electrification trends and policy developments, various car manufacturers are actively investing in the electric vehicle field, adjusting their product portfolios, increasing the proportion of electrified vehicles, and providing corresponding charging support services.

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

- Launch the all-new compact urban SUV - LBX, breaking the framework of market and expanding the market with 5 trim levels to target new customer groups.
- In line with Lexus' global development strategy, promote three development aspects: "electrification," "intelligence," and "diversification." Continue to lead the automotive industry by expanding the lineup of electrified vehicles and offering diversified services.
- Expand the brand's charging coverage and accelerate the realization of a BEV island-wide charging network. Integrate the Lexus Plus App with the Open-hub charging roaming platform and third-party operator services, enabling access to over 380 fast and slow charging stations and more than 1,000 charging guns from locations and cooperating operators.



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 manufacturing back to Taiwan drives the inelastic demand for factory constructions and boosts the demand for heavy duty vehicles.

Unfavorable Factors

- 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

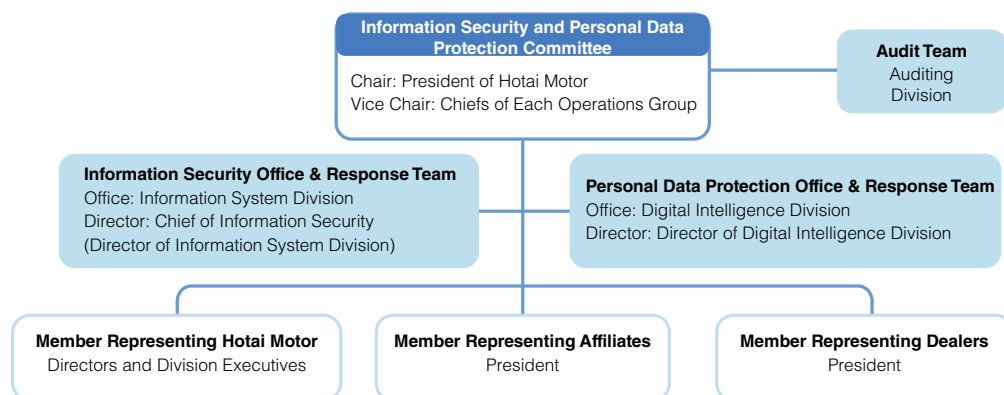
- Continue to provide diversified specially equipped vehicle models to maximize the commercial vehicle value chain.
- To meet global trends in carbon reduction and sustainable operations, we are piloting the introduction of hydrogen-powered buses.

4.5 Information Security and Customer Data Protection

Hotai Motor began manufacturing and selling small commercial vehicles and passenger vehicles in 1987. As our Group's business continues to expand and we provide more customer service applications, we continually upgrade and reinforce our information security system to protect customer data and effectively lower cybersecurity risks. 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. To comprehensively protect customer personal information, Hotai Motor renamed its "Information Security Committee" to "Information Security and Personal Data Protection Committee" in January 2024. Under this committee, the existing "Information Security Office" remains the dedicated unit for information security. Additionally, we established the "Personal Data Protection Office" which is dedicated to managing personal data, continuously promoting personal data protection policies, and strengthening the resilience and management mechanisms for personal data protection.

The Information Security and Personal Data Protection 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 personal data protection policies and overseeing the operations of the information security and personal data protection management system. Through monthly meetings of the Information Security Office and Personal Data Protection Office under the committee, we assess the scope of application and integrity of our information security and personal data protection 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 and data protection 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. No data leakages or violations of personal data protection requirements occurred in 2023.

Information Security and Personal Data Protection Committee Structure



Note: The adjustment of this organization will take effect on January 1, 2024

4.5.1 Information Security Management System

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 Information Security 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 protecting 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.

2023 IT Security Management Measures

To respond to ongoing global cyber-attacks and various evolving information security threats, we have established a multi-layered information security defense system. This enhances the Group's information security protection and enables quick responses to complex and changing threats. The management initiatives and specific management plans we have implemented are as follows:



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:

01 Dedicated unit

We set up Information Security and Personal Data Protection 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.

02 International Certification

We have obtained the new ISO27001:2022 international information security management system standard certification, which helps us continuously improve our information security governance structure and management mechanisms. In 2023, we completed the new standard review, maintaining the validity of our certificate, with no major deficiencies in the information security audit.

03 Security Incident Reporting

For security incident reporting and handling, the Information Security Office has clearly established responsibilities, incident classification, reporting processes, and time limits. The office is responsible for monitoring threat and incident response progress and outcomes. The IT unit must report and resolve security incidents within the target handling time, investigate possible root causes, and propose improvement measures and implementation timelines to prevent incident recurrence. In 2023, no major data security incidents occurred.

04 Email Drills

In 2023, we conducted two social engineering drills by sending phishing emails to test staff's data security protection awareness and build up correct email usage habits through training messages. 594 people (including dispatched staff) were tested, achieving a 100% drill coverage rate. 6 highly realistic simulated malicious emails were sent to each person, training staff on email social engineering alertness and enhancing overall security awareness.

05 Security Awareness

Protection systems are not infallible. Given that hacker attack methods are constantly evolving, we still rely on each employee having correct security concepts to ensure information security. Therefore, to improve security awareness, new employees receive security education on their first day, and all staff undergo annual security training. We also use diverse educational training and communication channels, sharing current security news to promote and convey Hotai Motor's latest security regulations and precautions, continuously deepening staff's security awareness.



	Topic	Attendance*	Training Hours	Percentage of Employees Receiving Training
All employees	Personal data and information security training and assessment	520	2	100%
New employees	Personal data and information security training and assessment for new employees	33/33	1	100%
IT personnel	Information technology education and training	65	Different training hours may be required depending on their area of expertise	100%

Note1: Due to the different arrival times of new employees, the number of participants in education and training is slightly different from the annual statistics of new employees.

4.5.2 Customer Data Protection

To comprehensively protect customer personal information, Hotai Motor has established the "Personal Data Protection Office" as the unit responsible for personal data protection, and set up the Director of Digital Intelligence Division. The office is responsible for establishing a Group-wide personal data management system. From positioning the organizational management and operations from a strategic aspect of the business, and through analyzing service procedures and information systems, the office will 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.

Protecting Customer Privacy

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.

Privacy Policy Statement

TOYOTA



LEXUS



HINO



Implementing Controls and Training

The Personal Data Protection Office conducts personal data training annually throughout the year with the aim of improving our protection for customer privacy. 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	2020	2021	2022	2023
Attendance	473	489	493	520
Percentage of Employees Receiving Training (%)	100	100	100	100

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

Subcontractors' Data Protection Task

Regarding customer data protection by subcontractors, Hotai Motor assumes responsibility for safeguarding customer data security and rights when subcontractors process customer data. 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 for personal data protection submitted by subcontractors and conducting onsite due diligence once year. In 2018, we established a system for controlling the recurring deficiencies from subcontractors by adopting the Data Protection Guidelines for Subcontractors. Our guidelines specify personal data protection requirements and responsibilities that subcontractors must follow. We conduct unscheduled on-site audits to verify subcontractors' implementation of personal data controls, thereby enhancing the robustness of personal data protection measures among our outsourced vendors.

Incident Reporting and Response Handling

Hotai Motor has established a Personal Data Breach Response Mechanism and set up a cross-departmental Response Team with reporting and handling procedures. The Personal Data Protection Office conducts response drills or spot checks once a year to strengthen horizontal response and communication capabilities between units. This aims to minimize damage to affected individuals while simultaneously verifying the effectiveness of internal procedures to identify inadequacies in personal data protection measures and continuously improve relevant protective measures.

* In 2023, subsidiary of our Group received a notification of one incident that could potentially affect personal data security. An anti-fraud notice was immediately posted on the official website to protect customer interests. The Taiwan Stock Exchange determined that this incident did not fully comply with Article 5, Subsection 2 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies". As a result, the Taiwan Stock Exchange imposed a penalty of NTD 100,000, required the audit supervisor attend mandatory training and asked us to report on a remediation plan. The penalty is paid to the Taiwan Stock Exchange, our audit supervisor already completed the mandatory training in May and the remediation plan was fully implemented by the end of 2023.

4.6 Financial Performance

Year	2020	2021	2022	2023	Units
Operating Revenue	136,052,443	138,872,240	130,393,188	161,317,924	NT\$ thousand
Operating Profit	8,228,028	8,545,817	9,757,266	10,630,312	NT\$ thousand
Non-Operating Income and Expenses	7,973,590	10,163,586	(28,957,412)	12,310,719	NT\$ thousand
Profit Before Income Tax	16,201,618	18,709,403	(19,200,146)	22,941,031	NT\$ thousand
Profit After Income Tax	13,848,870	16,210,758	(19,330,194)	22,857,675	NT\$ thousand
Income Tax Expense (Profit)	2,352,748	2,498,645	130,048	83,356	NT\$ thousand
Total Assets	83,719,774	94,565,824	83,693,191	102,391,453	NT\$ thousand
Paid-in Capital	5,461,792	5,461,792	5,461,792	5,571,028	NT\$ thousand
Revenue Per Employee	246,026	246,665	231,604	284,511	NT\$ thousand
Total Number of Employees at End of Year	553	563	563	567	Persons
Operating Expenses + Operating Costs	127,907,621	130,284,359	120,621,590	150,446,356	NT\$ thousand
Earnings Per Share	25.36	29.68	(35.39)	41.03	NT\$
Total Payroll	1,945,833	2,032,037	1,356,981	2,257,974	NT\$ thousand
Employee Benefit Expenses (Deducted by Payroll Expenses and Pension)	172,767	177,302	183,221	202,823	NT\$ thousand
Total Pension	28,401	28,409	33,878	33,239	NT\$ thousand
Debt Ratio	21.8	22.0	35.3	50.1	%
Retaining Economic Value	5,997,821	6,350,133	8,376,893	8,198,157	NT\$ thousand





05

Environmental Sustainability

88%

Percentage of new TOYOTA vehicles sold that possess energy labels

71.9%

Percentage of recycled parts used in AC compressors

Over 63 cubic meters

Cumulative water consumption has been reduced as of the end of 2023 from vehicle servicing without a car wash

197.3 metric tons

Carbon emissions has been reduced through the use of recycled packaging materials over the past 3 years

5.1 Climate Change Management

5.1.1 Adopting TCFD Framework

To continually protect the environment and promote sustainable business practices, TMC has established the Toyota Environmental Challenge 2050 and the Toyota Environmental Action Plans, which include short- and medium-term emission reduction goals:

Short-term By 2025, emissions will be reduced by 15% from 2019 levels (18% for Hotai Motor)

Medium-term By 2030, emissions will be reduced by 32% from 2019 levels (33% for Hotai Motor)

TMC has examined and established these environmental goals based on the assessment of material environmental issues. As a global distributor of TMC, Hotai Motor continues to monitor public opinion and market trends to identify key environmental issues to focus on. We address these issues with innovative thinking and technologies as we work towards finding solutions to future challenges. As, governments and corporations around the world continue to face global climate change issues, including global warming, food and water shortages, resource depletion, biodiversity loss, and other related problems, we came to recognize that the traditional automotive industry would face the challenges of slowing demand and adapting difficulties. While various climate change measures are implemented, significant changes are expected in the automotive industry and consumer behavior. These changes may include stricter regulations on banning conventional vehicles, increased fuel economy standards, the implementation and rise of carbon pricing, and the development of low-carbon products. Such policies could profoundly influence customer perspectives and raise crisis awareness. At the same time, to ensure that we 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.

Governance

Strategy

Risk Management

Indicators and Goals

- 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 serve as advisors to the committee. The chief and chief officer of the TOYOTA After Sales Service Group act as the management representative and deputy management representative, respectively. The chief of the TOYOTA Training & Kaizen Division serves as the executive secretary. 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.
- Based on the current policies and strategies of climate change, we use NDC, SBT-WB2°C (IPCC AR6, SSP1-2.6), and SBT-2.5°C (IPCC AR6, SSP1-1.9) to conduct scenario analysis and assess our potential impacts on regulations, technology, markets, and goodwill.

- 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, the exchange of environmental management practices in different countries, net-zero emission, the green transition of supply chain, and other great practices, we are able to strengthen our ability to adapt to climate change and mitigate its negative impact.
- Hotai Motor cooperates with TMC in Japan and, through internal assessments and prioritization, identifies the physical and transition risks of climate change 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 (E)", "Office of Social Welfare Affairs (S)", and "Office of Corporate Governance (G)" are responsible for setting up ESG project objects and executing plans, and shall report on their progress and results to the Committee, aiming to enhance the company's sustainability.
- The above three offices are charged with developing and implementing project guidelines for the identified transition and physical risks, 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 is committed to achieving the six goals of Environmental Challenge 2050, which include:

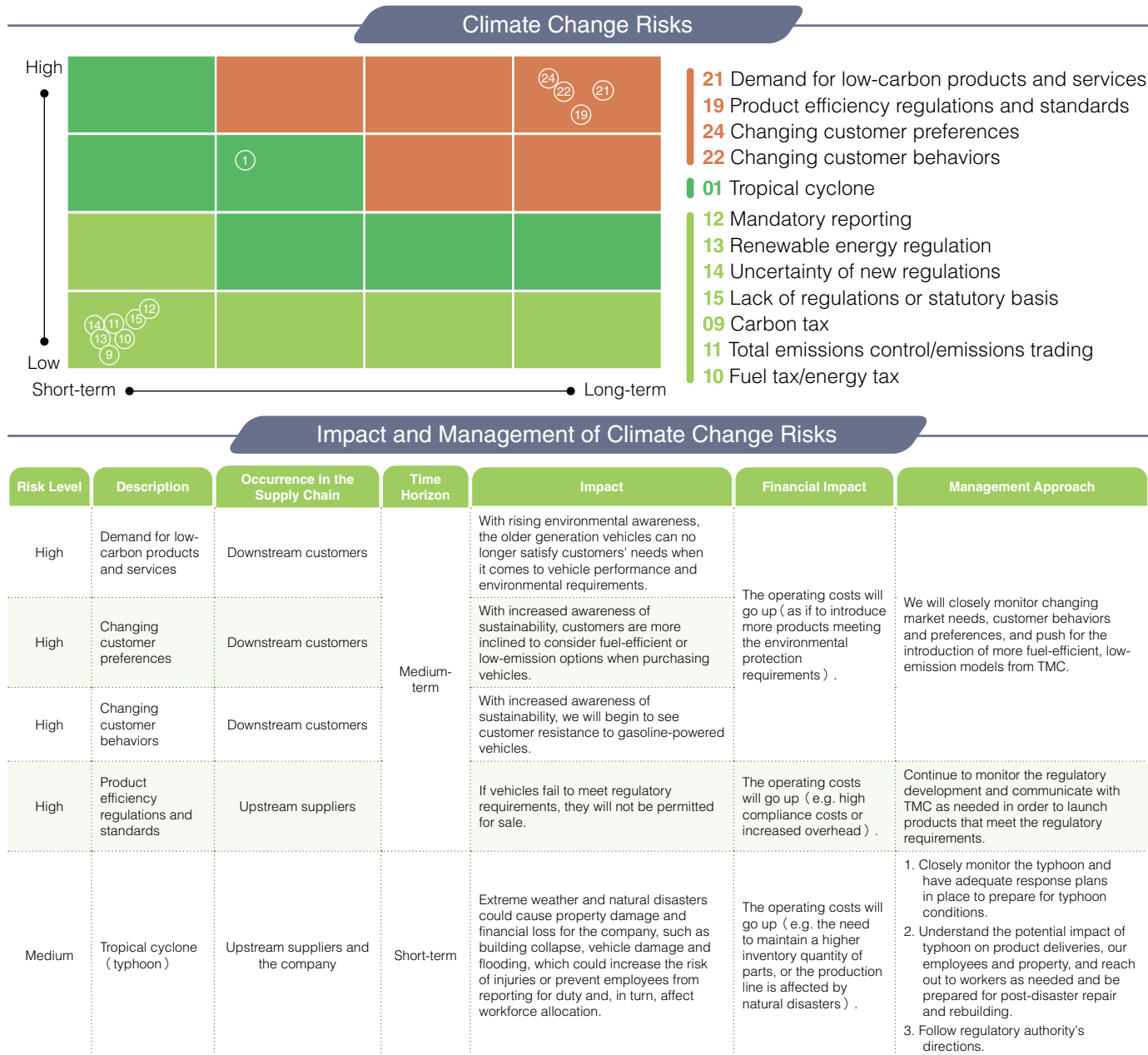
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| (1) Zero CO ₂ emissions from new vehicles of the new generation | (4) Minimizing and optimizing water usage |
| (2) Zero CO ₂ emissions from vehicle life cycle | (5) Establishing a recycling-based society and system |
| (3) Zero CO ₂ emissions from plant | (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).

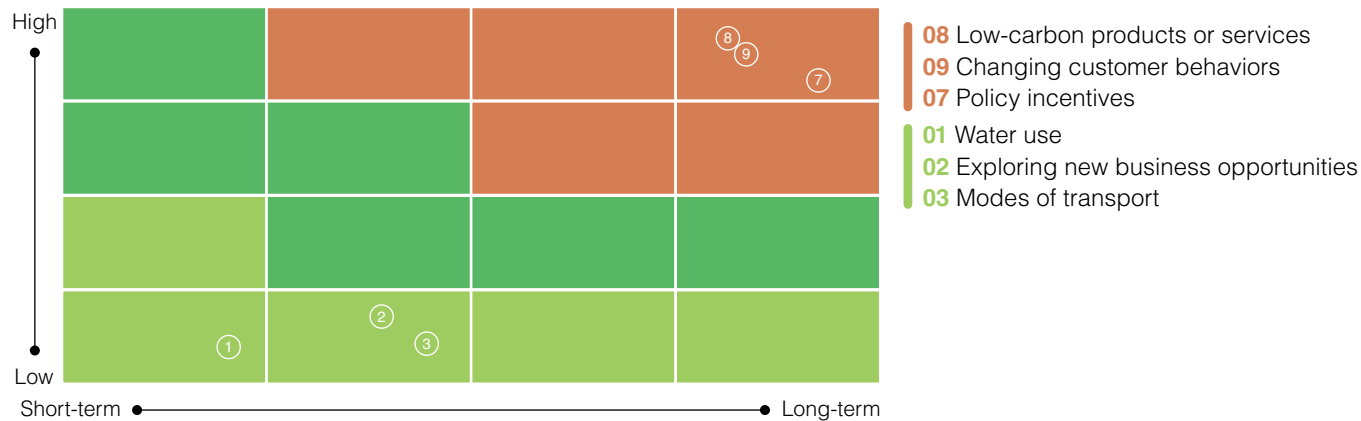
5.1.2 Identification of Material Risks and Response

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.



Opportunities of Climate Change



Impact and Management of Climate Change Opportunities

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 go 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 go 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 go up).	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.



5.1.3 Scenario Analysis

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. TMC 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 are relatively low.

	Risk	Scenario Description
Regulations	Carbon Tax/ Carbon Pricing	<p>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:</p> <ol style="list-style-type: none"> 1. NDC : 100 NT\$/tCO₂e 2. SBT-WB2°C (IPCC AR6 · SSP1-2.6) : 9-242 USD/tCO₂e 3. SBT-1.5°C (IPCC AR6 · SSP1-1.9) : 7-708 USD/tCO₂e <p>Estimated carbon emission credits for different scenarios:</p> <ol style="list-style-type: none"> 1. NDC goal : BAU emissions reduction of 1.46% per year until 2030 and 2.32% per year from 2031-2050. 2. SBT-WB2DC (SBT) : BAU emissions reduction of 2.5% per year in linear steps. 3. SBT-1.5°C (SBT) : BAU emissions reduction of 4.2% per year in linear steps
	Total Control and Carbon Penalty	<p>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:</p> <ol style="list-style-type: none"> 1. NDC : 100 NT\$/tCO₂e 2. SBT-WB2°C : 750 NT\$/tCO₂e 3. SBT-1.5°C : 1,500 NT\$/tCO₂e <p>At present, the possibility of implementing the total quantity control in Taiwan is quite low, so this risk scenario is not taken into consideration.</p>
	Compulsory installed capacity	<p>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.</p>
Technology	Renewable Energy Construction Costs	<p>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 into consideration.</p>
	Renewable energy transfer costs	<p>Additional cost of supply for renewable energy by entering into wheeling contracts with renewable energy supplier.</p>
	Renewable Energy Certificate	<p>Cost of purchasing renewable energy certificates.</p>
	Power Saving Cost	<p>The cost of investment in power saving which is estimated at NT\$1.1 per kWh.</p>
	Power Saving Benefit	<p>The cost of saving electricity is mainly based on the Taiwan Power Company's announced price of NT\$2.44 per kWh.</p>
Goodwill	-	<p>Since Hotai Motor is the distributor of TOYOTA in Taiwan, the goodwill and market risk rely on TOYOTA's product strategy. Therefore, this plan will analyze TOYOTA's new energy vehicle strategy and qualitatively assess the goodwill and market risk of Hotai Motor.</p>
Market	Green Products	



5.2 Green Operations

Energy usage

5.2.1 Energy and Resource Management

In 2023, the total annual energy consumption of Hotai Motor was 12,863 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 is determined by 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 the reasons explaining 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 reduce water use by 1% annually, with 2019 as the baseline year. For 2023, this meant achieving a 4% reduction from 2019 levels. In practice, we achieved a 28% reduction in water use in 2023, exceeding our annual goal.

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.

Types of Energy	Energy Units	Location	2020	2021	2022	2023	
Gasoline	Liters	Headquarters	49,241	33,933	50,572	64,424	
		Xinzhuang	11,969	7,863	9,594	8,706	
		Yangmei	3,017	2330	1713	2500	
		Total	64,227	44,127	61,880	75,630	
	GJ	Headquarters	1,107	1,107	1,651	2,103	
		Xinzhuang	257	257	313	284	
		Yangmei	76	77	56	82	
		Total	1,440	1,441	2,020	2,469	
	Diesel	Liters	Headquarters	0	0	0	0
			Xinzhuang	60	0	0	0
Yangmei			5,499	4,433	3,820	3,755	
Total			5,559	4,433	3,820	3,755	
GJ		Headquarters	0	0	0	0	
		Xinzhuang	2	0	0	0	
		Yangmei	193	156	134	132	
		Total	195	156	134	132	
Natural Gas		Cubic Meters	Headquarters	0	0	0	0
			Xinzhuang	19,887	16,085	21,882	21,269
	Yangmei		0	0	0	0	
	Total		19,887	16,085	21,882	21,269	
	GJ	Headquarters	0	0	0	0	
		Xinzhuang	666	539	732	712	
		Yangmei	0	0	0	0	
		Total	666	539	732	712	

Types of Energy	Energy Units	Location	2020	2021	2022	2023
LPG	Liters	Headquarters	0	0	0	0
		Xinzhuang	0	0	0	0
		Yangmei	4,023	3,574	4,023	3844
	Total		4,023	3,574	4,023	3,844
	GJ	Headquarters	0	0	0	0
		Xinzhuang	0	0	0	0
		Yangmei	112	99	112	107
	Total		112	99	112	107
Purchased Electricity	kWh	Headquarters	820,537	726,374	815,662	827,205
		Xinzhuang	638,996	541,219	589,238	584,349
		Yangmei	1,351,265	1,367,285	1,294,446	1,212,338
	Total		2,613,278	2,634,878	2,699,346	2,623,892
	GJ	Headquarters	2,874	2,537	2,936	2978
		Xinzhuang	2,300	1,948	2,120	2,103
		Yangmei	4,865	4,922	4,658	4,362
	Total		9,405	9,405	9,715	9,443
Total Energy Usage (GJ)			13,110	11,639	12,711	12,863
Total Number of People			553	563	563	584
Energy Intensity (GJ per capita)			23.71	20.67	22.58	22.03

Water Withdrawal

Types of Energy	Unit	Location	2020	2021	2022	2023
Water (third-party water)	Megaliters	Headquarters	6.83	7.15	5.91	3.89
		Xinzhuang	5.34	4.49	5.04	4.76
		Yangmei	7.58	6.70	6.41	7.52
	Total		19.75	18.34	17.36	16.17

* In 2019, the baseline year, the water withdrawal was 22.35 million liters.

Water Use Intensity

Types of Energy	Intensity Units	Location	2020		2021		2022		2023	
			Head-count	Intensity	Head-count	Intensity	Head-count	Intensity	Head-count	Intensity
Water	m ³ Per Capita	Headquarters	385	18	398	18	401	15	403	10
		Xinzhuang	91	59	87	52	88	57	91	52
		Yangmei	77	98	76	88	74	87	73	103
	Average		553	36	563	33	565	31	584	28

The gasoline savings are mainly due to the replacement of gasoline-powered vehicles with hybrid models. We have been reducing approximately 5,160 cubic meters (172.7 GJ) of natural gas use on average per year as we have suspended the use of natural gas boilers on. Over the years, our headquarters and two complexes continually implement plans to lower electricity consumption and numerous water reduction projects. These efforts in electricity conservation have notably led to significant cost savings.

Energy Saving Performance

Types of Energy	Units	Location	2020	2021	2022	2023
Gasoline	Liters	Headquarters	-	1,697	1,264	3,236
		Xinzhuang	-	-	-	-
		Yangmei	-	-	-	-
	Total		-	1,697	1,264	3,236
Natural Gas	Cubic Meters	Headquarters	-	-	-	-
		Xinzhuang	-	-	-	-
		Yangmei	-	-	-	-
	Total		-	-	-	-
Electricity	Cubic Meters	Headquarters	3,175	6,454	1,703	3,184
		Xinzhuang	55,776	71,669	-	-
		Yangmei	-	7,390	52,851	78,524
	Total		58,951	85,503	54,554	81,708

Energy Saving Cost	Type of Energy	Location	2020		2021		2022		2023	
			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	3.65	11,589	3.67	23,686	3.93	6,693	4.68	14,901
		Xinzhuang	3.42	190,754	3.4	243,674	-	-	-	-
		Yangmei	-	-	3.4	25,126	3.8	200,834	4.48	351,788
		Total	3.54	202,343	3.5	292,486	3.8	207,527	4.49	366,689

5.2.2 Reduction of GHG Emissions

In 2023, 86% 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. In 2023, Scope 1 and Scope 2 GHG emissions totaled 1,536.9 tCO₂e, which is a 5% decrease from the 1,613.7 tCO₂e reported in the baseline year of 2019.

GHG Emissions

Scope	Emission Units	Location	2020	2021	2022	2023
Scope 1 ¹	Metric tons CO ₂ equivalent (tCO ₂ e)	Headquarters	116.1	80.0	119.2	133.4
		Xinzhuang	65.8	48.8	63.8	59.7
		Yangmei	28.7	23.5	21.2	22.2
		Total	210.6	152.3	204.2	215.3
Scope 2 ²	Metric tons CO ₂ equivalent (tCO ₂ e)	Headquarters	406.4	358.7	415.2	415.3
		Xinzhuang	325.2	275.5	299.9	289.3
		Yangmei	687.8	695.9	658.9	617.0
		Total	1,419.4	1,330.1	1,374.0	1321.6

Note 1: Emission boundary is identified using the operational control method, and its calculation includes CO₂, CH₄ and N₂O. Scope 1 emissions only calculate stationary sources of pollution but not mobile sources of pollution.

Note 2: 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, 0.509 kg CO₂e/kWh in 2021, and 0.495 kg CO₂e/kWh in 2022. 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 2023 has not been announced by Bureau of Energy, therefore the factor for 2022 is used.)

Note 3: 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 4: The above data is the result of self-conducted inspections.

Note 5: For the baseline year of 2019, GHG emissions were 209.0 tCO₂e for Scope 1 and 1,404.7 tCO₂e for Scope 2, totaling 1,613.7 tCO₂e.

GHG Emissions Intensity

Scope	Intensity Unit	Location	2020		2021		2022		2023	
			Head-count	Intensity	Head-count	Intensity	Head-count	Intensity	Head-count	Intensity
Scope 1 and 2	tCO ₂ e per capita	Headquarters	385	1.36	398	1.10	401	1.33	403	1.36
		Xinzhuang	91	4.30	87	3.73	88	4.13	91	3.84
		Yangmei	77	9.31	76	9.47	74	9.19	73	8.75
		Average	553	2.95	563	2.63	563	2.80	584	3.06

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, 0.509 kg CO₂e/kWh in 2021, and 0.495 kg CO₂e/kWh in 2022. 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 2023 has not been announced by Bureau of Energy, therefore the factor for 2022 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	2020	2021	2022	2023
Headquarters	<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) 	<ul style="list-style-type: none"> Lease exchange of plug-in vehicle types (EV or PHEV) (8.0 tons/year) Continuous replacement of energy efficient LED bulbs (1.6 tons/year)
Xinzhuang	<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"> Enhance the management of lighting facility Install sensor lighting in rest rooms, break rooms, and resting areas 	<ul style="list-style-type: none"> Replace metal halide lamps with LED lighting in the 5F Grand Hall Replace lighting with LEDs on the 5th and 6th floors of the dormitories
Yangmei	<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 lamps in Yangmei (3.6 metric tons/year) Recycling of packing materials (56.8 metric tons/year) 	<ul style="list-style-type: none"> Install solar panels on the roof of dormitories (3.9 metric tons/year) Replace metal halide lamps & AC in Yangmei (22.6 tons/year) Recycling of packing materials (60.9 metric tons/year) 	<ul style="list-style-type: none"> Install solar panels on the roof of small warehouses (34.6 metric tons/year) (The electricity generated in 2023 was 69,965 kWh, with an emission factor of 0.495.) Replace metal halide lamps in the Yangmei main warehouse (4.26 metric tons/year) Recycling of packing materials (78.4 metric tons/year)
Total GHG Reductions for the Year (Metric Tons)	79.2	96.4	91.2	126.86

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

5.2.3 Pollutant Emissions and Waste Management

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) , sulfur oxides (SOX) , particulate matter (PM) , or other air pollutants from the operations of our headquarters and two complexes.

The goal for 2023 was to reduce the amount of waste by 3%. Through environmental protection training, we have promoted good practices, such as proper resource reuse and recycling. At the end of the year, we have achieved the goal while the reduction rate has reached 15%.

Waste Generated

Waste Category	Location Generated	2020	2021	2022	2023
General	Headquarters	22.6	20.0	21.9	21.9
	Xinzhuang	4.6	3.6	4.0	4.2
	Yangmei	19.5	15.8	15.0	15.4
Total (Metric Tons)		46.7	39.4	40.9	41.5

Waste Recycled

Recycling Rate

Recycling Category	Location Recycled	2020	2021	2022	2023	2020	2021	2022	2023
Paper, metal and aluminum containers, plastic	Headquarters	15.5	11.9	7.3	7.3	100%	100%	100%	100%
Paper, metal and aluminum containers, plastic	Xinzhuang	2.8	2.1	1.2	1.0	100%	100%	100%	100%
Domestic packaging materials	Yangmei	53.0	55.8	55.1	56.2	100%	100%	100%	100%
Imported cardboard boxes			184	196.6	267.6	100%	100%	100%	100%
Total (Metric Tons)		203.3	253.8	247.7	332.1	100%	100%	100%	100%

5.2.4 Vehicles and Parts Transportation

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 2023, 156,526 vehicles were towed, and 2,083,449 tons of diesel fuel were consumed. After conversion of factors, the CO₂ emissions per new vehicle towed are 34.77 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	2020	2021	2022	2023	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%	Less than 35 kg CO ₂ e per vehicle
GHG emissions from new vehicle hauling (kg CO ₂ e/new vehicle)	<ul style="list-style-type: none"> Regulate driver's driving speed Routine maintenance of semi-trailer trucks 	33.63	34.66	34.41	34.77	Less than 35 kg CO ₂ e per vehicle

5.3 Environmental Sustainability Vision

5.3.1 Sustainability Policy

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 aims to minimize the impact of products and services on the environment. 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 enhanced environmental awareness, propelling us to move towards the sustainable development of our business.



5.3.2 Management System

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.

Lead Office

Environmental Facilities Office of the TOYOTA Training & Kaizen Division

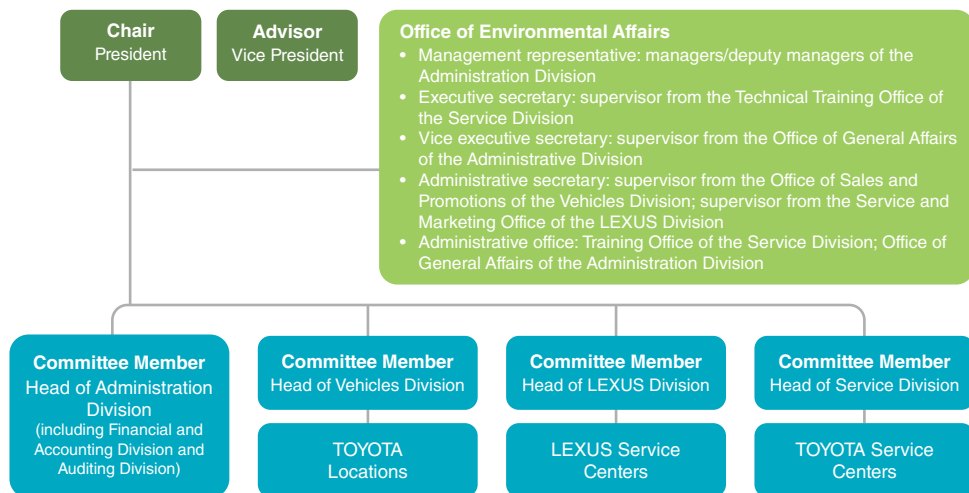
1. Formulate, implement, and follow up on Hotai Motor and dealer's environmental plans
2. Implement and monitor the operations of Hotai Motor and dealer's environmental management committees
3. Liaise with TMC and AP-EC (Asia Pacific Environmental Committee) to implement environmental practices

Regional Administrative Offices

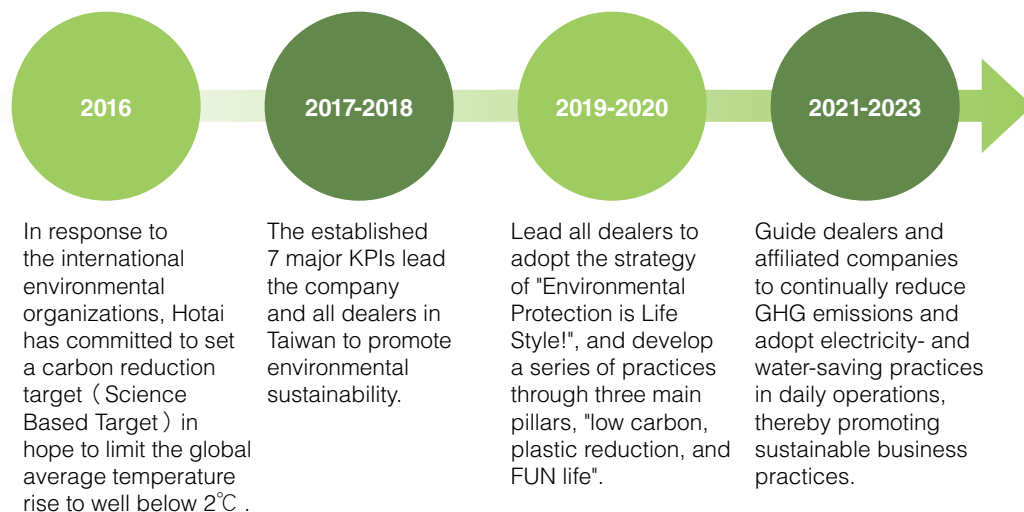
- Administrative Office of the Headquarters (Office of General Affairs of the Administration Division)
- Administrative Office of the Xinzhuang facilities (Environmental Facilities Office of the TOYOTA Training & Kaizen Division)
- Administrative Office of the Yangmei facilities (Business Planning Department of the Parts Business Division)

- Integrate business planning and implementation of environmental practices of various departments of the headquarters and affiliated companies.
- Integrate business planning and implementation of environmental practices of various departments in our Xinzhuang facilities and affiliated companies.
- Integrate business planning and implementation of environmental practices of various departments in our Yangmei facilities and affiliated companies.

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



Development of Environmental Management



5.3.3 Vision and History

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	TMC's Goals in Asia-Pacific Region (base year: 2019)	HOTAI MOTOR's Goals (base year: 2019)
1. CO ₂ Zero Emission --Next Generation New Vehicles	• CO ₂ ↓ 30% in 2025	None
2. CO ₂ Zero Emission --Lifecycle	• CO ₂ ↓ 15% in 2025 • CO ₂ ↓ 32% in 2030	• CO ₂ ↓ 18% in 2025 • CO ₂ ↓ 33% in 2030
3. CO ₂ Zero Emission -- Vehicle Manufacturing	• CO ₂ ↓ 20% in 2025 • CO ₂ ↓ 35% in 2030	None
4. Minimizing and Optimizing Water Usage	The concept of water recycling	Set cumulative water savings target of 1%
5. Establishing a Eco Society and System	3R concept (Battery)	
6. Living in Harmony with Nature	Eco mindset of employees, influence on stakeholders	

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 CO ₂ emissions from the next generation new vehicles by 90%	↓ TBC%	CO ₂ ↓ 30%
2. A circular economy with zero carbon emissions from vehicle life cycle	↓ 32%	CO ₂ ↓ 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)	CO ₂ ↓ 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 (Battery)	
6. In harmony with nature	Eco mindset of employees, influence on stakeholders, and reduction of single-use plastics	

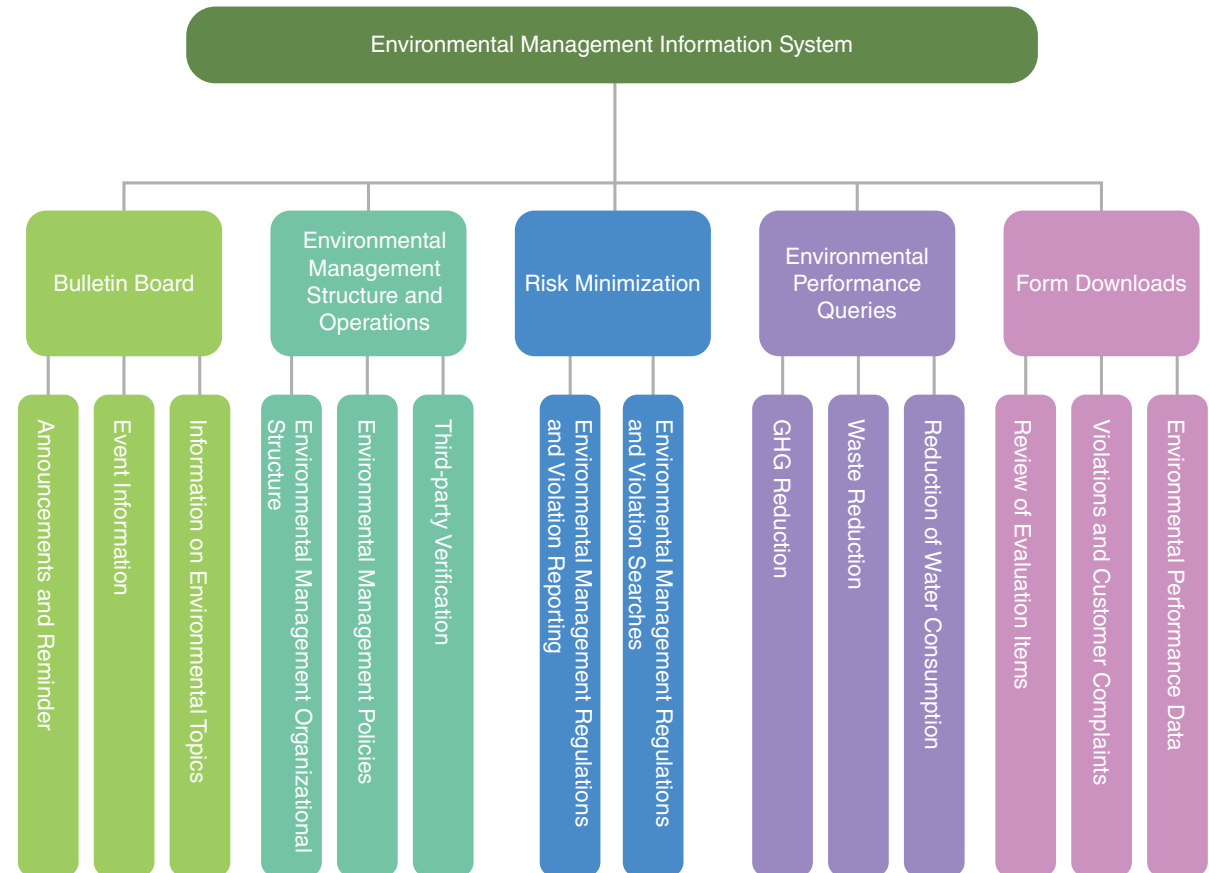
Note : Assigned Tasks; 3R: Rebuilt (battery regeneration) -> Reuse (distribution of regenerative batteries) -> Recycle (recycling of used batteries)

5.3.4 Projects and Initiatives

We conduct a thorough review of environmental equipment and facilities, promotional efforts, and training for environmental management professionals in accordance with environmental regulations. This comprehensive approach underpins our sustainability initiatives across all operational areas, including product planning, logistics, sales, use, and repair. As a result, we have successfully avoided major environmental violations and achieved our goal of zero environmental pollution.

Our environmental management action started in 2018, where 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 2023, we expanded these model practices to other locations and Hotai's domestic and international affiliates, and continued to enhance our environmental management efforts and strengthen our environmental impact. In 2024, we will persist in our improvements and steadily progress towards our goal of achieving zero emissions.

We continue to implement environmental sustainability initiatives and seeks the recognition and participation of our value chain partners. 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. At the same time, we continue to invest in environmental sustainability. Alongside conducting regular environmental training, prioritizing the purchase of eco-friendly and energy-efficient equipment, and properly managing waste, we have implemented the ISO 14001:2015 Environmental Management System (EMS) at our Yangmei complex. This system has successfully passed external audits for five consecutive years since 2019, with a total investment exceeding NT\$20 million over the past three years.



Performance and Results of Environmental Sustainability Practices

Topic	Action Plans Implemented	2023 Performance	New Goals in 2024
Moving towards the goal of zero emissions	GHG (CO ₂) reduction activities.	Compared to the 2019 baseline, the result of emissions-reduction by dealers is excellent: carbon emissions is down by 33%, electricity usage is down by 3%, water usage is down by 17%, and waste volume is down by 17%.	The annual targets are to reduce carbon emissions by 15%, water usage by 5%, and waste volume by 5% compared to the 2019 baseline. Dealers are expected to continue making improvements to meet these goals.
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 770,000 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), environmental training (Taiwan Environmental Information Association / Circular Taiwan Network), 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)	Each year, Hotai convenes executives and staff from its dealerships and affiliated companies for environmental training sessions. Approximately 60 participants attended in March, and about 140 in September. These sessions focus on global trends and domestic conditions to enhance awareness of environmental sustainability.	The executive team's environmental training is scheduled in March and September, and will focus on the new knowledges of environmental sustainability and management, aiming to facilitate their implementation in our affiliates.
	Promote internal and external "environmental continuing development and training"		
	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.
Reinforcing the implementation of environmental management system	Continue to improve environmental management performance	Scored the highest in the 2023 audit and evaluation.	Keep the record and be the best again in 2024.
	Continue to promote the use of solar power	A total of 70 solar sites is planted.	Keep expanding solar sites.
	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, eight rounds of environmental month activities were 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 our dealers.
	Dealers' eco-dealership evaluation	All dealers passed the eco-dealership evaluation.	Continue to maintain dealers' environmental management standards to ensure all dealers passing 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	Disclose eco-performance on Facebook and in ESG reports Disclose eco-performance in ESG reports, on the corporate website, on each TOYOTA dealer's FB, and on bulletins at our locations.	Continue to enhance environmental management capabilities and set up the industry benchmarks. Continue to improve the external communications and build a strong brand image for environmental sustainability.

Note: The internal environmental management evaluation of TOYOTA's Asia-Pacific Distributor

5.4 Eco-Friendly Product Design

5.4.1 Compliance and Certification

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 2023, we have 54 TOYOTA models and 19 LEXUS models with valid energy labels, and 35 TOYOTA models and 16 LEXUS models with a valid Green Mark². In 2023, 92% of the TOYOTA new vehicles sold have the Green Mark, 88% have energy labels, and 88% have both the Green Mark and 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.

¹ The validity period of the Energy Label is 2 years.

² The validity period of Green Mark Certification is 3 years.

100% of Vehicle Models are Compliant and Certified

Regulations	Competent Authority	Standards	Hotai Motor's Method
Exhaust Emissions	Environmental Protection Administration	Class 6	We focus on utilizing components from the vehicle exhaust system, including the engine control unit (ECU) , catalytic converter, activated carbon canister, exhaust gas recirculation system, and various sensors, to carry out subsequent purification processes. This approach ensures the provision of 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	2023 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 CO ₂ emissions.
Vehicle Safety	Ministry of Transportation	2024 version	Actively coordinate with TMC to introduce vehicles that comply with laws and regulations in Taiwan.

TOYOTA Models with Energy Rating Label of Grade 2 or Higher

Brand	Model	Rating	Percentage
TOYOTA	ALPHARD HV 、CAMRY HV 、CROWN HV (2.5) 、PRIUS PHEV 、RAV4 HV 、ALTIS HV 、COROLLA CROSS HV 、SIENNA HV	1	32%
	CAMRY 、COROLLA SPORT 、CROWN HV (2.4) 、RAV4 、SIENNA 、PRADO 、TOWN ACE 、TOWN ACE VAN 、VIOS 、YARIS CROSS	2	40%

LEXUS Models with Energy Rating Label of Grade 2 or Higher

Brand	Model	Rating	Percentage
LEXUS	ES300h 、IS300h 、LS500h 、RX350h 、RX450h+ 、RX500h 、NX350h 、NX450h+ 、UX250h 、LM350h 、LM500h 、LC500h 、LBX	1	54%
	ES200 、ES250 、NX200 、NX250 、UX200	2	21%

5.4.2 Minimizing Environmental Impact of Supply Chain

We actively implement various pollution control equipment and processes to minimize the environmental impact of vehicles throughout their lifecycle. 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 50.90 million motor oil bottles have been reduced from 2011 to 2023, which amounts to a total of 3 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)

2020		2021		2022		2023	
T	L	T	L	T	L	T	L
297	68	276	73	305	81	330	87

T: TOYOTA L : LEXUS

Waterborne Paint

In 2008, Hotai Motor became the industry's first company in Taiwan to adopt environmentally friendly waterborne paint, leading the industry in reducing the environmental impact of traditional solvent-based coatings. Currently, all service centers use environmentally friendly waterborne paint which reduces 34% of emissions per year. As for the year of 2023, we reduced an estimated of 50 metric tons of VOC emissions.

Reduction of VOC (Volatile Organic Compounds) Emissions from Using Eco-Friendly Waterborne Paint

2020		2021		2022		2023	
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)
277,475	76	199,959	55	214,589	59	181,948	50

Recycled Parts

Hotai Motor embraces the concept of a circular economy. We recover genuine parts from vehicles and either repair the damaged components or replace them with original parts. We encourage the use of recycled parts by offering customers a discounted price. At present, we offer three recycled parts, transmissions, AC compressors, and steering gears.

	OEM Parts	Recycled Parts
Definition	Parts certified by TMC	We recover genuine parts from vehicles and either repair the damaged components or replace them with original parts
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
Percentage of Recycled Parts Used*	-	<ul style="list-style-type: none"> Transmissions (58.4%) AC compressors (71.9%) Steering gears (39.8%)

* 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 2023, our dealerships recovered a total of 21.82 metric tons of R134a refrigerant, taking which for calculation using the global warming potential (GWP) rate of 1,530, it is equivalent to the reduction of 33,385 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 parts packaging process have been evaluated for environmental impact and found to have no significant impact. 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 in each of the last three years was 239.8 metric tons, 251.7 metric tons, and 323.8 metric tons, while the carbon emissions reduced were 58.1 metric tons, 60.8 metric tons, and 78.4 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. As for the year of 2023, we contributed to 2,900 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 2023 (kWh)	14,174	3,725,127	645,771	1,036,544	252,992	184,624
Carbon Offsets in 2023 (tCO ₂ e)	7	1,844	320	513	125	91

Note 1: The carbon emission factor of electricity used in the calculation is 0.495 kg CO₂e/kWh.

Note 2: Up to 2023, all the green energy generated is sold to Taiwan Power Company.

Hotai Motor leads its dealers in efficiently utilizing natural resources and actively developing renewable energy to achieve zero emissions throughout the vehicle lifecycle. 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 2023, our dealers have introduced 64 solar sites across Taiwan, offsetting a total of 8,751 metric tons of CO₂ 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	9 Main office, Zhonghe T, Danfeng T, Shilin T, Shilin L, Binjiang T, Binjiang L, Yangmei PDS, Xinzhuang T	6 Neihu, Donghu PDS, Dawulun T, Badu T, Xizhi T	9 Hsinchu L, Nankan T, Main office, Taoyuan T, Bade T, Toufen T, Hsinchu paint shop, South Hsinchu T, Zhudong T, Yangmei PDS, CPO L	18 Main office, and other 17 locations	8 Main office, Minxiong T, Guiren T, PDS, Tainan L, Dounan L, Dounan, South Chiayi, Douliu	10 Minzu L, Jianguo L, Gangshan T, Fengshan T, North Kaohsiung, Siaogang, Jiuru, Hunei, Pingtung, Donggang	2 Wujie PDS, Su'ao	2 Main office, Taitung
Electricity Generated in 2023 (kWh)	2,289,330	600,135	1,834,663	4,177,140	2,991,699	4,807,774	396,155	580,852
Carbon Offsets in 2023 (tCO ₂ e)	1,133	297	908	2,068	1,481	2,380	196	288

Note 1: The carbon emission factor of electricity used in the calculation is 0.495 kg CO₂e/kWh.

Note 2: T refers to TOYOTA, L refers to LEXUS, PDS refers to vehicle delivery center, and COP refers to used cars.



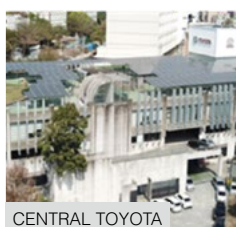
KUOTU TOYOTA



TAIPEI TOYOTA



TAU MIAU TOYOTA



CENTRAL TOYOTA



NANDU TOYOTA



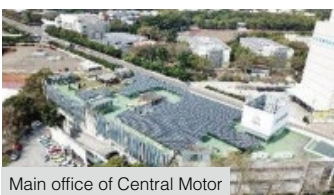
KAU DU TOYOTA



LAN YANG TOYOTA



EASTERN TOYOTA



Main office of Central Motor



Nandu Guiren Facilities



Lan Yang PDS

No-Wash Campaign

Since October 2018, Hotai Motor has been collaborating with dealerships to promote a campaign that encourages car owners to conserve water by opting for vehicle servicing without a car wash. Participants receive green gifts and free loyalty points. Starting July 2021, in response to the pandemic, the promotional gifts were updated to include protective masks, hand sanitizer sprays, moist towelettes, and car hooks. To date, more than 4.25 million vehicles have participated in this campaign, resulting in a water savings of over 630,000 cubic meters.

2020		2021		2022		2023	
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)
700,285	105,043	1,019,805	152,971	1,027,505	154,127	1,081,892	162,203



06

Enjoy Working



3% average
Annual merit increase

20.01 hours
Overall Average
training hours

100%
Rate of employees returning
from unpaid parental leave
in 2023

90%
Rate of health examination
participation in 2023



Hotai Motor possesses the belief, "Satisfied employees lead to 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

6.1.1 Increasing Value and Boosting Morale

To foster continuous communication among employees and broaden the scope of shared interests and activities, we encourage the establishment of clubs for connection and learning. From Q2 2018 to the end of 2023, 16 clubs were established, covering sports, academic research, networking, and more. These clubs aim to develop employees' skills and talents, provide physical and mental relaxation, and enhance 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.



▲ Coffee Club



▲ Club of Floral Art



▲ Aromatherapy Club

6.1.2 A Multidisciplinary Talent Development Policy

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 reach their full potential, we design annual training programs that offer courses tailored to build competencies, technical skills, and soft skills for different job grades. These programs are aimed at helping employees grow and thrive with the company by enhancing workforce capability and quality.

In pursuit of sustainable growth, Hotai Motor established a multidisciplinary talent development policy which consists of three key elements, 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 new employee training program and a three-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.

Orientation Training

- Intra-unit Learning: New hires are required to understand the internal business operations and the basic TOYOTA planning concepts (A3 and PDCA) within one month of joining.
- Apprenticeship: After one month of joining, new hires observe and learn about vehicle sales and service in dealerships for three weeks. This program helps them understand the processes of sales promotion and after-sales service, enhancing their precision in future business planning.
- Online Audio-Visual Courses: After completing the apprenticeship and before starting new employee training, new hires must attend online audio-visual courses related to career development and the company. These include six required courses and five elective courses.
- New Employee Training: An introduction to the company organization, TOYOTA planning capabilities training, and site visits are covered (see details on the right) .

New Employee Training

- Introduction of Company Organization and Functions: Provides new employees with an overview of the company's various business lines, helping them acquire a basic understanding of overall business operations.
- Audio-Visual Instructions / Pre-class Videos: Provides an overview of our new employee training policy and an online pre-class introductory video on The Toyota Way.
- TMC Planning Capabilities Training: Includes courses on The Toyota Way, PDCA, A3, JKK, TBP, and TPS Toyota-style production management courses. These courses are designed to build our corporate culture and enhance logical reasoning. Employees are scheduled to take tests and attend a refresher course one month after the training to measure the effectiveness of learning.
- Site Visits: Arranges visits to the Xinzhuang Complex, Yangmei Logistics Center, Kuozui manufacturing facilities, and new vehicle launch events

Average Training Hours in 2023

Male	Female		Total
17.21	24.09		20.01
Management Level	Male	Female	Category Average
Executive management	7.11	—	7.11
Mid-level management	15.95	17.17	16.11
Junior management	20.30	27.98	22.97
Total	16.37	26.82	18.94
Nonmanagement Level	Male	Female	Category Average
Section manager/assistant section manager/senior supervisor/supervisor	12.01	18.21	14.18
Senior specialist/group leader	23.86	31.47	27.30
Specialist/team leader /clerk/ trainee/driver/guard/registered nurse/temp worker	9.8	13.87	12.00
Total	17.49	23.71	20.28

- 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 2023/12/31, Number of regular staff workers (including secondments) : 567)
- Management positions: executive management—director level and above; mid-level management—manager level; and junior management—department leader level
- Nonmanagement positions: 1. Section manager/assistant section manager, senior supervisor/supervisor; 2. senior specialist (including group leader) ; 3. specialist (and other job grades below)

We combine 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. By the end of 2023, "Hotai E-Learning+" has uploaded 150 courses, of which 34 courses were uploaded in 2023, including various levels of professional skills, book sharing, and career talks, and more.



▲ Screenshot of Hotai E-Learning+ Website



▲ Hotai E-Learning+ Course Menu

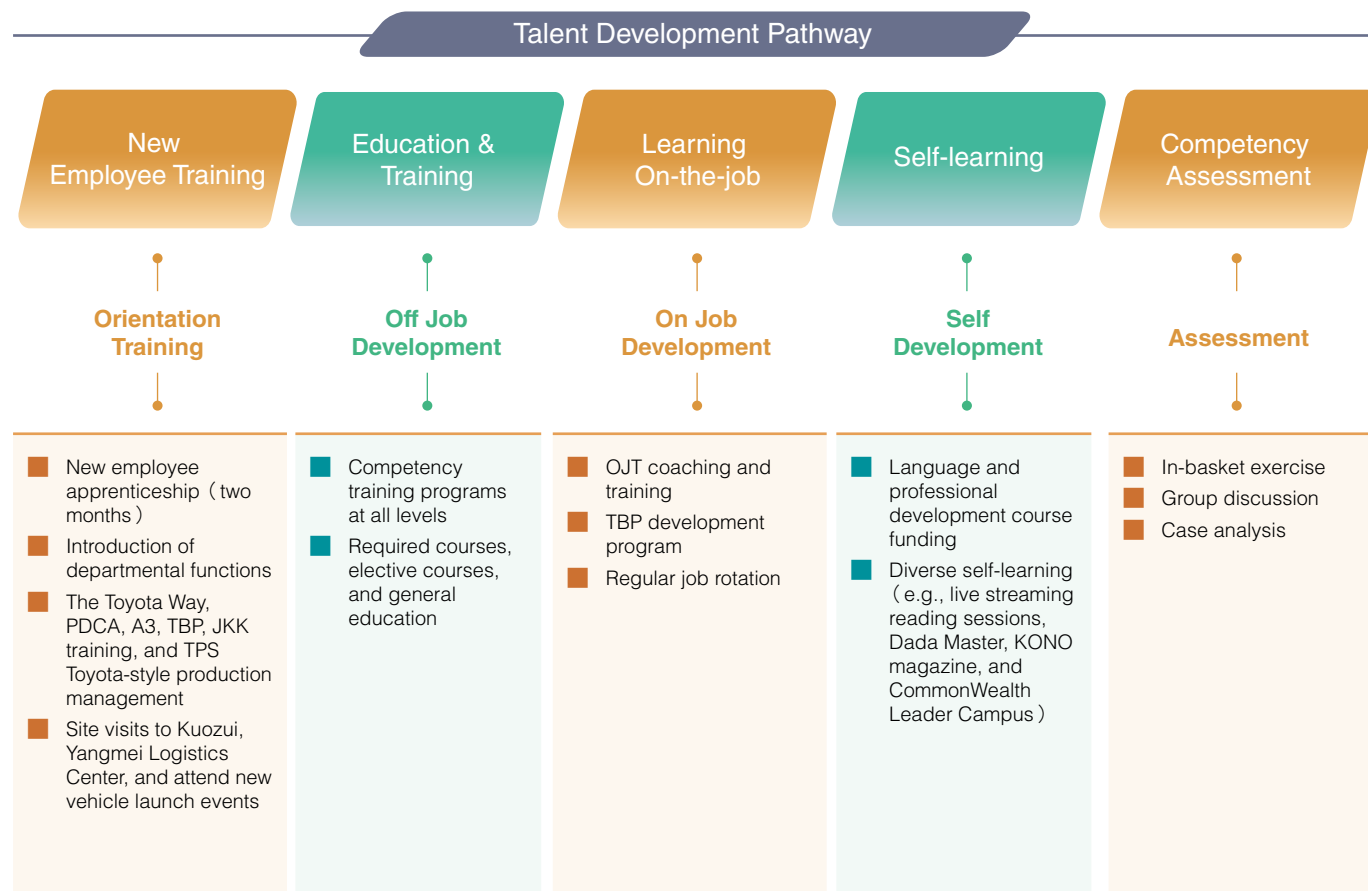
Online Learning Resource

Hotai E-Learning+	<ul style="list-style-type: none"> Officially launched on April 1, 2021, and has cumulated 150 classes. Number of students who completed the course : 7,462
Live reading sessions	
Dada Master	<ul style="list-style-type: none"> Live-streaming reading sessions : 28 sessions, a total of 108 colleagues attended, with a total 1,346 hours of viewing.
KONO e-magazine	<ul style="list-style-type: none"> Dada Master : 34 sessions, 3,003 views completed KONO magazine : A total of 176 colleagues have used it, with a total of 29,241 readings
CommonWealth Leader Campus	<ul style="list-style-type: none"> CommonWealth Leader Campus : A total of 100 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.



6.1.3 Career Development Programs

The Assessment Center (AC) 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 AC where their competency development progress will be evaluated and continue to work on the areas identified for improvement.



Manager Training System



The training unit is also responsible for inviting executives and managers from within the organization, as well as external professional consultants, to serve as appraisers and conduct annual competency assessment for top-performing employees. Our Leadership Elite Program is specifically designed for talent development at every level. Through the Assessment Center's evaluations, both employees and supervisors gain insights into the competencies required for promotion and areas for improvement, fostering continuous growth.

6.1.4 Performance Review and Competency Assessment

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 within the organization. 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 within the department, but also has a mechanism for assessing teamwork. This approach allows us to better align employees with 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.

Hotai Competency Model



6.2 Benefits and Employee Well-being

6.2.1 Talent Recruitment and Retention

In 2023, we have a total of 567 employees and the average male to female ratio is 1.5:1, all of which are full-time employees. In terms of age distribution, 49.91% of our workforce is in the age group of 30-50, the highest among all the age groups. As for position distribution, 20.11% of the employees are at management level. For the summer of 2023, we have hired 16 interns which duty is to carry out project planning for their departments' business. We also have outsourced 20 administrative temp staff, 11 cleaners and 15 security guards. The total number of employee workers and non-employee workers remains relatively unchanged compared to the previous year. In addition to hiring local employees, we also employ individuals from Japan, and have not faced 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 10 days in advance; for those who have worked for more than one year but less than three years, the notice shall be given 20 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	338	59.6%	229	40.4%	403	91	73
	Contract Employee	0	0.0%	0	0.0%	0	0	0
Employment Type	Full Time	338	59.6%	229	40.4%	403	91	73

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)	19	100.0%	0	0.0%	0	2	17
	Mid-level management (manager level)	20	87.0%	3	13.0%	0	8	15
	Junior management (department leader level; deputy manager)	47	65.3%	25	34.7%	0	53	19
Nonmanagement Level	Section manager and assistant section manager (incl. senior supervisor and supervisor)	75	64.7%	41	35.3%	4	85	27
	Senior specialist (incl. group leader)	126	55.3%	102	44.7%	45	111	72
	Specialist (and below)	51	46.8%	58	53.2%	26	24	59
Total		338	59.6%	229	40.4%	75	283	209

In 2023, we have hired a total of 38 new employees which account for 6.7% 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									
		2020		2021		2022		2023	
		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%		6.7%	
By Gender	Male	14	2.5%	14	2.5%	14	2.5%	19	3.4%
	Female	16	2.9%	18	3.2%	18	3.2%	19	3.4%
By Location	Headquarters	26	4.7%	31	5.5%	29	5.2%	32	5.6%
	Xinzhuang	4	0.7%	0	0%	1	0.2%	3	0.5%
	Yangmei	0	0	1	0.2%	2	0.4%	3	0.5%
By Age	Under 30	18	3.3%	24	4.3%	19	3.4%	30	5.3%
	30-50	12	2.2%	7	1.2%	12	2.1%	8	1.4%
	Over 50	0	0%	1	0.2%	1	0.2%	0	0.0%

Statistics of Mid-level and Executives from Local Hires									
		2020		2021		2022		2023	
		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	85.7%	37	86.0%	38	86.4%	36	85.7%
	Female	3	7.1%	3	7.0%	3	6.8%	3	7.1%
Total		39	92.8%	40	93%	41	93.2%	39	92.8%

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

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

Note 3: The overall mid-level and executive management team includes both Taiwanese and Japanese executives.

Our average attrition rate over the last three years is 3.43%, 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.

Attrition Data									
		2020		2021		2022		2023	
		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		2.17%		2.33%		3.37%		4.60%	
By Gender	Male	9	1.6%	5	0.9%	6	1.1%	15	2.6%
	Female	3	0.5%	8	1.4%	13	2.3%	11	1.9%
By Location	Headquarter	10	1.8%	12	2.1%	18	3.2%	23	4.1%
	Xinzhuang	1	0.2%	0	0.0%	0	0.0%	2	0.4%
	Yangmei	1	0.2%	1	0.2%	1	0.2%	1	0.2%
By Age	Under 30	6	1.1%	3	0.5%	11	2.0%	6	1.1%
	30-50	4	0.7%	10	1.8%	8	1.4%	20	3.5%
	Over 50	2	0.4%	0	0.0%	0	0.0%	0	0.0%

Note 1: The above statistics do not include retirees.

Note 2: All are volunteer turnovers.

Note 3: We continuously analyze attrition rates to understand market trends and evaluate our current talent retention policies.

6.2.2 Upholding Human Rights

We have established the Employee Code of Conduct, which all new hires are required to read and adhere to. The content includes, but is not limited to, the creation of a harmonious and vibrant working environment that respects human rights, prohibits discrimination, and protects individual rights. Employees shall abide by the Labor Law, the internal regulations, etc., and develop and promote a law-abiding spirit and awareness. 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 and refrain from engaging in illegal or improper investments.

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 2023, 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, comprising representatives from both employees and management, is responsible for handling related complaints. 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' thoughts and needs. The surveys are conducted online, 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 response rate for 2022 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. The next survey will be conducted in 2024.



Results of Organizational Development Surveys (on a 5-point scale)

Total average

2017

2019

2022

3.96

3.88

3.88

Nature of Work

Leadership style of immediate supervisor

Salary and benefit

Corporate culture and structure

Performance review

Organizational Commitment

Promotion

Quick-response and Innovation

Training and development

Diversity and Embracement

Teamwork between coworkers

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

6.2.3 Remuneration and Benefits Policy

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 2023, the average number of full-time employees at nonmanagement level was 529 and their average salary was NT\$2,630,000.

Year	2022	2023	Percentage Change (%)
Number of full-time employees at nonmanagement positions	528	529	0.19
Average salary (NT\$ thousand)	2,080	2,630	26.44
Median salary (NT\$ thousand)	1,737	1,991	14.62

Note 1: The difference between average salary in 2022 and 2023 is mainly due to that the Company's rise in profits.

Note 2: Nonmanagement positions do not include managers.

Gender Pay Ratio

		Female to Male Ratio of Fixed Pay		Female to Male Ratio of Variable Pay	
		2022	2023	2022	2023
Management Level	Executive management (director)	-	-	-	-
	Mid-level management (manager)	0.95	0.96	0.98	0.98
	Junior management (department leader)	0.98	0.98	0.97	1.00
Nonmanagement Level	Section manager and assistant section manager (incl. senior supervisor and supervisor)	0.91	0.92	0.93	0.90
	Senior specialist (incl. group leader)	0.93	0.94	0.91	0.93
	Specialist (and below)	1.00	1.01	1.02	1.06

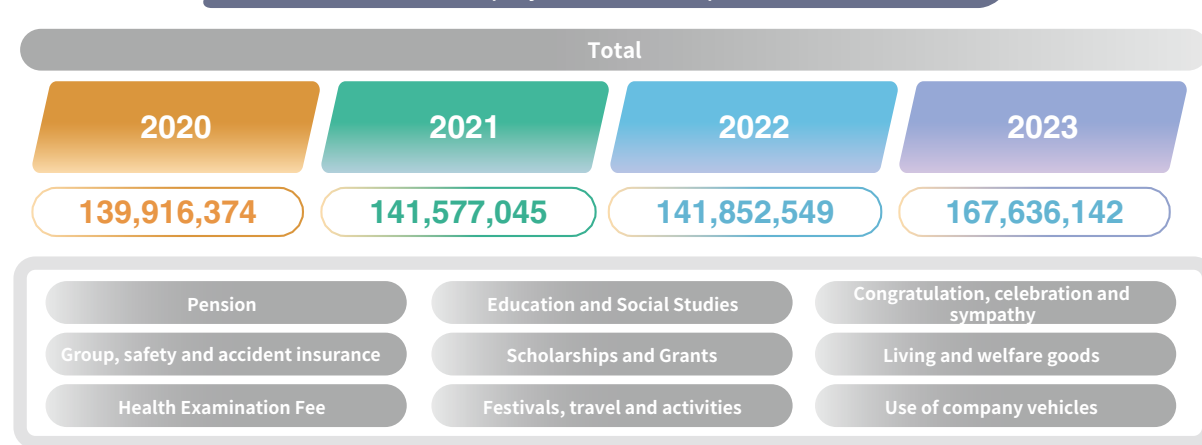
Note: Fixed pay refers to monthly salary; remuneration refers to fixed plus variable pay (bonus). There's no female executive director in 2022 or 2023.

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

Item	Description
Group Insurance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Grants half of the tuition fee (excluding other miscellaneous fees) for English/Japanese courses at partnering educational institutions.
Travel Grants	<ul style="list-style-type: none"> NT\$ 50,000 in travel vouchers per year
Birthday and Festival Gift	<ul style="list-style-type: none"> Birthday gift: NT\$5,000 department store gift certificate Holiday Bonus: NT\$5,000 cash/time

Amount of Employee Benefit Expenses (NT\$)



We strive to create a safe and non-discriminatory work environment for our employees. In 2023, the rate of employees returning to work from unpaid parental leave was 100%, and the retention rate was 87.5%, which shows that employees are happy to rejoin the workforce as we work towards the company's mission and vision. To support employees returning to work after parental leave, we also partner with daycares nearby to offer registration and 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 2023

	male	female	total
Number of employees eligible for parental leave in the current year	28	21	49
Number of employees applying for parental leave in the current year	0	8	8
Number of employees expected to return from unpaid parental leave in the current year	0	3	3
Number of employees returning from unpaid parental leave in the current year	0	3	3
Number of employees who remain on the job for another year after returning from unpaid parental leave in the previous year	0	7	7
Number of reinstatement after the previous year's parental leave	0	7	7
Application rate of unpaid parental leave (%)	0	38.1	16.3
Rate of returning to work from unpaid parental leave (%)	0	100	100
Retention rate of employees returning from unpaid parental leave (%)	0	87.5	87.5

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.

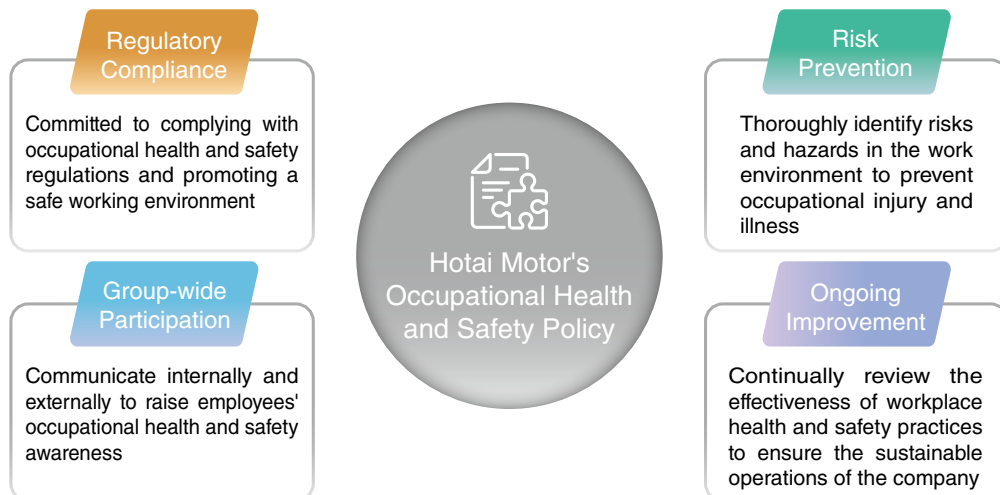
6.3 Occupational Health and Safety Management

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.

6.3.1 Promoting Safety Management

Occupational Health and Safety Policy

Hotai Motor, driven by the ethos of "Thinking Outside the Box and Exceeding Expectations," is devoted to delivering superior vehicles and exceptional service to our customers. We are committed to pushing boundaries and surpassing our own limits with a focus on "protecting employee with safe workplace", "enhancing workplace hygiene", and "promoting employee well-being". Our ongoing efforts aim to improve the company's occupational health and safety performance, supporting the vision of sustainable operations and continuous service. We are therefore dedicated to achieving the following commitments:

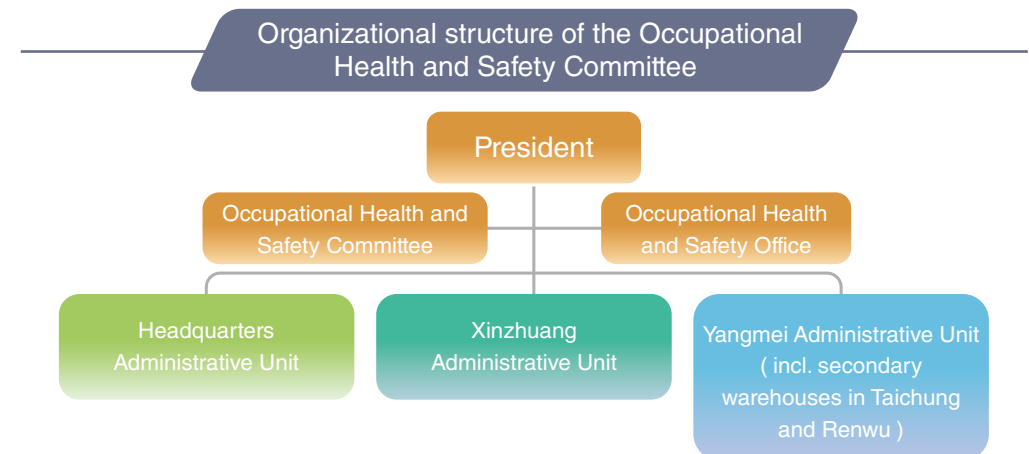


Occupational Health and Safety Management System

We have started to implement the ISO 45001: Occupational Health and Safety Management System (OHSMS) in 2018, and have obtained certification from a third-party international institution since 2019. The system covers our headquarters, Xinzhuang Complex, Yangmei Logistics Center, Taichung secondary warehouse and Kaohsiung Renwu secondary warehouse, and all the employees working at these five facilities, including employees, contractors, and temp workers. We will continue to check and examine its implementation every year. Nevertheless, the promotion of occupational health and safety requires all the employees to work together. In each department, there are seed instructors of health and safety 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 employ a systematic management approach, upholding a spirit of continuous improvement, to consistently advance our occupational health and safety management practices.

Occupational Health and Safety Committee

Hotai Motor's Occupational Health and Safety Committee meets quarterly. Chaired by the president, the committee consists of 19 members, including the heads of each facility and their employee representatives, with 8 members representing the employees. All members work together to promote the activities of occupational safety and health, and plan and execute relevant decisions. Every individual who is part of the organization (including employees, contractors, and temp workers) 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 conducts regular surveys to assess stakeholders' needs and expectations regarding the company's occupational health and safety issues. The office addresses and responds to these issues based on their nature and the survey results. If necessary, the office shall present such issues at the committee meeting for further discussion.



Strengthening Occupational Safety and Health within the Group

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 regularly review the occupational health and safety organizations and their members, health management measures, measures of hazard communication, labor inspections, and occupational incidents across the group, as well as engage in on-site exchanges to share insights. 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.

6.3.2 Fostering a Safe Workplace

Health Examinations for Current Employees

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. In 2023, we upgraded our health check coverage to include all employees and temp workers and offered a variety of health check packages, allowing employees to select options that best suit their individual needs. The company-wide health screen rates are 87% in 2020, 89% in 2021, 87% in 2022, and 90% in 2023, showing an upward trend. Additionally, special health examinations are conducted annually for employees engaged in specific health hazard operations. If any employee's examination results are classified as Level 3 or above, specialists in occupational medicine will conduct a site investigation and consult with the employee to implement appropriate measures, such as hazard control, work adjustments, or changes in working hours. In 2023, no Level 3 or higher results were found in these examinations for specific hazards.

Per-Capita Health Check Budget by Tier

Level	Age	2022	2023
B	≤ 39 yr	2,200	3,500
A	≥ 40 yr	11,000	15,000
Managers, deputy managers, and department leaders	≤ 39 yr	15,000	15,000
	≥ 40yr	15,000	20,000
Directors and above	All ages	15,000	35,000

Health and Wellness Promotion

We are committed to supporting the well-being of our employees by employing dedicated occupational health nurses and collaborating with occupational medicine specialists. Prioritizing prevention over treatment, we provide a range of health promotion activities and services to support both the physical and mental health of every employee. In 2023, we addressed the growing issue of "prolonged sitting among office workers contributing to the early onset of sarcopenia," by developing targeted health promotion activities and seminars. We also launched the "Enhance Muscle, Reduce Fat—Don't Lose Muscle" campaign to raise awareness about sarcopenia. Through these ongoing initiatives, our company was awarded the "Badge of Accredited Healthy Workplace" by the Health Promotion Administration, Ministry of Health and Welfare in 2023.



Hotai Motor's Wellness Activities in 2023

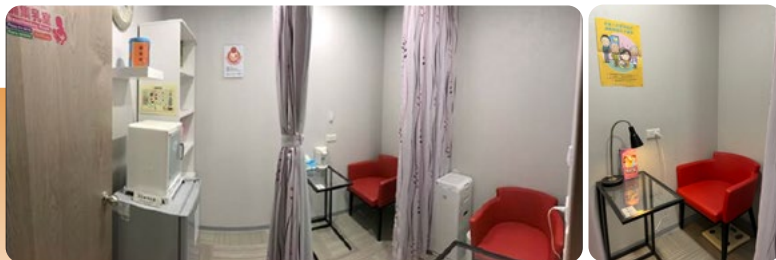
Activity	Description	Sessions	Number of Employees Participated
Onsite Health Clinic	Once a month, we invite doctor (s) from the onsite health service to our onsite health clinic to provide health consultation to employees. The clinic offers one-on-one consultation and is completely confidential.	38	187
Enhance Muscle, Reduce Fat—Don't Lose Muscle	Muscle Strength Questionnaire	2	260
	InBody Analysis	7	324
	Grip Strength Assessment	7	333
	Fitness Seminar	6	143
Health and Wellness Talks	A variety of talks were held, including muscle preservation, healthy eating, quality sleep, and hormonal changes in later life. These sessions aimed to enhance employees' health awareness and encourage the development of good health habits.	5	187
On-Site Influenza Vaccination	To safeguard employee health and enhance collective immunity while minimizing travel time to medical facilities, our Occupational Health and Safety Office has arranged for a designated clinic to visit the company and provide on-site influenza vaccinations. This service includes both publicly funded and self-paid options.	1	70
Annual participation			1,317



Four Major Programs for Labor Health Protection

We are dedicated to protecting employee health through a range of initiatives. By utilizing the Musculoskeletal Health Questionnaire (MSK-HQ) and workload assessment scales, we identify employees who may need care or support. In addition to conducting interviews, we perform site visits, arrange physician consultations, and implement environmental improvements as necessary to address potential health risks before they develop into more serious conditions. To prevent unlawful incidents in the workplace, including physical violence, mental abuse, sexual harassment, and sexual assault, we have established robust reporting mechanisms and conduct seminars on preventing such incidents. For maternal health protection, our occupational health nurses coordinate health consultations, hazard identification, and risk assessments upon receiving pregnancy notifications, and also conduct site visits to evaluate risk levels. We provide a maternity subsidy of NT\$2,000 for each pregnant employee, with five applications received in 2023. All complexes are equipped with lactation rooms to support postnatal employees and provide a friendly working environment. Notably, the lactation room at our Taipei headquarters received a top rating from the Taipei City Health Bureau in 2023.

Lactation Room



6.3.3 Risk Management and Prevention

Hazard Identification and Risk Assessment

At Hotai Motor, we are committed to ensuring a safe and healthy work environment for our employees. In recent years, we have actively arranged for seed instructors in each department to receive training in hazard identification and risk assessment. These seed instructors are required to regularly review their work processes, facilities, equipment, and environments to identify hazards and assess risks. Risks are then classified and controlled with appropriate measures. High-risk situations require immediate corrective actions. We follow a hierarchical approach to risk control—elimination, substitution, engineering controls, administrative controls, and personal protective equipment—to identify and implement the most effective risk reduction measures, and subsequently monitor the improvements. Following our assessment, no high-risk items were identified in 2023. Should new operational activities or anomalies occur, a reassessment will be carried out.

Change Management

Before purchasing new equipment or introducing new raw materials, we implement a change management procedure. This includes assessing the safety of mechanical equipment and adding necessary safety measures, as well as replacing hazardous chemicals with safer alternatives. This approach ensures that both personnel and facilities are protected and that hazard risks are kept to a minimum.

Chemical Management and Workplace Environmental Monitoring

We employ a dual approach focusing on environmental and personal safety to mitigate health risks associated with hazardous chemicals. In areas where chemicals are used, we have implemented comprehensive ventilation systems and localized exhaust systems to effectively remove harmful vapors. Personal protective equipment (PPE) and respiratory protection are selected based on the characteristics of the chemicals used. To ensure the effectiveness and suitability of respiratory protection, we organize training sessions, conduct fit testing, and perform physiological assessments. Also, our workplace safety measures comply with regulations and include hazard communication protocols, such as regular chemical inventories, displaying safety data sheets in easily accessible locations, maintaining an updated list of chemicals, and labeling chemical containers with GHS symbols. Highly hazardous or high-volume chemicals are prioritized and reported annually to ensure effective management of these high-risk substances. Additionally, we conduct semi-annual environmental monitoring through an agency accredited by the Ministry of Labor to assess the dispersion of hazardous factors in the workplace. The monitoring plan is validated by an external industrial hygiene specialist, and prior to monitoring, our environmental monitoring and assessment team holds a pre-monitoring meeting. The focus of such monitoring is primarily on chemical factors, specifically organic solvents, and all results have been found to be below permissible standards.

Implementation of Legal Compliance Cloud

In 2023, Hotai Motor introduced the Regulatory Compliance System (Legal Compliance Cloud) to enhance the completeness of our regulatory list and proactively manage regulatory changes. This intelligent system aims to boost our operational efficiency, improve information timeliness, and simplify usage. The Legal Compliance Cloud sends weekly notifications about regulatory updates, enabling our staff to promptly review and assess new regulations for applicability and compliance. By identifying potential high-risk areas through these assessments and audits, we can generate compliance reports and lists of improvement tracking items. Our aim is to meet regulatory requirements effectively and reduce hazard risks.

Occupational Health and Safety Risk Prevention Projects in 2023

Project	Content
Fall Risk Prevention Projects	<ol style="list-style-type: none"> 1. Installation of vertical fall arrest systems on the rooftop water tank ladders in the Xinzhuang Complex. 2. Installation of safety railings along the rooftop edges of the buildings in the Yangmei Logistics Center.
Fire Risk Prevention Project	In the Yangmei Logistics Center, fireproof steel plates have been installed above the charging area for electric forklifts, accompanied by temperature and smoke detectors with a combined sensing system, and alarms that are linked to the main control room.
Human Factor Risk Prevention Project	Rollers have been installed on the storage racks in the Renwu Secondary Warehouse to reduce friction and lessen the physical burden on personnel during handling.

Post-Pandemic New Life

With the Central Epidemic Command Center (CECC) reclassifying COVID-19 from a Category 5 (notifiable disease) to a Category 4, the CECC has been disbanded. Individuals who test positive but are asymptomatic or have mild symptoms are no longer required to report or isolate. This adjustment aims to lessen the public impact, ease the burden on healthcare providers, and align with international trends toward normalizing pandemic measures. Consequently, epidemic prevention will return to normal, and the nation will transition into a post-pandemic phase. In line with these updates, Hotai Motor has ceased measures such as remote work, team segregation, staggered shifts, mandatory reporting of positive cases, and contact tracing. Instead, employees are encouraged to remain vigilant about their health, practice good personal hygiene, wash their hands frequently with soap, follow proper coughing etiquette, and maintain a balanced diet to boost immunity. These steps are intended to support a healthy and fulfilling post-pandemic lifestyle.

6.3.4 Preventing Occupational Accidents and Diseases

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. Through the development and rigorous implementation of safety measures, we have effectively managed risks and prevented any fatal incidents in recent years.

Enhancing employees' awareness of health and safety is essential for preventing occupational accidents. We execute an annual occupational health and safety training plan that includes regular internal training sessions and external training and recertification for licensed personnel. These initiatives are designed to boost employees' health and safety awareness and to prevent occupational hazards. In 2023, we owned a total of 110 certifications of occupational health and safety and conducted training for 724 participants.

Overview of Occupational Health and Safety Certifications

Name of Certification	Quantity
Occupational Health and Safety Manager/Personnel	3
Occupational Health and Safety Supervisor	10
Occupational Health Nurse	1
EMT1	3
MEWPs Operator	2
Forklift Operator	36
Security Supervisor	1
Fire Prevention Manager	6
Harmful Operations Supervisor	14
First Aid Personnel	22
AED Administrator	12

Overview of Occupational Health and Safety Certifications

Category	Participants
General Health and Safety Training for New Hires	68 (incl. interns and temp workers)
General Health and Safety Training for Active Staff	568
Recertification Training for Health and Safety Managers	3
Health and Safety Supervisor Training (Initial/Refresher)	6
Continuing Education for Occupational Health Nurses	1
Hazard Identification and Risk Assessment Training	28
Respiratory Protection Training	8
Security Supervisor Training (Initial/Refresher)	1
Harmful Operations Supervisor Training (Initial/Refresher)	14
First Aid Personnel Training (Initial/Refresher)	17
AED Administrator Training (Initial/Refresher)	10

We have established the Contractor Health and Safety Management Standards to ensure that contractors adhere to occupational health and safety regulations while working on our premises and to prevent occupational accidents. Before starting work, contractors must sign a health and safety commitment letter and complete all required documentation, including hazard notifications and records from consultative organization and toolbox meetings. All construction activities must comply with occupational health and safety regulations. Additionally, our project managers will conduct ad-hoc inspections of the work site to ensure compliance with safety standards.

To ensure a prompt and effective response to occupational incidents, Hotai Motor has established the Occupational Health and Safety Incident Investigation Procedure. This procedure requires that all internal and external employees, as well as contractors, immediately report and investigate any incidents, including false alarms, occupational injuries, or diseases. The investigation focuses on identifying the root causes and implementing corrective actions to prevent similar incidents in the future.

Incident Investigation Procedure



Occupational Accident Summary: Employees and Non-Employees

Item	By gender	2019	2020	2021	2022	2023
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 contractors	0	0	0	0	0

Incidence Rate (IR) = Number of Injuries and Illnesses (Number of Incident) x 200,000 / Cumulative Work Hours

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

We have established the Emergency Handling Guide and the Emergency Protocols for Environmental, Health, and Safety Issues to ensure that appropriate measures and procedures are in place for any urgent situation. Each complex conducts drills tailored to its specific needs, such as fire drills and chemical spill response exercises. These drills cover essential procedures including situation notification, evacuation guidance, firefighting, protective measures, operation of fire extinguishers, and first aid techniques, all aimed at ensuring staff can respond swiftly and effectively to emergencies. In 2023, the Yangmei Complex conducted two fire drills, one in the first half of the year and one in the second half, with 152 participants. Additionally, the Xinzhuang Complex held a "self-defense fire drill", which included 57 participants.

In 2023, we conducted comprehensive first aid and AED training for all employees and attained "Safe Place" certification. This certification signifies that over 70% of our workforce has been trained in these essential skills. Consequently, in the event of an emergency, our staff is equipped to provide immediate first aid, thereby enhancing the likelihood of survival for individuals requiring urgent assistance.

In managing our delivery drivers, we implement health checks and promote transportation safety. Each driver must undergo a breathalyzer test and complete a self-health assessment before departing on their routes. Our objective is to achieve ZERO traffic accidents and ZERO injuries in 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 health, and maintain a safe and happy workplace with zero accidents.





07

Community Service

8.1 hours

Average volunteer hours

101

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 in 2023

12,000

The number of passengers
benefited from the free
mobility service



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 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, we continued to prioritize community engagement programs, including the Campus Recruiting Program, which matches 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. The Free Mobility Service to Produce Happiness for All Program utilizes the shared mobility service provided through our core business to offer continual yoxi and iRent services to meet the mobility needs of children in disadvantaged and marginalized communities. Under the campaign, our service area extends to Kaohsiung and Tainan. In addition to helping children from disadvantaged background, we also support adults who are considered as dependent adults following assessment by the Department of Social Welfare. We have partnered with Ronald McDonald House Charities in Taipei to provide shuttle services to and from the hospitals for children and families from rural communities. To date, we have provided over 6,000 free shuttle rides to those in need. Furthermore, we remain committed to supporting the Taiwan Wildlife Conservation Program and forged a new partnership with Taipei Zoo to organize a wildlife conservation fair, which is designed to educate and raise awareness about leopard cat conservation. As part of the effort to expand the conservation area of leopard cats and to align with the Ministry of Agriculture's Sustainable Agriculture and Environmentally Friendly Farming Practices, we designed and created the "Hu Li (虎力) Rice Giftbox" for Yuli Rice, a certified leopard cat friendly rice product, which is now available for purchase on our online shopping platform, Hotai Go, and at various Taipei Zoo events. 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 Sustainability Practices	2023 Goals	Whether the Goal is Attained	Medium-term Goals 2024	Long-term Goals 2025	Long-term Goals	Corresponding SDGs
Mobility	Empowering with diverse energy solutions and innovative MaaS opportunities	<ul style="list-style-type: none"> Donate a cumulative of 120,000 sets of crossing guard equipment Provide over 6,000 rides under the free mobility service campaign, with over 12,000 passengers served (2 passengers per ride) 	Yes Yes	<ul style="list-style-type: none"> Donate a cumulative of 130,000 sets of crossing guard equipment Provide service under the Free Mobility Service to Produce Happiness for All Program (originally the Free Mobility Service campaign) in at least 6 cities/counties. 	Promote road safety campaigns by combining resources from our core business to ensure the safety of pedestrians and drivers	
Openness	Leveraging our resources for deeper social care in Taiwan, while enhancing regulatory compliance and risk management for sustainable growth	<ul style="list-style-type: none"> Volunteer hours to average at 8 hours per person Sponsor indigenous choirs from Jia Xing Elementary School and Tao Shan Elementary School 	Yes Yes	<ul style="list-style-type: none"> Volunteer hours to average at 8 hours per person Continue to 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 	
Value	Fostering a vibrant workplace and nurturing talent for sustainable success	<ul style="list-style-type: none"> Aim for 2 million participations at our Public Welfare Dreamer event 	Yes	<ul style="list-style-type: none"> Aim for 2.3 million participations at our Public Welfare Dreamer event 	<ul style="list-style-type: none"> Create the No.1 brand that champions youth empowerment in the area of ESG 	
Eco	Driving energy efficiency and carbon reduction with a commitment to environment friendliness	<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 Achieve 3,000 participations in the Wildlife Conservation Program 	Yes Yes Yes	<ul style="list-style-type: none"> Achieve the attendance goal of 2,700 for the Environmental Month activities Achieve the goal of 11,000 volunteers at the beach cleanup Achieve 10,000 participations in the Wildlife Conservation Program 	<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 Joint efforts across different age groups to safeguard the coast of Taiwan 	

In promoting community engagement events and activities, we have been using our [Facebook fan page](#) "Hotai Group ESG—Standing by Our Beautiful Island" since 2017 to share our community engagement efforts with the public. Through likes, comments, and shares by our followers, we are sending positive vibes to the communities around us.



Hotai Group's Corporate Public Interest Digital Platform & Video Series

- (1) 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 2023, our Facebook reach was 6,012,180, and the total number of posts was 93.
- (2) As of the end of 2023, we had 100,000 Facebook followers, which grew by 15,024 from 2022.
- (3) Hotai Group's public interest video series: Our online videos hit 4.95 million views, which conveys our mission to support 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 which allows them to request for the leave when volunteering outside the company during work hours. In 2019, the policy was introduced to 20 affiliated companies within the Group.

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 are 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 2023, Hotai Motor's employees averaged 8.1 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.



Hotai Motor Volunteer Activities in 2023

Item	Group Volunteer Activities	Number of Sessions	Participation Count	Volunteer Hours	Total (Hours)
1	Ronald McDonald House: Take Home Chef	15	128	4	512
2	Fruit and Veggie Boxes for Children Awaiting Foster Care	5	50	4	200
3	Toy Sharing: Recycling of Pre-Loved Toys	7	230	4	920
4	Become a Dream Team Indigenous Host Family to Offer Indigenous Children the Homestay Experience	2	18	8	144
5	Groupwide Beach Cleanup to Reduce Plastics	1	253	4	1012
6	Bird-Friendly Window Decal Workshop hosted by the Endemic Species Research Institute in Nantou	2	65	8	520
7	Hotai Groupwide Blood Drive	1	150	1	150
8	One Tree for Every Toyota Tree Planting Event	1	120	4	480
9	Toy Sharing: Love in a Backpack	1	33	8	264
10	Day Trip to Christmasland in New Taipei City	1	10	4	40
Total		36	1,057	-	4,242



Hotai Motor has made a long-term commitment to corporate sustainability and develops mobility products and services by combining resources from our core business to create programs that center around road safety. One example is the Free Mobility Service Campaign which offers free rides using shared mobility (i.e., iRent and yoxi). We have also been donating crossing guard equipment to elementary and middle schools and middle school volunteers for 13 years to safeguard school children's safety. Another example is the National Road Safety Children's Drawing Contest which is aimed to instill the importance of road safety in children's minds through drawing.

6,000 trips

Total trips provided through the Free Mobility Service

120,000 sets

The cumulative number of crossing guard volunteer equipment donated to elementary and middle schools across Taiwan

Nearly 1 million people

The number of contestants entered into the TOYOTA Dream Car Art Contest in the last 23 years

7.1

Mobility

7.1.1 Free Mobility Service to Produce Happiness for All Program

(Previously the Free Mobility Service Campaign)

In Taiwan, there are numerous disadvantaged groups in certain areas that still lack 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 Free Mobility Service to Produce Happiness for All Program 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 aid 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. And in 2023, we extended our services to Kaohsiung and Tainan. In addition to helping children from disadvantaged backgrounds, we also assist with the transportation for placement and medical care of dependent adults as determined by the Department of Social Welfare. We have partnered with Ronald McDonald House Charities in Taipei to offer high-quality shuttle services to and from the hospitals through yoxi for children in rural communities, reducing transportation costs for disadvantaged families. To date, we have provided 6,000 trips of free shuttle service, with over 12,000 passengers served (2 passengers per trip). To raise awareness about issues affecting the disadvantaged and vulnerable groups, we released a video in collaboration with the Kaohsiung City government, **"Free Mobility Happiness Project with Hotai Group: Improving Mobility Access for Vulnerable Families"**. The video, which received 800,000 views, documents our journey of providing free mobility services. The "Uplifting Stories of Mobility Service" video series shared on social media also had 8 million hits. Our goal is to provide a positive mobility experience using our core business resources for individuals from disadvantaged backgrounds who often lack access to transportation, and to scale our social impact by sharing the videos.



7.1.2 Donating Crossing Guard Equipment

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 elementary and middle schools around Taiwan was either inconsistent in quality, damaged, or heavily stained. Since 2011, we have been donating crossing guard equipment (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 middle schools around the island. Over the past 13 years, we have donated nearly 120,000 sets of crossing guard equipment, including 1,000 sets in 2023.



7.1.3 National Road Safety Children's Drawing Contest

Since 2001, we have 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 23 years now, and nearly a million children participated. Millions of dollars have been donated and continue to benefit the causes of road safety and the interest of the public.





Hotai Motor understands the importance and value of giving back and has long been committed to serving and advocating for disadvantaged and marginalized groups. In 2022, we launched the Dream Team Indigenous program. 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 to compete internationally. To encourage blood donation among owners and citizens, we have been partnering with Taiwan Blood Service Foundation over the years by offering 12 bloodmobiles crafted from full size HINO vehicles equipped with the latest blood donation facilities. Apart from the above, every TOYOTA sales location purchases baked goods from the Children Are Us Foundation to provide them with the opportunity to stand on their own.



239,000

The bags of blood
donated in 2023 through
our bloodmobiles

120,000

Total number of submissions
entered in the TOYOTA Global
Dream Car Art Contest

NT\$41 million

The amount invested in
arts and cultural events by
TOYOTA and Lexus combined

7.2

Openness

7.2.1 Dream Team Indigenous

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 to provide long-term support to the choirs at Jia Xing Elementary School and Tao Shan Elementary School located 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.

In 2023, the Dream Team Indigenous program sponsored the Jia Xing Elementary School and Tao Shan Elementary School choirs to participate in several international choir competitions, allowing the pure and resonating voices of the Atayal tribe to be heard around the globe. Both choirs effectively embraced the challenge as they stepped onto the stage of their dreams: Jia Xing Elementary School choir received the Gold Diploma in the Young Children's Choir category and the Folklore A Capella category at the 12th World Choir Games in Korea; and Tao Shan Elementary School choir won the Gold Diploma in the Equal Voices category at the 7th Singapore International Choral Festival. Their achievements are the pride of Taiwan.

Stepping onto the world stage is not without challenges. To fully document the journey of Dream Team Indigenous, Jia Xing Elementary School and Tao Shan Elementary School choirs, as they pursued their dreams, Hotai Group invited renowned documentary filmmaker Shine Yang (楊智麟) to film the documentary "Sing Out Our Dreams" (讓夢想發聲). The documentary tells the story of the Atayal children's choirs from mountainous villages in Hsinchu as they seek to pursue their dreams and make great strides. The team spent three months closely following the choirs, documenting moments from their practices and preparations leading up to the competition, the pre-competition appreciation concert, a flash mob performance at the gates of Taoyuan Airport, and their triumphant moment on the global stage where they won two international recognitions. As of 2023, the documentary has over 4.37 million views, while the online video series "Dream Team Indigenous: The Journey to Glory" received over 770,000 views.

Hotai's Dream Team Indigenous program encourages the Atayal children to broaden their perspectives. For two consecutive years, we organized the Career Exploration Camp and Hotai Homestay. Through the program, children from Jia Xing Elementary School and Tao Shan Elementary School had the opportunity to explore various exciting career options in the automotive industry and experience city life through a homestay, which encouraged them to dream bigger for their future and inspire them to envision a broader outlook on life. The program also supported the children in fulfilling their dream journey by sponsoring both choirs a total of NT\$5 million for their trips to Korea and Singapore, as well as the purchase of traditional Atayal clothing and team uniforms, empowering them to showcase their talent on the world stage.



7.2.2 Bloodmobile Donation

Hotai Bloodmobiles

Starting in 2011, we have been donating bloodmobiles—crafted from full size HINO vehicles that are equipped with the latest blood donation facilities—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 have donated 12 bloodmobiles, which served over 1.36 million blood donors and collected nearly 2.03 million bags of blood (250 c.c. per bag). We currently hold the record for the highest number of mobile blood buses donated in Taiwan. 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

In celebration of World Blood Donor Day on June 14, Hotai Group partnered with the Taiwan Blood Services Foundation to organize the 2023 World Blood Donor Day: Hotai Group's One-Day Blood Drive and mobilized all Hotai bloodmobiles across the island to set up 15 temporary donation centers at multiple TOYOTA dealerships, parks and corporate locations in Taipei City, New Taipei City, Taoyuan, Taichung, Changhua, Chiayi, Tainan, Kaohsiung, Yilan, and Hualien. Employees from 17 affiliates and dealerships came together in responding to our call to roll up their sleeves and give blood, supporting the blood supply for medical needs through actions. A total of 1,315 bags of blood was collected through the event to replenish blood inventories and alleviate the blood shortage. As of December 31, 2023, our bloodmobiles have collected 239,004 bags of blood, which account for 9% of the blood donation in the country last year.



(Data taken from the Taiwan Blood Services Foundation)

7.2.3 TOYOTA Global Dream Car Art Contest

To inspire children's imagination and elevate the standards of art contests, 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 2023, it was our 17th year hosting this contest and we have received a total of over 880,000 submissions to date. The TOYOTA Dream Car Contest attracts thousands of children and teenagers of age 15 and under every year and is by far the biggest children's drawing contest in Taiwan that is held on a global scale.

In the 17th TOYOTA Global Dream Car Art Contest, we continued to encourage multiple methods for registration and entry submission using computer graphics so that children who enjoy drawing have more avenues to express their creativity. The contest in 2023 attracted 120,000 submissions from children across the island displaying strong interest for art events.



Dream-filled Mobile Exhibition Vehicle by Huang Chin, Yilan Junior High School

"I envision a mobile exhibition vehicle that can travel to impoverish areas where resources are scarce, bringing people engaging knowledge about the past, present, and future. This is a mobile exhibition vehicle filled with dreams which is capable of reaching any corner in the world where it is needed. The sky is the limit."

7.2.4 Caring for Children with Intellectual Disabilities

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 2023, we have made over NT\$51.86 million worth of purchases from the Children Are Us Foundation bakery.

7.2.5 Arts and Culture Development and Events

TOYOTA and Lexus are committed to fostering the long-term development of arts and cultural industries in Taiwan through the organization of a wide range of events. In 2023, we contributed more than NT\$41 million towards sponsoring these events.

Lexus has been the host of these events for many years, including Lexus Design Award and short film contest—Lexus My Film, encouraging young adults to express their creativity. For the fifth year in a row, Lexus partnered with the Taipei City government and VOUGE magazine to sponsor "2023 Taipei Fashion Week x VOUGE Fashion's Night Out", empowering a new generation of Taiwanese fashion designers. Last year, Lexus also collaborated with other makers and artisans to organize The Littles Series, inviting children of our car owners to learn different trades from Michelin Star chefs and popular video content creators to encourage the spirit of craftsmanship. Through long-term sponsorship of a variety of arts and cultural events, we continue to cultivate creative talents and thereby create a platform for the next generation to fulfill their dreams.



In supporting the sports industry in Taiwan, TOYOTA sponsored professional basketball team New Taipei CTBC DEA in the T1 league and the broadcasting of University Basketball Association (UBA) and High School Basketball League (HBL) games in 2023 to promote the sport. We also support a variety of music events through active participation. Some examples include sponsoring two pop music events, Hito Music Awards and KKBOX Music Awards, as well as the "Crazy for Taiwan Concert" performed by One Song Orchestra, an orchestra composed of young Taiwanese musicians. Their mission is to "Taiwanize" classical music and to "classicalize" Taiwanese music, aligning with the notion of glocalization that shapes our culture. We collaborated with music program "The Rappers 2" to encourage the young generation to boldly pursue their dreams. TOYOTA also sponsored "Next Girlz", a popular music talent show for all-female bands, encouraging the next generation to find their own platform.





Hotai Motor had made a long-term commitment to fostering talent development. Since 1991, we have been providing vehicle teaching materials and parts to help vocational students develop their skills. Over the last few years, we stepped up our efforts in the areas of social contribution and talent development by hosting Public Welfare Dreamer, a project proposal contest for young adults focused on public interest initiatives, and offering college training courses through the TOYOTA WAY Elite Training Camp to inspire creativity, independent thinking and project management skills in young adults and students, thereby discovering and developing young talent for the benefit of society.

NT\$8.75 million

The amount contributed as public interest funds for the Public Welfare Dreamer event

NT\$67.98 million

The value of vehicle-related high-tech teaching devices and materials donated has exceeded NT\$67.98 million

400

Number of participants who took part in the TOYOTA WAY Elite Training Camp in the last 3 years

7.3

Value

7.3.1 Public Welfare Dreamer

Since our first sponsored Hotai Public Welfare Dreamer in 2019, we have 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 2023, the event entered its 5th year. Over the last five years, we received proposals from 800 teams of young adults and guided 45 teams to implement their public interest projects by offering a NT\$8.75 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 5th Public Welfare Dreamer integrate three public interest areas—social care, mobility service, and environmental conservation—which drew over 170 teams of students from 79 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, International City Wanderer Education Association, to support contestants in living out their public interest blueprint. An exhibition showcasing students' projects was held at Huashan Creative Park where they shared their experiences and achievements in putting public interest solutions into action, attracting the attendance of over 600 people. Furthermore, we organized self-discovery seminars on sustainability topics for young adults. Through the seminars, experts offered their insights and helped young dreamers build self-worth, while also increasing public understanding and awareness of sustainability.

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

In the 5th 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 International and Experiential Learning Division of the Youth Development Administration, Wu Cheng-Huang, Honorary Professor of Social Work at Taiwan National University, Feng Yen, Associate Director of the Social Enterprise Service Team at KPMG Sustainability Consulting, Jeff Hou, chair of Hotai Motor's Sustainable Development Committee, Huang Wen-Jui, and CEO of International City Wanderer Education Association, Sunny Yang. 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, academia, and the organization.

- The Public Interest Projects Exhibition Launches in Huashan

The 5th 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. Programs include sharing our efforts with the public through forums with sustainability specialists and past contestants as speakers. 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	Soaring Upwards	Yan Tian-Hao, founder of LIS (Learning in Science)	<ul style="list-style-type: none"> • Cultural Learning for Second-Generation Immigrants <p>The project is proposed by a group of students who are second-generation immigrants, with one parent being a Vietnamese immigrant. The goal is to help other students with similar background to understand their own culture and build a healthy self-identity by sharing their experiences and relating to them.</p>
	Play for Peace	Li Kung Ping, co-founder of Play School	<ul style="list-style-type: none"> • Anti-Bullying Awareness <p>By creating interactive activities and educational programs and developing scenario-based games, students have the opportunity to engage directly with and reflect upon different situations, leading to a decrease in bullying and foster a more harmonious learning environment.</p>
	From this Period	Vivi Lin, founder of With Red	<ul style="list-style-type: none"> • Period Equity: Care and Education <p>Raise awareness about menstruation topics including period stigma, period inequity, and period poverty by hosting talks and inviting students to learn more about menstruation. The movement also aims to introduce menstruation as well as its physical and psychological effects to elementary school students to supplement what they have learned from the current health education curriculum.</p>
	Keep Fail	Oliver Chang, founder of Impact Hub Taiwan	<ul style="list-style-type: none"> • Failure Collection Program <p>With the belief that the experiences of failure and success are both worth sharing and to be learned from, the program is dedicated to fostering a society that embraces failures and is open to accepting and sharing their failures. To that end, a Failure Sharing Platform will be created; it's an online platform which compiles "Failure Stories", "Exclusive Interviews," and "The Human Library".</p>
	Team Name	Wayne Huang, founder of Tea Service Action	<ul style="list-style-type: none"> • An Application Specifically Developed for the Blind and Visually Impaired <p>Using innovative and user-friendly solutions to realize a vision which is to create an autonomous and independent living environment for the blind and visually impaired. The goal is to build a sustainable system called the "Indoor Map" application to provide indoor navigation for the blind and visually impaired.</p>
	Homecoming Badminton	Pie Hong, Deputy Secretary General of Waker	<ul style="list-style-type: none"> • Improve the Sports Development Disparities in Rural Areas <p>The program originated from a group of high school students who used to travel to rural areas during the winter and summer vacations as sparring partners for kids who play badminton. Upon the discovery of disparities in sports development in Taiwan, they decided to continue the sports programs in rural areas. The goal is to reduce resource gaps and elevate badminton into a sport that can make significant influence, and ultimately put an end to gender inequity, lack of transparency, and match-fixing.</p>
Environmental Conservation	glingling	Kevin Yang, founder of 5% Design Action	<ul style="list-style-type: none"> • Upcycling Project <p>The project seeks to develop a circular economy and offer a solution for excessive items resulting from the fast fashion trend by harnessing the power of design. The goal is to give unused items a new life by creatively enhancing and transforming the items.</p>
	Recoffee Life	Jeffrey Lin, founder of The Can	<ul style="list-style-type: none"> • Upcycle Coffee Grounds <p>Generate multiple ideas to repurpose coffee grounds through upcycling, such as making soaps, cookies, candles, scented pouches, tie-dye fabrics, and heat packs containing coffee grounds, to give them a fresh purpose and extend their lifespan.</p>
	Sea, Sand, and Wash	Jason Huang, RE-THINK CEO	<ul style="list-style-type: none"> • Marine Conservation Camp <p>The camp includes a trip to Waimushan Beach where children can observe firsthand the microplastics found in the beach sand. Through interactive games, the objective is to raise awareness about the negative environmental impact of plastics and educate participants on ways to reduce plastic consumption, ensuring that the ideas of fewer plastic use becomes part of their mindset and lifestyle.</p>
Mobility Service	Soonna	Makarove Hong, founder of FlyingCrazyer	<ul style="list-style-type: none"> • Mobility Needs for Seniors <p>The project seeks to train and educate local college students on aging and health improvement, equipping them to offer services such as driving assistance using iRent and leading seniors on one-day hiking trips in the woods. iRent plays a vital part in this initiative by serving not just as a means of transportation but also a mobile space where students and seniors can converse. The students also guide seniors in performing exercises correctly and educate them on the topic of muscle loss that comes with aging. The goal is to increase their knowledge of health and offers connection and companionship.</p>

7.3.2 Sponsoring Skills Competition

Each year, Hotai Motor sponsors the National Skills Competition by partnering with our dealers in discovering and developing talent specializing in automotive repair and maintenance in the country. In 2023, we sponsored the 53rd National Skills Competition by sending a lecturer to serve as a judge and technical expert throughout the 4-day (8 hours/day) competition to encourage students' interests in the industry and contribute to the development of industry talent. We also supported the Vocational Skills Competition by sending a lecturer to serve as a technical judge and test consultant throughout the 3-day (8 hours/day) competition, empower vocational students to confidently pursue their aspirations and showcase their talents.



Apart from the above, the Hotai Group Foundation started the Hotai Cup Skills Competition in 2021, which is designed to encourage students to participate in a wide array of skills contests during the school year. Through inter-school exchanges and observations, students can apply what they have learned in class, bridging the gap between academia and industry. In 2023, Hotai Motor once again took on an advisory role for the automotive repair category by planning the format of the competition, sending two technical consultants, designing the competition, hosting pre-competition briefings (a total of 128 hours), and providing two classrooms and practice sites for two days free of charge (venue rental cost: NT\$150,000), as well as coordinating the use of machinery and equipment and offering administrative support during the event. The Foundation has fulfilled the mission for this current phase and will take a pause from organizing events to assess its next steps in transitioning to alternative approaches.



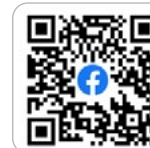
7.3.3 Career Exploration Activity

To help students explore their career choices and facilitate work-integrated learning, we partner with our dealers to organize company visits for students from T-TEP (TOYOTA-Technical Education Program) partner schools with the aim to promote youth empowerment. The visits include an orientation to the company, live demonstrations, and Q&A, photo sessions. In 2023, we organized a total of 57 visits to dealers' service centers for students from 32 schools enrolled in T-TEP. (Number of students visited: 1,940; course satisfaction score: 93%.)



★ T-TEP Facebook Group

In June 2020, we created the T-TEP Facebook group as a platform to facilitate the exchange of vocational information between schools. Currently, there are 4,731 students and teachers from 32 T-TEP partner schools who joined the group, and an average of 20 posts per month.



T-TEP FB
QRcode



7.3.4 Sheet Metal Painting Summer Camp

The camp offers 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 2023, we organized six rounds of camps (each round runs for two days) at the metal painting training centers at Hotai in the northern region, Longjing in central Taiwan, and northern Tainan and Fengshan in the southern region. 73 students from T-TEP partner schools participated; satisfaction score: 96%.

In addition to the camps, we also provide support to dealers and T-TEP partner schools with recruitment needs in organizing their own sheet metal camps. Some examples are as follows: Kuotu Motor partnered with San Chung Commercial and Industrial Vocational High School, Tung Hai Senior High School, and Taishan Senior High School to host 3 rounds of sheet metal painting camps, and 36 students participated. Kao Du Automobile partnered with Chung Shan Industrial and Commercial School and Pingtung Industrial Vocational High School to host 2 rounds of camps, and 63 students participated. The camp is set to transition into long-term collaboration between dealers and local T-TEP schools where dealers can rely on partner schools to fulfill their recruitment needs.



7.3.5 Campus Recruiting Program

As the demand for talent grows and the birth rate declines, finding first-line workers has become increasingly challenging. With the changing landscape, we launched the TOYOTA Campus Recruiting Program to help dealers invest in campus recruiting in 2022. 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. Among the 72 students accepted into the program in 2022, 58 have passed the technical assessment. In 2023, 101 students were accepted into the program.



7.3.6 Donating High-tech TOYOTA Teaching Materials

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 32 technical and vocational schools to date and donated various Toyota high-tech teaching aids and materials for teachers and students to utilize. The cumulative value of teaching materials and vehicles donated has now exceeded NT\$67.98 million, a reflection of our commitment to develop skilled technicians for the automotive industry.

Equipment Donated to Schools under T-TEP

	2021	2022	2023
Equipment	64 compressors, two EM tool carts, and one HV transmission 3D model	55 CVT stepless transmissions and 31 HV converters	10 CVT stepless transmissions and 48 steering gearboxes
Value (NT\$)	3,532,000	8,290,000	4,314,320

Note: The decrease in the value of the equipment donated in 2023 is a result of changes in school needs and the type of equipment provided.

7.3.7 Technical Exchange and Sharing Between Industry and Academia

Twice a year, we work with dealers to organize training and development conferences on various topics and share the latest automotive technologies and practices in the industry with members of academia. We invite teachers from 32 schools that are enrolled in the T-TEP program to the events to increase the exchange of information and experience between industry and academia. Hotai Motor and dealers also provide venues, equipment and 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 2023, we hosted 57 sessions with the attendance of 1,700 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.

2023 Training Conferences-Hotai Motor

First half of the calendar year

Individuals Attending the Training
Teachers from T-TEP partner schools

Introduction to waterborne paint
(attended by 31 teachers)



Second half of the calendar year

Individuals Attending the Training
Teachers from T-TEP partner schools

Introduction to CROWN HEV
(attended by 42 teachers)

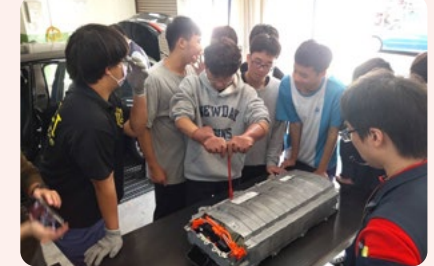


2023 Training Conferences-TOYOTA Dealers

Individuals Attending the Training

Teachers and students from T-TEP partner schools

Overview of the TOYOTA Service Process and EM experience, HV hybrid power system, and inspection of sheet metal damage and repair.



7.3.8 Hotai Motor's TOYOTA WAY Elite Training Camp

Hotai Motor has been actively involved in the talent development of young adults in recent years. Organized every summer since 2019, the TOYOTA WAY Elite Training Camp is geared towards developing students' competitive advantage and providing insight into the latest job market trends. The camp offers college and graduate school students the opportunity to explore the automotive industry and gain early exposure to the professional world (the events were suspended in 2020 and 2021 due to the pandemic). Through a two-day course, graduating seniors are given a comprehensive introduction to the company which covers the practice of debuting new models, brand marketing, TMC's A3 and TPS marketing courses, as well as visits to dealers, automotive manufacturing and parts factories, highlighting our industry leadership. To date, we have organized 3 rounds of camps, with over 3,500 people signed up and 400 people participated.





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.

400 metric tons

Over 400 metric tons of used toys were collected, recycled, and given new life as of the end of 2023

780,000 trees

Over 780,000 trees have been planted along the coast of Taiwan as of the end of 2023

42,000 people

The number of people who participated in the Environmental Month activities to date

7.4

Eco/Environmental Sustainability

7.4.1 Wildlife Conservation Program

In 2021, Hotai Group teamed up with Taiwan Biodiversity Research Institute (the "Research Institute") to start the Taiwan Wildlife Conservation Program. The program aims 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 remaining in Taiwan today, we hope to create an environment where they can continue to reproduce. 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, helping 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. This feature includes data on areas where mammals (leopard cats) and other animals are frequently spotted on the navigation map. It aims to reduce incidents involving leopard cats and other rare animal species and enhance road safety for car owners by sending texts and voice reminders to alert drivers "to slow down and watch for animal crossings". Together with our owners, we are committed to protecting the lives of Taiwan leopard cats and other rare animal species. Our mascot Hu Li (虎力) appeared on the "Leopard Cat Crossing" road signs installed at multiple locations in Nantou County and Nantou City where previous traffic incidents involving leopard cats have occurred. These signs not only remind drivers to reduce their speed, but also help pedestrians be aware that leopards can be spotted in these areas.

During the event of Animal Fun Travels (動物旅行趣) in 2023, Hotai Motor set up a booth at the Wildlife Conservation Fair during summer nights as part of our new partnership with the Taipei Zoo. The theme of the booth is "Ensuring the Well-being of Hu Li in 2023" with the focus to provide a safe home for leopard cats, which seeks to educate people and raise awareness about leopard cat conservation through interactive activities. More than 1,800 people took part in the event and our online promotion received 61,000 views. To support the expansion of leopard cat conservation efforts and to align with the Ministry of Agriculture's Sustainable Agriculture and Environmentally Friendly Farming Practices, we have designed and created the "Hu Li (虎力) Rice Giftbox" for Yuli Rice, a certified leopard cat friendly rice. The giftbox is now available for purchase on our online shopping platform, Hotai Go, and the Taipei Zoo events, and has been featured in a holiday gift guide. Our goal is to help farmers secure a more consistent income and to create a safe habitat for leopard cats by supporting leopard cat friendly farm produce using the Group's influence and resources.

A promotional video, Mother Nature, was produced by Hotai Group in collaboration with the Research Institute to promote public awareness of leopard cats and their current conservation status. It is filmed from the view of a baby leopard cat and subsequently 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



7.4.2 TOYOTA Environmental Month

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. Since 2018, we have expanded our collaboration with non-governmental organizations and public agencies, such as the Environmental Protection Departments of city and county governments, forest and park management units, and neighborhood volunteer teams. Committed to a three-year period of deep-rooted local engagement, we hosted 118 events as part of Toyota Environmental Month by 2023, with a total of over 42,000 participants, including 2,700 in 2023 alone.

Year	2009~2012	2013~2017
Event Theme	Community mobilization to clean up the environment	Community mobilization to go green
Number of Sessions	32	36
Year	2018~2020	2021~2023
Event Theme	Local engagement	Local engagement + α
Number of Sessions	25	25

7.4.3 TOYOTA Toy Sharing

In 2016, we launched the TOYOTA Toy Sharing program. Our aspiration is to promote environmental sustainability through the recycling and regeneration of used toys. In late 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 2023, an accumulated total of 400 metric tons of toys were recycled through the program, the equivalent of the carbon absorption¹ of 103,000 trees in one year. Over 280,000 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\$1.36 million registration fees collected from our events through 2018 to 2023 has been entirely donated to Eden Social Welfare Foundation, which continues to inspire positive changes in society.



¹ 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.

7.4.4 One Tree for Every Toyota

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 Tse-Xin Organic Agriculture Foundation, the survival rate of these trees along the coastline is as high as 90%. As of the end of 2023, we have planted over 780,000 trees spanning over 14 cities and counties along the coast since the inception of the program in 2017, reducing approximately 26,000 metric tons of carbon emissions. Following the success of our campaign in Kinmen and Penghu, we extended our efforts to the Nangan Concord Power Plant, Zhu Shan Branch in Matsu on the eve of Arbor Day 2023. We planted 900 seedlings using 600 self-watering pots with the hope to overcome the challenges of sporadic rain and a six-month dry season to bring greenery to Matsu.

In addition to sharing our success stories and building Taiwan's coastal green belt, Hotai Motor has also been actively organizing various innovative events to encourage engagement and expand our influence, all with the goal to raise public awareness about coastal afforestation. To expand our influence and garner public support, we continually communicate our message through different channels. In 2023, we produced a short film, 700,000 Trees, depicting the challenges encountered and accomplishments achieved in the last six 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 curate One Tree for Every TOYOTA content to engage with our followers. Through the theme "Environmental Sustainability", the mission of the campaign can be integrated into people's daily lives.

Since 2019, we have 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. In 2023, the One Tree for Everyone TOYOTA campaign reached the goal of 750,000 trees planted. Last year, we invited Olympic weightlifter Kuo Hsing-Chun and celebrity Boris Wang (王品濤) as event ambassadors. Together with 300 volunteers, we planted 3,000 tree seedlings at Shimen Reservoir in Taoyuan. The event united the community's efforts towards reforestation and environmental sustainability, restoring Taiwan's coastline back to greenery and biodiversity.



Tree planting event at Shimen Reservoir in Taoyuan



One Tree for Every TOYOTA campaign on social media



One Tree for Every TOYOTA achieved 700,000 trees planted



Coastal afforestation event in Matsu

7.4.5 Group-wide Beach Cleanups to Reduce Plastic Waste

Since 2019, we enlist the help from our local dealers across Taiwan to organize beach cleanups in cities and counties along the coast. We have also extended our invitations to local government agencies and non-government organizations and people around the island. Over the years, we have hosted a total of 65 beach cleanups nationwide, with over 44,000 volunteers participating. In 2023, we invited students from nearby elementary schools to join us for our beach cleanups, using this as an opportunity to educate kids about environmental sustainability and plastic reduction. The intention is to instill awareness in the next generation and ensure a sustainable environment. Through our beach cleanup efforts, we removed nearly 19,000 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.



About the Report

Ho Tai Motor Co., Ltd. ("Hotai Motor" or "Hotai") published the 2023 Sustainability Report, our 12th year of sustainability reporting, in June 2024. 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 2023. 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 Boundary and Data

This report contains information disclosure of Hotai Motor's operations (includes headquarters, sales location of Xinzhuang and Yangmei) that may not be fully compatible what has been disclosed in our annual report. To give our stakeholders a complete understanding about Hotai's overall service as well as disclose Kuozui Motors' critical sustainable actions and dealer's suitability related examples, this report includes corporate governance, business performance, supply chain management, environmental sustainability, human capital, and community engagement practices and performance data from January 1, 2023, to December 31, 2023. Impacts that occur on Hotai Motor's subsidiaries and entities in the value chain are mainly reflected through the disclosure of Hotai Motor's management approaches, strategies, and future plans. In the main content, we have explained the changes in our material topics compared to the previous year while the number of sustainability topics remains unchanged. Any changes in data boundaries, measurement techniques or results from the previous version are detailed in footnotes within the paragraphs or noted at the bottom of the diagrams and charts.

Reporting Guidelines

This report has been prepared according to GRI Universal Standards 2021 and SASB Standards. Reference to the principles of disclosure and the content and quality requirements outlined in 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 2023 and their corresponding GRI Standards, and disclose the management approaches, objectives, and implementation outcomes for each of these material topics.

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 is reviewed by department heads and approved by executive management before being published. This report has been approved by the Board of Directors.

External Review

This report has been verified by the British Standards Institution 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.



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

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Email: WENDYLIN@hotaimotor.com.tw

Sustainability Reporting Guidelines (GRI Standards) Comparison Table

DECLARATION	Hotai Motor has reported in accordance with GRI guidelines, and the reporting period is from January 1, 2023 to December 31, 2023
Current GRI 1	GRI 1 : Basic 2021
Applicable GRI Standards	There are no applicable GRI standards yet

GRI Standards / Other Sources	Disclosure Items		Place		Omission			Reference Number of Disclosure Items in GRI Sector Standards
			Chapter Title	Page Number	Omitted Items	Reason	Explanation	
GRI 2: General Disclosures								
GRI 2: General Disclosures 2021	2-1	Organizational details	About Us	4				
	2-2	Entities included in Organizational Sustainability Reports	About this report	111				
	2-3	Reporting period, frequency and contact person	About this report	111				
	2-4	Restatements of information	About this report	111				
	2-5	External assurance	About this report	111				
	2-6	Activities, value chain and other business relationships	About Us 3.1 Dealer Management 3.2 Hotai Motor's Supplier Management System	4 37 46				
	2-7	Employees	6.2 Benefits and Employee Well-being	85				
	2-8	Non-employee workers	6.2 Benefits and Employee Well-being	85				
	2-9	Governance structure and composition	4.1 Board Structure and Functions	51				
	2-10	Nomination and selection of the highest governance body	4.1 Board Structure and Functions	51				
	2-11	Chair of the highest governance body	4.1 Board Structure and Functions	51				
	2-12	Highest governance body's role in overseeing impact management	1.2 Sustainable Development Committee	15				
	2-13	Head of impact management	1.2 Sustainable Development Committee	15				
	2-14	Highest governance body's role in sustainability reporting	About this report	111				
	2-15	Conflict of interests	4.2 Business Ethics and Compliance	54				
	2-16	Communication of critical concerns	1.2 Sustainable Development Committee	15				

GRI Standards / Other Sources	Disclosure Items		Place		Omission			Reference Number of Disclosure Items in GRI Sector Standards
			Chapter Title	Page Number	Omitted Items	Reason	Explanation	
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	4.1 Board Structure and Functions	51				
	2-18	Evaluating the highest governance body's performance	4.1 Board Structure and Functions	51				
	2-19	Remuneration policies	4.1 Board Structure and Functions	51				
	2-20	Process to determine remuneration	4.1 Board Structure and Functions	51				
	2-21	Annual total compensation ratio	-	-		According to GRI 1 Requirement 6 "Confidentiality constraints" item	Disclosure is not provided as it may lead to the deduction of individual specific salaries, involving personal privacy and violating the company's pay secrecy principles.	
	2-22	Statement on sustainable development strategy	Leadership Message	3				
	2-23	Policy commitments	4.2 Business Ethics and Compliance 6.2 Benefits and Employee Well-being	54 85				
	2-24	Embedding policy commitments	4.2 Business Ethics and Compliance 6.2 Benefits and Employee Well-being	54 85				
	2-25	Processes to remediate negative impacts	1.4 Materiality Assessment	16				
	2-26	Mechanisms for seeking advice and raising concerns	4.2 Business Ethics and Compliance 6.2 Benefits and Employee Well-being	54 85				
	2-27	Compliance	4.2 Business Ethics and Compliance	54				
	2-28	Membership associations	1.5 External Engagement	23				
	2-29	Approach to stakeholder engagement	1.4 Materiality Assessment	16				
	2-30	Collective bargaining agreements	We do not have an agreement signed between labor and management	-				
Material Topics								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.4 Materiality Assessment	16				
	3-2	List of material topics	1.4 Materiality Assessment	16				
Customer Privacy Protection								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
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	60				



GRI Standards / Other Sources	Disclosure Items		Place		Omission			Reference Number of Disclosure Items in GRI Sector Standards
			Chapter Title	Page Number	Omitted Items	Reason	Explanation	
Customer Safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
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	32				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3 Product Design and Manufacturing	32				
Product and Service Quality								
GRI 3: Material Topics 2021	3-3	Material topics management	1.4 Materiality Analysis	16				
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	32				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3 Product Design and Manufacturing	32				
Brand Management and Marketing								
GRI 3: Material Topics 2021	3-3	Material topics management	1.4 Materiality Assessment	16				
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	2.3 Product Design and Manufacturing	32				
	417-2	Incidents of non-compliance concerning product and service information and labeling	2.3 Product Design and Manufacturing	32				
	417-3	Incidents of non-compliance concerning marketing communications	2.3 Product Design and Manufacturing	32				
Climate Change Mitigation								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
GRI 201: Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	5.1.2 Identification of Material Risks and Response	66				
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	5.2.2 Greenhouse gas reduction	71				
	305-2	Energy indirect (Scope 2) GHG emissions	5.2.2 Greenhouse gas reduction	71				

GRI Standards / Other Sources	Disclosure Items		Place		Omission			Reference Number of Disclosure Items in GRI Sector Standards
			Chapter Title	Page Number	Omitted Items	Reason	Explanation	
Climate Change Mitigation								
GRI 305: Emissions	305-3	other indirect/Scope 3 GHG emissions	3.1.5 Environmental Performance of Dealers	43				
	305-4	GHG emissions intensity	5.2.2 Greenhouse gas reduction	71				
	305-5	Reduction of GHG emissions	5.2.2 Greenhouse gas reduction	71				
	305-6	Emissions of ozone-depleting substances (ODS)	5.2.2 Greenhouse gas reduction	71	There are no emissions of ozone-depleting substances (ODS) in the operations of our company.			
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.2.3 Pollutant Discharge and Waste Management	72				
Human Resources and Inclusion								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	4.1 Board Structure and Functions 6.2 Benefits and Employee Well-being	51 85				
	405-2	Ratio of remuneration between women and men	6.2 Benefits and Employee Well-being	85				
Career Development and Education/Training								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	51				
GRI 404: Training and education	404-1	Average hours of training per year per employee	6.1 Career Development and Training	81				
	404-2	Programs for upgrading employee skills and transition assistance programs	6.1 Career Development and Training	81				
	404-3	Percentage of employees receiving regular performance and career development reviews.	6.1 Career Development and Training	81				
Human Rights and Labor-Management Communication								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	6.2 Benefits and Employee Well-being	85				



GRI Standards / Other Sources	Disclosure Items		Place		Omission			Reference Number of Disclosure Items in GRI Sector Standards
			Chapter Title	Page Number	Omitted Items	Reason	Explanation	
Occupational health and safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	6.3 Occupational Health and Safety Management	90				
	403-2	Hazard identification, risk assessment, and incident investigation	6.3 Occupational Health and Safety Management	90				
	403-3	Occupational health services	6.3 Occupational Health and Safety Management	90				
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.3 Occupational Health and Safety Management	90				
	403-5	Worker training on occupational health and safety	6.3 Occupational Health and Safety Management	90				
	403-6	Promotion of worker health	6.3 Occupational Health and Safety Management	90				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.3 Occupational Health and Safety Management	90				
	403-8	Workers covered by an occupational health and safety management system	6.3 Occupational Health and Safety Management	90				
	403-9	Work-related injuries	6.3 Occupational Health and Safety Management	90				
	403-10	Work-related ill health	6.3 Occupational Health and Safety Management	90				
Social Benefit Activities								
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Materiality Analysis	16				
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	7. Social Inclusion	95				
	203-2	Significant indirect economic impacts	7. Social Inclusion	95				

Note: Except for GRI 403, which uses the 2018 version, all others use the 2016 version.

SASB Reference Table

Topic	Indicator Code	Indicator	Section	Page Number
Energy Management in Retail & Distribution	CGMR 130a.1	1. Total energy consumed 2. Ratio of using outsourced electricity 3. Ratio of using renewable energy	5.2.1 Energy and Resource Management	69
Data Security	CGMR 230a.1	Description of approach to identifying and addressing data security risks	4.5.1 Information Security Management System	60
	CGMR 230a.2	1. Number of data breaches 2. percentage involving personally identifiable information 3. number of customers affected	4.5 Information Security and Customer Data Protection	60
Labor Practice	CGMR 310a.1	1. Average hourly wage 2. Proportion of workers receiving minimum basic wages by region	Not disclosed	-
	CGMR 310a.2	Voluntary turnover rate and involuntary turnover rate of employees	6.2.1 Recruitment and Retention	85
	CGMR 310a.3	Total pecuniary losses result from legal action for labor law violations	6.2.2 Upholding Human Rights	87
Workforce Diversity & Inclusion	CGMR 330a.1	Percentage of gender and racial/ethnic group representation for management and all other employees	6.2.1 Recruitment and Retention	85
	CGMR 330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	6.2.1 Recruitment and Retention	85
Product Sourcing, Packaging & Marketing	CGMR 410a.1	Revenue from products third-party certified to environmental or social sustainability standards	5.4.1 Compliance and Certification	77
	CGMR 410a.2	Process to assess and manage risks and/or hazards associated with chemicals in products	NA	-
	CGMR 410a.3	Strategies to reduce the environmental impact of packaging	5.4.2 Packaging Material Recycling	77

Index Code	Activity Indicator	Chapter	Page Number
CG MR 000.A	Total number of locations and distribution centers	About Hotai	4
CG MR 000.B	Total floor area of locations and distribution centers	About Hotai	4

Climate-related Information of Publicly Listed Companies

Risks and opportunities posed by climate change to the company and the corresponding measures taken by the company

Items	Status	Items	Status
<p>1</p> <p>Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> Hotai Motor established the Corporate Social Responsibility Committee (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 will report to the Directors and Independent Directors on the performance and answer questions regarding 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.). The Sustainable Development Committee has established the Office of Environmental Protection Affairs, Office of Social Welfare Affairs, and Office of Corporate Governance Affairs 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 environmental-related issues to the Board on a quarterly basis. The Office of Social Welfare Affairs submits relevant information to the Board every December. The Office of Corporate Governance Affairs consolidates the issues reported to the Board by various departments. 	<p>2</p> <p>Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<ul style="list-style-type: none"> The short-, medium-, and long-term climate change risks and opportunities are measured by one year, one to three years, and three to five years respectively. Promote the effectiveness of environmental management within Hotai Motor Group (including dealers), monitor and track the PDCA improvement cycle of environmental management within Hotai Motor Group (including dealers), and the effectiveness of self-development/improvements. Using the information on current climate change policies and strategies, as well as how they have been implemented and operated, we are able to analyze the climate impacts of various regulations, technologies, market and goodwill.
		<p>3</p> <p>Describe the financial impact of extreme weathers and transitional actions</p>	<ul style="list-style-type: none"> (Risks) 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. 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 severe floods and other natural disasters could lead to production and supply chain interruptions at any time, resulting in increased operational costs. (Opportunities) As customer behavior and preferences change, and the demand for low-carbon products or services increases, customers will place greater emphasis on fuel-efficient or alternative fuel vehicles when purchasing cars. With increasingly stringent fuel economy standards, the need to offer more low-carbon emission options such as fuel-efficient and alternative fuel vehicles will be beneficial for increasing revenue.

Items	Status
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. For the identified transition and physical risks, we prioritize significant risks and opportunities. Relevant units within our three major offices are responsible for developing and implementing project guidelines, reporting progress and results to the committee. Through cross-departmental communication and discussion, we integrate company resources to mitigate the negative impacts of climate change risks.
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. (Transition Risk-Legal) The carbon tax levied on companies under different scenarios is highly uncertain due to significant differences in tax systems. The assessment primarily references the carbon tax prices set in transition scenarios for OECD countries under IPCC AR6's SSP1 and SSP2, adopting a ten-year consistent stepwise carbon tax price. It also considers the current climate policy's 100 NTD/tCO ₂ e scheme, designing carbon taxes for three scenarios: 1. NDC : 100 NTD/tCO ₂ e 2. SBT-WB2°C (IPCC AR6 · SSP1-2.6) : 9-242 USD/tCO ₂ e 3. SBT-1.5°C (IPCC AR6 · SSP1-1.9) : 7-708 USD/tCO ₂ e Estimated Carbon Emissions Quotas Under Different Scenarios: 1. NDC Target: Annual reduction of 1.46% in baseline year emissions until 2030, and 2.32% annually from 2031 to 2050. 2. SBT-WB2DC (SBT): Linear annual reduction of 2.5% in baseline year emissions. 3. SBT-1.5°C (SBT): Linear annual reduction of 4.2% in baseline year emissions. (Transition Risk - Cap and Carbon Penalties) Carbon penalties (NTD/kg CO ₂ e) for excess emissions are analyzed under different cap scenarios. The cap scenarios are designed as follows: 1. NDC: 100 NTD/tCO ₂ e 2. SBT-WB2°C : 750 NTD/tCO ₂ e 3. SBT-1.5°C : 1,500 NTD/tCO ₂ e For detailed analysis of other scenarios, please refer to report section 5.1.3.

Items	Status
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. • Hotai Motor is committed to achieving the vision of six major environmental sustainability challenges by 2050, including: 1. Zero CO ₂ emissions from new cars 2. Zero CO ₂ emissions throughout the vehicle lifecycle 3. Zero CO ₂ emissions from factories 4. Minimal and optimized water usage 5. Establishing a circular society and system 6. Creating a future society in harmony with nature To achieve these challenges, Hotai Motor has developed an Environmental Assessment Manual (EAS) and an ECO Dealership program to monitor and track environmental management improvements and performance within the Hotai Motor Group (including dealerships).
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. Internal carbon pricing is not used as a planning tool.
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. Toyota's short- to long-term strategies and action plans (including the "Toyota 2050 Environmental Challenge" and the "Toyota Environmental Action Plan") state that Toyota's short-term target is to reduce emissions by 15% by 2025 compared to the 2019 baseline year (Hotai Motor's target is an 18% reduction). The mid-term target is a 32% reduction in emissions by 2030 compared to 2019 (Hotai Motor's target is a 33% reduction). In 2022, Hotai Motor did not use carbon offsets or Renewable Energy Certificates.

Verification Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

Hotai Motor Co., Ltd. 2023 Sustainability Report

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

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

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

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

Scope

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

1. The assurance scope is consistent with the description of Hotai Motor Co., Ltd. 2023 Sustainability Report.
2. The evaluation of the nature and extent of the Hotai Motor's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the Hotai Motor Co., Ltd. 2023 Sustainability Report provides a fair view of the Hotai Motor sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Hotai Motor and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Hotai Motor's efforts recognized by its stakeholders.

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

Methodology

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

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

Conclusions

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

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

GRI Sustainability Reporting Standards (GRI Standards)

Hotai Motor provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures in accordance with GRI Standards/ disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Hotai Motor's sustainability topics. However, the future report will be improved by the following areas:

- It is encouraged to consider referring to international peers' practices to meet the requirements of the standards for disclosing the GRI 2-21 annual total compensation ratio, thus enhancing the credibility and transparency of the sustainability report.

Assurance level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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