



和泰汽車股份有限公司  
Hotai Motor Co., Ltd.



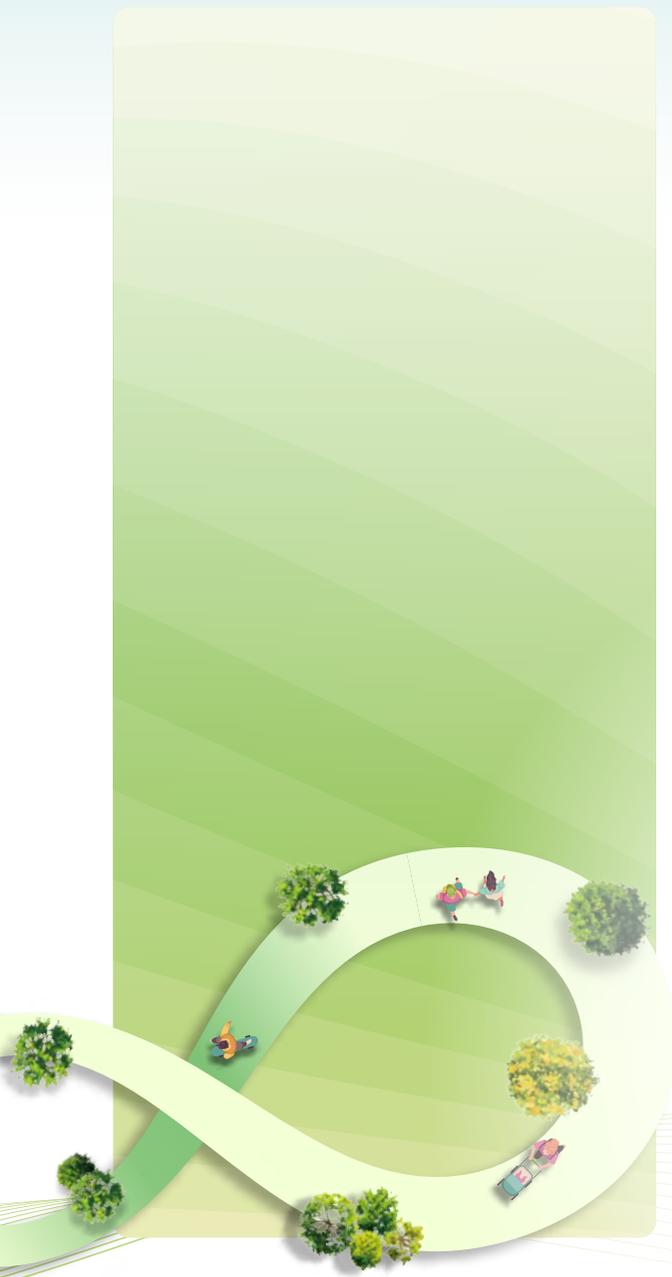
2024 Sustainability Report



和泰集團  
與美好台灣同行

# CONTENTS

Leadership Message	3		
<b>01 About Us</b>	4	<b>04 Openness</b>	61
1.1 History of Hotai Motor	5	4.1 Producing Happiness for All: Connecting Public Welfare and Traffic Safety	63
1.2 Group Operations	6	4.2 Rooted in Education: Empowering Youth	65
1.3 78 Years of History	7	4.3 Working Together for a Better Taiwan	70
1.4 Vision, Mission and Operational Objectives	12		
1.5 Sales Channels and Customer Services	14	<b>05 Value</b>	76
1.6 2024 Awards and Honors	15	5.1 Career Development and Training	77
1.7 2024 Sustainability Highlights	15	5.2 Employee Rights and Welfare	80
		5.3 Occupational Health and Safety Management	85
<b>02 Sustainability Management and Corporate Governance</b>	16		
2.1 Corporate Sustainability Policies	17	<b>06 Eco – Environmental Friendliness</b>	91
2.2 Corporate Governance Structure	19	6.1 Environmental Sustainability Vision	92
2.3 Sustainability Milestones	22	6.2 Green Operations	95
2.4 Materiality Analysis	23	6.3 Climate Change Management	99
2.5 Integrity in Business Operations and Regulatory Compliance	30	6.4 Eco-Friendly Product Design	103
2.6 Information Disclosures	33	6.5 Environmental Performance of Dealers	105
2.7 Risk Management	35	6.6 Environmental Performance of Suppliers	108
2.8 Financial Performance	38		
2.9 External Engagement	38	Appendix	110
		About the Report	111
<b>03 Mobility</b>	39	GRI Content Index	112
3.1 "Happiness at TOYOTA" Service Culture	40	Climate-related Information of Publicly Listed Companies	118
3.2 Product Design and Manufacturing	42	Verification Opinion Statement	120
3.3 Customer Relationship Management	46		
3.4 Customer Privacy Protection	52		
3.5 Distributors Management	53		
3.6 Suppliers Management	59		



# Leadership Message

Facing a mature and competitive automotive market, Hotai Motor always upholds the spirit of "there is no best, only better," prioritizing customer needs above all. In 2025, we will continue to innovate with a " **+think Amazing** " mindset, delivering the ultimate customer experience and creating a new era of mobility services for the group. We aim not only to achieve the goal of "Do Amazing" but also to "Do Impossible," advancing toward becoming a benchmark for sustainability in the automotive industry.

## ∞ 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 new LEXUS LBX series in 2024, alongside redesigned and upgraded models like the TOYOTA COROLLA ALTIS GR SPORT, CAMRY, COROLLA CROSS, and LEXUS UX. For commercial vehicles, the HINO series and TOYOTA HIACE, GRANVIA were equipped with more safety and convenience features. The company delivered an outstanding full-year performance, with both our commercial vehicle and passenger car dealer networks working together to achieve 159,000 registrations, securing the No. 1 position in Taiwan's automotive market for the 23rd consecutive year. TOYOTA has dominated both the domestic and import car segments, with the COROLLA CROSS, TOWN ACE, RAV4, YARIS CROSS, and ALTIS ranking among the top 10 passenger cars of the year. LEXUS has also performed exceptionally well, with the RX and NX leading sales in the luxury mid-to-large-size and mid-size SUV segments, while UX and LBX helped LEXUS achieve the highest market share in the small-to-mid-size SUV segment.

## ∞ 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. In 2024, we continued sponsoring our "Indigenous Dream Team," sponsoring the choirs from Jiaxing Elementary School and Taoshan Elementary School to compete in Italy and New Zealand. 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, completing service coverage in Taiwan's six major cities (Taipei, New Taipei, Taoyuan, Taichung, Tainan, Kaohsiung).

We partnered with multiple NGOs (Ronald McDonald House, Taiwan Fund for Children and Families, Children Awaiting Foster Care, Children Are Us Foundation, Tzu Chi Foundation), accumulating 26,000 donated shuttle rides. Hotai Motor also supports the long-term development of Taiwan's arts and culture. TOYOTA and LEXUS continue to host related arts and sports cultivation activities, including the LEXUS DESIGN AWARD, LEXUS MY FILM short video style exhibition, and the fashion event "2024 Taipei Fashion Week x VOGUE Fashion's Night Out," encouraging young creators to express their creativity. TOYOTA has long supported Taiwan's sports development, sponsoring the TPBL New Taipei CTBC DEA basketball team, UBA college basketball league, and HBL high school basketball league broadcasts in 2024, as well as the "hito Music Awards" and large-scale concerts, promoting support for diverse cultures and actively building bridges of communication across generations, empowering the youth to fearlessly pursue their dreams.

In terms of strengthening regulatory compliance, we have established a comprehensive risk management mechanism and implemented information security and personal data protection systems. Through internal regulations on copyrights, trademarks, sensitive assets, R&D results, and patents, and by providing personal data and copyright training courses for employees and dealers, we enhance professional awareness. In sustainability efforts, we have won the TCSA Sustainability Report Award, Sustainability Performance Award, and Social Inclusion Award for nine consecutive years, and the "CommonWealth Magazine Sustainable Citizen Award" for ten consecutive years, continuing to move toward a more 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\$2,677,000 and a median of NT\$2,103,000 for non-managerial staff. Employees receive an average annual salary increase of 2-3%, and a three-month year-end bonus for years. Additional perks include a NT\$50,000 annual travel allowance, annual festival bonuses, 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 3.94% over the past three years, well below the industry average. We invest significantly in employee development through diverse training programs, with an average of 10 training hours per employee, offering diverse training channels to place employees in suitable roles. Healthy employees are key to sustainable corporate development, so we provide health checkups with frequencies exceeding legal requirements, allowing employees to choose based on their needs. We also offer generous health checkup budgets, with the employee checkup rate reaching 93.6% in 2024, ensuring comprehensive health care.

## ∞ Eco

### Driving energy efficiency and carbon reduction with a commitment to environment sustainability

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 our 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 CO<sub>2</sub> 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 donating the Hotai No. 17 – TOYOTA COROLLA CROSS to execute rescue, release tracking, and conservation education for native species. We also co-hosted the "I'm the Best at Conservation – Safe Return Together" special exhibition with Taiwan Biodiversity Research Institute to raise awareness about preventing wildlife roadkill.

We actively implement various energy-saving programs, continually enhancing energy efficiency to mitigate the impact of climate change; in 2024, greenhouse gas emissions were reduced by 49.07 metric tons compared to the previous year (Scope 1 & Scope 2) and helped all dealership locations in Taiwan achieve 100% ISO14001 certification, thereby strengthening supply chain management. In addition, we have successfully achieved 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. The One Tree for Every TOYOTA campaign has planted a total of 910,000 trees. 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.



Hotai Motor Chairman

Hotai Motor Vice Chairman and President



# 01

## About Us



## 1.1 History of Hotai Motor

Founded in 1947, Hotai Motor has been in operation for over 78 years. It began as a trading business and eventually acquired authorization to distribute TOYOTA, HINO, and LEXUS vehicles as the first overseas distributor for TMC. In 1997, Hotai Motor became listed on the Taiwan Stock Exchange (Stock Code: 2207). Its headquarters are 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 after-sales support. This reputation has helped us maintain the highest market share for 23 consecutive years.

### Overall Market Share (TOYOTA+LEXUS+HINO)

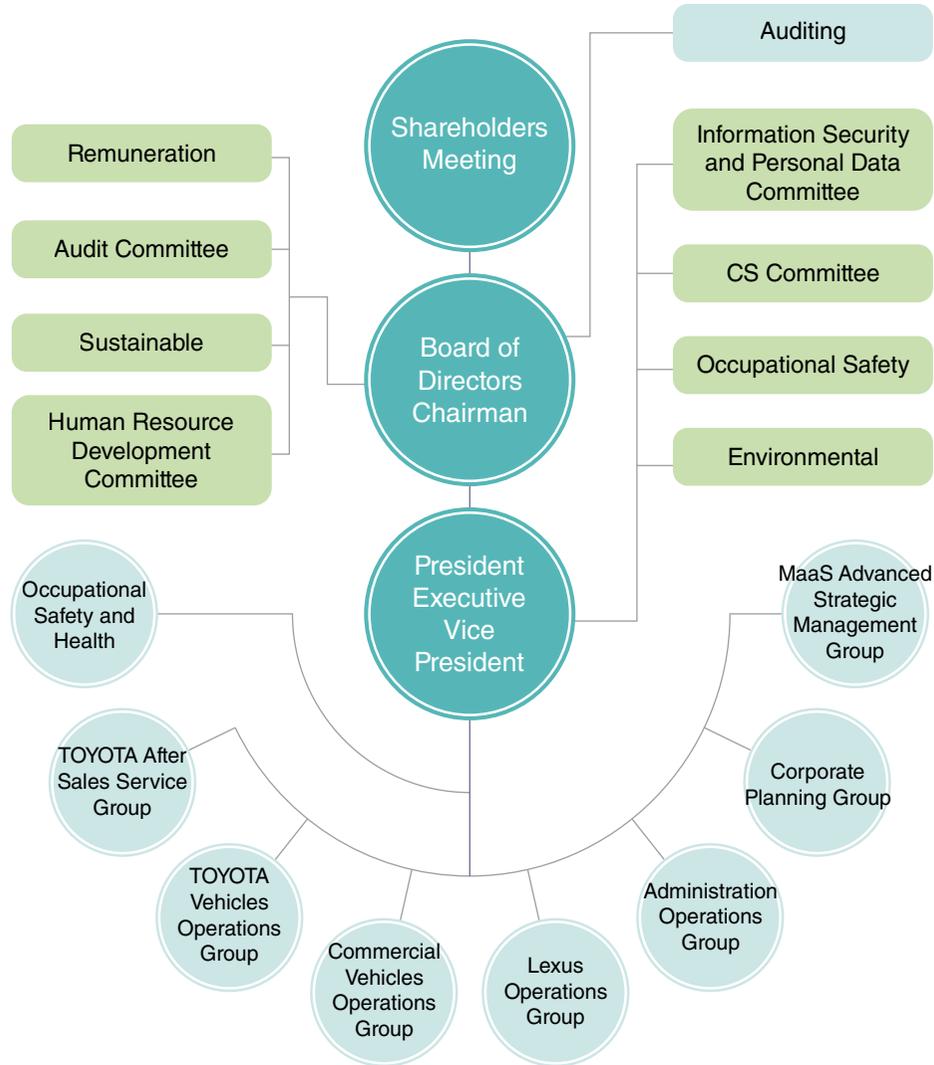


Note: The volume refers to number of vehicle registrations.



## Organizational Structure

(Note) Effective as of June 13, 2025.



## 1.2 Group Operations

Hotai Group's ongoing effort to develop businesses related to the automotive value chain and mobility services enables us to deliver comprehensive solutions to our customers. From automotive dealership, car manufacturing and accessories, certified pre-owned vehicles, financing, MaaS business, and overseas investments, 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.

### Auto Financing and Insurance Business Group

- Hotai Finance
- Hotai Leasing
- Hotai Insurance
- Ho An Insurance Agency
- Ho Chuan Insurance Agency
- He Jing Co., Ltd.
- Hotai Finance Development

### MaaS Business Group

- Ho Tai Cyber Connection
- Hotai Mobility Service
- Hoing Mobility Service
- Ho Young Travel

### Auto Dealership

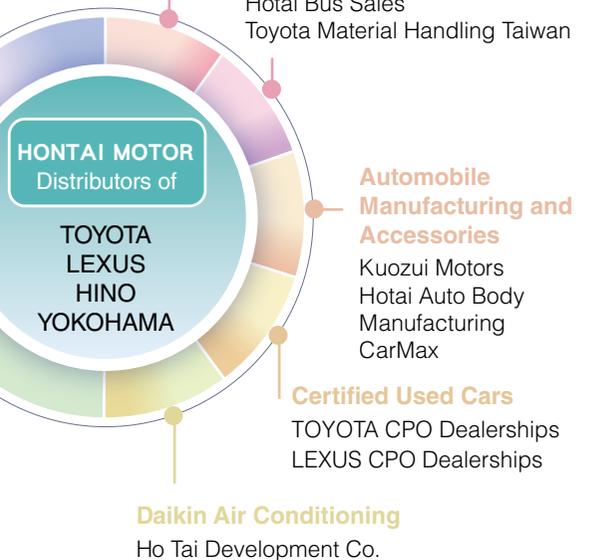
- TOYOTA Dealer Network
- Lexus Dealer Network
- Chang Yuan Motor
- Hotai Auto Body Sales
- Hotai Bus Sales
- Toyota Material Handling Taiwan

### Green Energy Business

- He Jun Energy

### China Business Group

- Hotong Motor Investment
- Heling Lexus System
- FAW TOYOTA System
- Guangzhou Toyota Motor System
- Hoyun International Lease
- Hoyun (Shanghai) Motor Lease
- Carmax Autotech (Shanghai)
- Carmax Autotech (Shanghai)
- Shanghai Ho Tai Toyota Material Handling Co., Ltd.
- Motor Peripheral Business



## 1.3 78 Years of History

78 Years of Legacy and Brilliance **Change for the better**

Over the past 78 years, every step of change accomplished a milestone at each stage, driving progress for the better every day.

# 2024



**2024.09**

Hotai Group established Hotai Bus Sales Co.,

**2024.08**

Hotai Group's "Donating Crossing Guard Equipment Program" continued for 14 consecutive years, with a cumulative total of 130,000 sets donated.

**2024.08**

Hotai Group's "Dream Team Indigenous" sponsored Jiaxing Elementary School Choir, which won double gold medals and six major awards at the "Andrea del Verrocchio International Choral Competition" in Italy. Taoshan Elementary School Choir also received a Gold Medal at the "World Choir Games" in New Zealand.

**2024.07**

Hotai Group's "Free Mobility Service to Produce Happiness for All Program" expanded service to Taoyuan.

**2024.07**

The all-new TOYOTA CAMRY debuted.

**2024.06**

TOYOTA established its first official service center on the outlying islands — the Penghu Service Station.

**2024.05**

The all-new TOYOTA COROLLA ALTIS GR SPORT debuted.

**2024.05**

The number of TOYOTA community service centers surpassed 100 locations.

**2024.04**

Hotai Group launched a nationwide beach cleanup and plastic reduction campaign.

**2024.04**

Lexus NX 350 Overtrail Edition debuted.

**2024.03**

HINO 500 Series 17-ton aluminum-alloy wing truck debuted.

**2024.02**

The all-new TOYOTA HIACE Camper Van debuted.

**2024.02**

The all-new Lexus UX debuted.

**2024.01**

The all-new Lexus LBX debuted.

**2024.01**

Hotai Group established Hotai Finance development Co., LTD

**2024.12**

Hotai's three car brands together recorded a total of 159,000 units, continuing its streak as Taiwan's sales champion for 23 years. Corolla Cross continued to be the best-selling model for the 4<sup>th</sup> consecutive year, TOYOTA and HINO ranked top in the 3.49-ton (and above) commercial vehicle sales for the 4<sup>th</sup> consecutive year.

**2024.12**

All-new manual-transmission TOYOTA GR YARIS debuted.

**2024.12**

TOYOTA GR brand-sponsored Corolla Cup national racing competition was held.

**2024.12**

Hotai Motor received the Taiwan Corporate Sustainability Award (TCSA) from the Center for Corporate Sustainability for the 9<sup>th</sup> consecutive year.

**2024.12**

Hotai Motor received the "Sports Enterprise Certification" from the Sports Administration, Ministry of Education.

**2024.11**

Lexus RZ 450e Flagship Limited Edition debuted.

**2024.11**

TOYOTA "One Car, One Tree" campaign reached 900,000 trees planted.

**2024.11**

Hotai Group donated the "Hotai No. 13 Blood Donation Vehicle," continuing its island-wide blood donation campaign for the 13<sup>th</sup> consecutive year.

**2024.10**

Hotai Group's travel planning app "chicTrip" surpassed one million members.

**2024.10**

Hotai Group's "Free Mobility Service to Produce Happiness for All Program" expanded to Taipei, providing free community shuttle services across six major cities.

**2024.10**

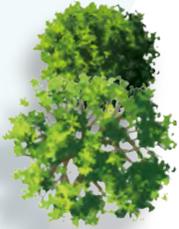
Hotai Group held 7<sup>th</sup> annual volunteer tree-planting event to help conserve Taiwan's coastline.

**2024.10**

The all-new TOYOTA COROLLA CROSS debuted.

**2024.09**

Hotai Motor was honored with the CommonWealth Magazine Corporate Citizenship Award for the 10<sup>th</sup> consecutive year.





## 2023

### 2023.12

Hotai's three car brands together recorded a total of 166,000 units, continuing its streak as Taiwan's sales champion for 22 years. Corolla Cross continued to be the best-selling model for the 3<sup>rd</sup> consecutive year, and HINO ranked top in the commercial vehicle sales for the 3<sup>rd</sup> consecutive year.

### 2023.11

TOYOTA Customer Service Center earned the Gold Award from 2023 Taiwan Customer Service Center Evaluation.

### 2023.10

Hotai Motor's President Su, Chwen-Shing was honored with the 2023 IDC Future Enterprise CEO of the Year Award.

### 2023.08

Hotai Group introduced a new travel planner app, chicTrip.

### 2023.07

Hotai was honored with the Gold Award in the Best Service in Taiwan by Commercial Times for the 9<sup>th</sup> consecutive year.

### 2023.06

Free Mobility Service With yoxi, now known as Free Mobility Service to Produce Happiness For All, donated a thousand yoxi rides and volunteer service in support of the Ronald McDonald House.

### 2023.03

Hotai Auto Body Manufacturing Co., Ltd. held its founding ceremony in Xizhou, Changhua.

### 2023.02

Hotai Group invested in the establishment of Gochabar Technology Co.,

## 2022

### 2022.12

Hotai's three car brands together recorded a total of 150,000 units, continuing its streak as Taiwan's sales champion for 21 years. Corolla Cross continued to be the best-selling model for the 2<sup>nd</sup> consecutive year, and HINO ranked top in the commercial vehicle sales for the 2<sup>nd</sup> consecutive year.

### 2022.12

Hotai Motor was honored with the National Sustainable Development Award by the National Development Council under the Executive Yuan.

### 2022.11

LEXUS celebrated its 25<sup>th</sup> years in Taiwan, with cumulative sales surpassing 250,000 units.

### 2022.09

Hotai Motor launched a new public welfare program, Dream Team Indigenous Program.

### 2022.08

Hotai Group incorporated Ho Young Travel Agency Co., Ltd.

### 2022.06

Hotai Group launched the Taiwan Wildlife Conservation Program, with 2022 being marked as the Year of Peace for the Leopard Cat.

### 2022.04

Hotai Group launched its own online shopping platform, Hotai Go.

### 2022.04

Hotai Group introduced a new campaign, Free Mobility Service With yoxi.

### 2022.02

Hotai Group invested in the establishment of He Jun Energy Co., Ltd.

## 2021

### 2021.12

Hotai's three car brands together have recorded a total of 156,000 units, continuing its streak as Taiwan's sales champion for 20 years, with Corolla Cross being the best-selling model. TOYOTA and HINO commercial vehicle together recorded a total of 9,422 units, breaking Hotai's sales record for commercial vehicles in Taiwan and ranking top in the commercial vehicle sales.

### 2021.09

Hotai officially launched Hotai Pay, Hotai Points, and Hotai CTCB Credit Card.

### 2021.09

One Tree for Every Toyota campaign reached 500,000 trees planted.

### 2021.07

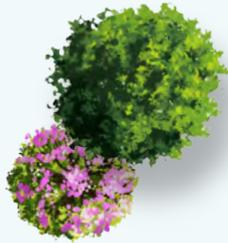
Hotai Group established Hotai Body Sales Co., Ltd.

### 2021.05

Hotai Group donated to Taipei and New Taipei City to support the battle against the pandemic.

### 2021.01

Hotai Motor acquired iRent and incorporated yoxi to actively develop MaaS.



## 2020

TOYOTA and LEXUS have recorded a total of 146,194 units, continuing its streak as Taiwan's sales champion for 19 years. The TOYOTA ALTIS led in the domestic category, while the RAV4 topped the import category, marking the first time an SUV had exceeded 30,000 units in sales. Additionally, HINO secured its 11th consecutive year as the leading large commercial vehicle.

One Tree for Every Toyota campaign reached 400,000 trees planted.

Hotai Motor was ranked as the Favorite Brand of Consumers in the auto category for the 6<sup>th</sup> consecutive year in a survey conducted by Management Magazine.

yoxi, an app that offers ride dispatch service launched.

Taiwan Toyota Industrial Equipment Co., Ltd. was renamed Hotai Toyota Material Handling Co., Ltd.

Hotai Motor was honored as The Only Enterprise to be Listed in the Top 500 for Operational Performance for 30 Straight Years and Top 100 Companies by Revenue for 30 Straight Years.

Hotai Group established Hotai Body Manufacturing Co., Ltd.

LEXUS reached 200,000 units of sales in Taiwan.

Hotai Group established Hotai Mobility Co., Ltd.

## 2019

TOYOTA and LEXUS recorded a total of 141,891 units, continuing its streak as Taiwan's sales champion for 18 years. COROLLA ALTIS was the best-selling model for 19 consecutive year, and RAV4 topped Taiwan's SUV market. Additionally, HINO secured its 10<sup>th</sup> consecutive year as the leading large commercial vehicle.

## 2020

### 2020.12

### 2020.12

### 2020.12

### 2020.11

### 2020.08

### 2020.08

### 2020.06

### 2020.05

### 2020.04

### 2019.12

Hotai Finance was listed on the Taiwan Stock Exchange as a public company.

### 2019.10

Kuozui received the Outstanding Foreign Corporation Contribution Award from the Ministry of Economic Affairs.

### 2019.05

Hotai Motor ranked in the top 5% of TWSE-listed companies in the Corporate Governance Evaluation for the 3<sup>rd</sup> consecutive year and also received the Labor Safety Award from Taipei City.

### 2019.03

TOYOTA introduced a new type of service outlet — the Community Service Center.

### 2019.01

Hotai Group incorporated Hoing Mobility Service Corporation.

## 2018

### 2018.12

TOYOTA and LEXUS recorded a total of 120,766 units, continuing its streak as Taiwan's sales champion for 17 years. LEXUS ranked second among luxury car bands. Also, HINO secured its 9<sup>th</sup> consecutive year as the leading large commercial vehicle.

### 2018.10

Hotai Finance was listed on the Taipei Exchange as a public company.

### 2018.06

Hotai Motor invested NT\$6 billion in TMC stock.

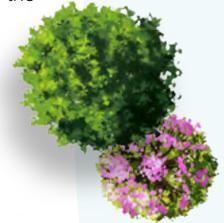
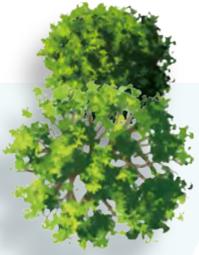
### 2018.02

TMC, Hino Motors, and Hotai & Kuozui Group donated to Hualien Earthquake Relief.

## 2017

### 2017.12

TOYOTA and LEXUS recorded a total of 128,084 units, continuing its streak as Taiwan's sales champion for 16 years. TOYOTA ALTIS, RAV4 and SIENTA held the top three spots in passenger vehicle sales, with LEXUS RX leading the luxury SUV category. Additionally, HINO secured its 8<sup>th</sup> consecutive year as the leading large commercial vehicle.





**2017.09**

Hotai Group established Hotai Connected Co., Ltd.

**2017.09**

Hotai Motor celebrated its 70<sup>th</sup> anniversary.

**2017.05**

Hotai Motor ranked in the top 5% of TWSE-listed companies in the Corporate Governance Evaluation.

**2017.03**

Hotai acquired Zurich Insurance (Taiwan) Ltd., and renamed it Hotai Insurance Co., Ltd.

**2017.01**

Hotai Motor's Customer Service Center was the first in Taiwan's auto industry to receive international ISO 10002 Complaints Handling Management System certification.

## 2010s

**2016.12**

The TOYOTA "City Driver" App surpassed 2 million downloads.

**2016.08**

Hotai Motor's Customer Service Center received ISO 10002 certification for its Customer Complaint Handling Management System — the first in Taiwan's automotive industry.

**2015.10**

Hotai Group invested in Smart Design Technology Co., Ltd.

**2014.12**

Kuozui Motors surpassed 200,000 units in annual production, setting a new record among Taiwanese car makers.

**2014.12**

@bc, a website for certified pre-owned cars was officially online.

**2014.06**

Hotai Leasing became the first in the industry to launch, iRent, 24-hour self-service car rental in Taiwan.

**2014.06**

Hotai completed the acquisition of shares in all national dealers.

**2013.03**

TOYOTA launched City Driver, an all-in-one navigation app and the first mobile app for drivers in Taiwan's auto industry.

**2011.09**

TOYOTA sales in Taiwan reached 2 million units.

**2010.07**

Hotai Group established Hotong Motor Investment Co., Ltd.

## 2000s

**2009.05**

Eastern Motor Co., Ltd. was incorporated.

**2008.04**

Hotai Auto Auction was launched, providing pre-owned car auction services.

**2008.04**

Hotai increased its shareholding in Kuozui Motors to 30%.

**2007.05**

Hotai opened a 2<sup>nd</sup> warehouse in Yangmei.

**2003.01**

Chang Yuan Motor Co., Ltd. / Toyota Material Handling Taiwan Ltd. was established.

**2002.02**

Hotai Group established CARMAX Co., Ltd.

**2000.03**

Yangmei Logistic Center began operations.

## 1990s

**1999.06**

Hotai Group established Hotai Leasing Co., Ltd.

**1999.05**

Hotai Group established Hotai Finance Co., Ltd.

**1997.11**

Hotai opened Shanghai Hoyu Motor Service, first location in China.

**1997.09**

Hotai officially introduced the LEXUS brand to Taiwan.

**1997.02**

Hotai began trading its shares in Category A on the Taiwan Stock Exchange.

**1996.12**

Hotai achieved the top market share for all vehicle types, including HINO trucks and buses, and TOYOTA medium trucks, cars and industrial vehicles.



## 1960s

**1969.04**

Hotai imported the first batch of 706 TOYOTA cars from Japan through Central Trust of China, covering 80% of Japanese car imports and establishing TOYOTA's presence in Taiwan.

**1968.01**

Hotai restructured as Hotai Motor Co., Ltd.

**1966.10**

The Xinzhuang factory was established, covering more than 8,000 ping (approx. 26,400 m<sup>2</sup>), and became the largest service and maintenance facility in Taiwan.

## 1950s

**1955.04**

Hotai restructured as Hotai Trading Co., Ltd.

**1952**

Hotai signed exclusive distribution agreement with Hino Motors Ltd. for Taiwan.

**1949**

Hotai obtained distribution rights for TOYOTA and YOKOHAMA Tire, becoming the first overseas distributor for both companies.

## 1947

**1947.09**

Hotai Automobile Co. was founded with NT\$810,000 in registered capital and over 10 employees, specializing in cross-strait trade. It was located on the right side of Taipei Main Station.

**1995.03**

Kuozui Motors opened a new factory in Guanyin.

**1994.12**

Hotai surpassed 100,000 units in annual sales for the first time, setting a new sales benchmark.

## 1980s

**1989.05**

TOYOTA Corona, the first domestic car, made its debut.

**1988.05**

Hotai signed contracts with Taiwan's top 8 dealers to sell TOYOTA products for the first time.

**1987.04**

TOYOTA launched new business in small commercial and passenger vehicles.

**1986.01**

TMC's investment in Kuozui Motors was approved by MOEA's Investment Commission.

**1984.03**

Hotai invested in Kuozui Motors, which was established in April and began production in Zhongli by November.

**1983.06**

MOEA's Investment Commission approved TMC's factory investment plan, also known as the big auto factory project.

## 1970s

**1974.09**

Hotai, alongside Wei Chuan Foods Corporation, Ho Tai Development, and Formosa Flexible Packaging, contributed NT\$25 million to establish the Chun Ching Social Welfare Foundation.

**1973.02**

Hotai discontinued as a distributor for Ford Lio Ho Motor Company.

**1970.02**

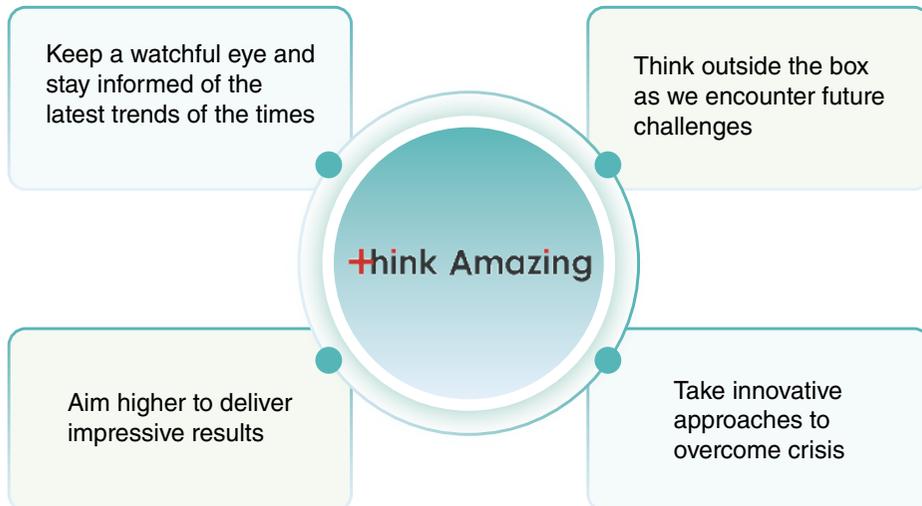
TMC and Lio Ho Motor collaborated on COROLLA production, with Hotai serving as the exclusive distributor.

## 1.4 Vision, Mission, and Management Policy

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

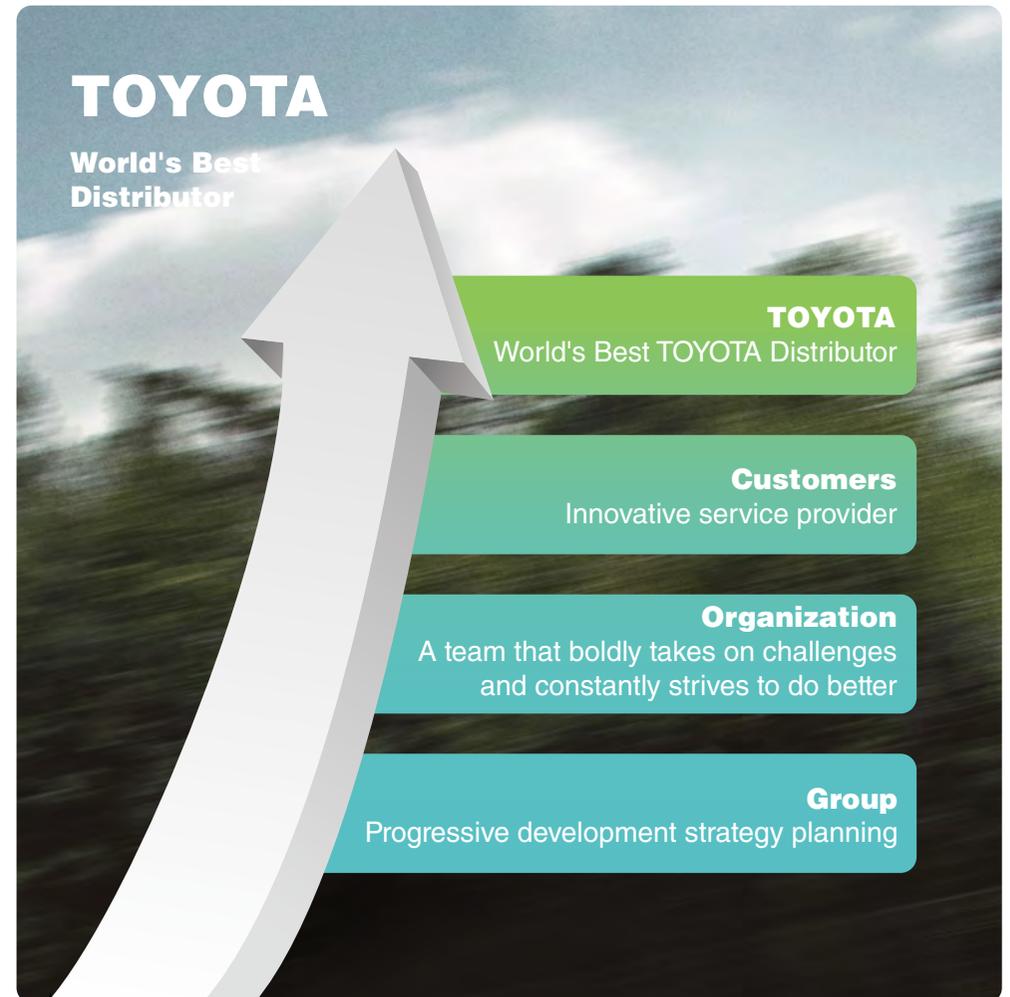


At Hotai, we firmly believe that there is no "best" but only "better," and it is what drives our continuous growth in a mature and competitive automotive industry. Our vision, "**+think Amazing**", conveys a message that not only are we humbled to be recognized as the leader in the industry, but that we continue to boldly pursue, experiment and explore groundbreaking, innovative ideas and approaches to deliver impressive results. The "t" from "t" is stylized as the symbol "+", which means "to level up", and the letter "i" represents each and every one of our employees, challenging employees to continuously excel themselves. 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!



### 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 to ensure that the medium- and long-term plans are gradually achieved.

## 2025 Operational Objectives

In 2025, the global economy has faced heightened uncertainty due to geopolitical conflicts and new tariff policies that intensify trade friction. In response to the net-zero carbon trend and transformations in the automotive industry, Hotai Motor adopts the operational objective of "Resilience. Commitment. Breakthrough." The company aims to further innovate in sales and services, strengthen diverse strategies, and leverage emerging technologies. While pursuing operational performance growth, it will also actively invest in ESG initiatives by integrating core business resources. The company will develop a strategic blueprint based on four sustainability pillars under the M.O.V.E. framework: "Mobility," "Openness," "Value" and "Eco" Sustainability will be embedded into daily operations, mobilizing resources and energy from internal and external stakeholders to jointly advance toward a sustainable future.

Operational Objective of the Group: **Resilience. Commitment. Breakthrough.**

Operational Objectives				
		TOYOTA	Lexus	Commercial Vehicles
Forge Ahead Breakthroughs in Sales and Services	Vehicles	Dominating the Market, Innovation Without Boundaries	Lexus   Toward Next Generation Driving Innovation, Steering the Future	Safety and Sustainability, Creating a New Clean Together
	Services	Utilizing a Dense Service Network and Smart Technology Strengthening Brand No.1		Leading in Service, Customer-Centric
Solid Operations Further Strengthening Diverse Strategies		<ul style="list-style-type: none"> <li><b>Hotai Finance:</b> Reinforce the auto loan business, diversify into other fields of business, enhance risk control, and implement sound management</li> <li><b>Hotai Leasing:</b> Develop diversified leasing products and value chain services, fully explore customer segments across all levels</li> <li><b>Carmax:</b> Facing challenges of OE-standardized accessories, expand internet of vehicles ecosystem, accelerate multi-channel and overseas strategies</li> <li><b>Chang Yuan Motor:</b> Strengthen finished vehicle sales, expand service capacity, improve employee satisfaction and retention</li> <li><b>Toyota Material Handling Taiwan:</b> Standardize and replicate successful automation cases, rapidly expand market, continuously strengthen leasing business</li> <li><b>Hotong:</b> Maintain solid business operations in a volatile market; optimize organizational structure and capabilities, reserving momentum for future growth</li> <li><b>Hotai Insurance:</b> Deepen group value chain collaboration, explore external development opportunities, enhance customer diversity</li> <li><b>MaaS Business Group:</b> Integrate group mobility brand data to realize commercial value of data</li> </ul>		
Applying Knowledge Creating Management Thinkings		<ul style="list-style-type: none"> <li>Introduce emerging technologies to quickly respond to internal and external customer needs, improve work efficiency</li> <li>Strengthen group IT operations with zero-trust architecture, build a comprehensive cybersecurity protection network</li> </ul>		
Accountability and Responsibility Unite Group ESG Strength		<ul style="list-style-type: none"> <li>Actively promote manufacturers' carbon emission reduction targets, facilitate group-wide carbon reduction goals</li> <li>Enhance integration and communication of group public welfare projects, jointly promote related M.O.V.E actions</li> <li>Promote work-life balance and health in the workplace, becoming a dream enterprise for the new generation</li> </ul>		

Note: **M**obility  
**O**penness  
**V**alue  
**E**co

## 1.5 Sales Channels and Customer 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 Motor Co., Ltd., Tau Miao Motor Co., Ltd., Central Motor Co., Ltd., Nandu Motor Co., Ltd., Kau Du Automobile Co., Ltd., Lang Yang Toyota Motor Co., Ltd. and Eastern Motor Co., Ltd. are our top eight dealers

- **Commercial vehicles**

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

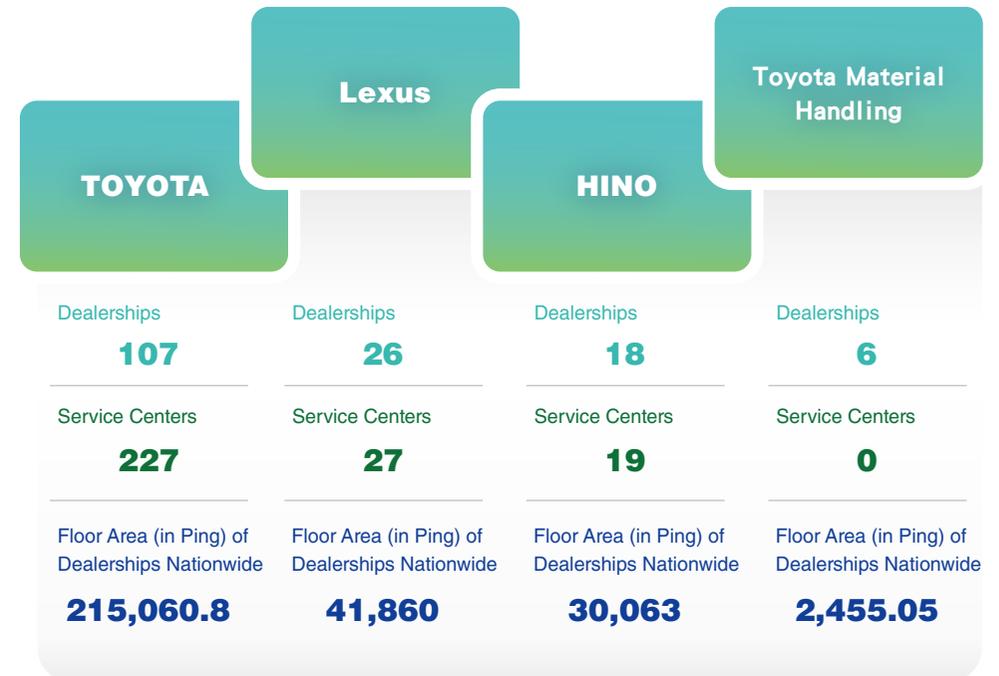
### ∞ The Largest Automotive Complex

- 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, Highcapacity 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 for 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 157 dealerships and 273 service centers, which consist of 107 TOYOTA dealerships and 227 service centers; 26 Lexus dealerships and 27 service centers, 18 HINO dealerships and 19 service centers, and 6 Toyota Material Handling dealerships.





## 1.6 2024 Awards and Honors



2024 TCSA Taiwan Enterprise Sustainability Award

9 consecutive years

Taiwan Center for Corporate Sustainability



2024 Sustainability Citizen Award

10 consecutive years (8th place in the Large Enterprise Service Sector)

CommonWealth Magazine



[ Voices of Dreams | Dream Team Indigenous ] receives the Bronze Award for Sustainable Microfilm at Taipei Golden Eagle Microfilm Festival

2 consecutive years

Taiwan Institute for Sustainable Energy



Sports Enterprise Certification

First-time winner

Sports Administration, Ministry of Education

## 1.7 2024 Sustainability Highlights

Economic Governance

34.9%

Maintained the largest market share in the automotive market for 23 consecutive years

100%

All the new employees have completed anti-bribery training

39.54%

Percentage of local sourcing in 2024

Environmental

97 tons

The amount of VOC emissions (volatile organic compounds) reduced in 2024 by using environmentally friendly waterborne paint

35,418 tons

In 2024, our dealerships collectively recovered 23.21 metric tons of refrigerant through the R134a machines, equivalent to the reduction of 35,418 tons of CO<sub>2</sub> emissions.

100%

All our vehicle models meet the carbon emissions, noise control, CO<sub>2</sub> emissions, and fuel economy regulations and standards

55.24 million bottles

By installing a central oil supply system, we have reduced an accumulative 55.24 million motor oil bottles as of 2024.

Social and Employee

100%

The rate of employees returning from unpaid parental leave in 2024 is 100%

7.6 hours

The average hours of "Paid Volunteer Leave" for our employees in 2024

26,000 trips

Shuttle service provided by the 2024 Free Mobility Service to Produce Happiness For All (formerly known as Free Mobility Service With yoxi)

NT\$ 68.51 million

Donated an accumulated total of over NT\$68.51 million in hi-tech automotive teaching aids and materials

> 460 tons

An accumulated total of over 400 metric tons of pre-loved toys was recycled and given new life as at the end of 2024



# 02

## Sustainability Management and Corporate Governance

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

**100%**

Average attendance rate of the Board of Directors and each functional committee

**Taiwan's first** automotive dealership network, including both the general agent and dealers, to be fully certified under ISO 27001.

**100%**

Annual Compliance Training Coverage Rate



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.

## 2.1 Corporation Sustainability Policies

As part of our efforts to realize the vision of sustainable operations, the Board-approved Hotai Motor 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. We have incorporated sustainability into our policy-making and have developed 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. This report is structured in accordance with this framework and consolidates the Group's performance in the ESG domain. M (Mobility) encompasses the key elements related to our core mobility services, including product development, product safety, and the management of suppliers and dealerships. O (Openness) outlines the Group's initiatives in social contribution and public welfare, focusing on three major themes: "Happiness for All Program", "Rooted in Education: Empowering Youth", and "Working Together for a Better Taiwan". These themes are executed through diverse projects that embody the principle of giving back to the society. V (Value) reflects the Company's commitment to cultivating a friendly workplace, prioritizing talent development, and maintaining a comprehensive occupational safety and health management system. E (Eco) encompasses the group's responses, along with our major partner agents and dealers, to critical issues such as energy resource management, environmental concerns, carbon reduction, and waste minimization.

### Hotai Motor Sustainability Blueprint Development Policy

Core Commitment Areas of Hotai Motor's Sustainability Practices	Corresponding SDGs	Policies	
<p><b>Mobility</b></p> <p>Empowering with diverse energy solutions and innovative MaaS opportunities.</p>		Happiness at TOYOTA Service Culture	<ul style="list-style-type: none"> <li>• Happiness at TOYOTA</li> </ul>
		Product Design and Manufacturing	<ul style="list-style-type: none"> <li>• Introducing Products that Match Market Needs — Hybrid Vehicles, Sustainability and Convenience Combined;</li> <li>• Improving Product Safety Performance;</li> <li>• Risk Management in Implementing New Vehicle Models;</li> <li>• Ensuring Efficiency and Quality of Parts Supply</li> </ul>
		Customer Relationship Management	<ul style="list-style-type: none"> <li>• We Listen Intently to Customers' Needs;</li> <li>• Customer Relationship Management</li> </ul>
		Customer Data Protection	<ul style="list-style-type: none"> <li>• Establishment of a personal data management system</li> </ul>
		Dealers Management	<ul style="list-style-type: none"> <li>• Passenger Vehicle Dealer Training / Passenger Vehicle Customer Events;</li> <li>• Commercial Vehicle Aftersales Training / Commercial Vehicle Touching Service Events;</li> <li>• Dealers Technical and Service Training</li> </ul>
		Suppliers Management	<ul style="list-style-type: none"> <li>• Supplier Assessment and Supply Chain Audit</li> </ul>



Core Commitment Areas of Hotai Motor's Sustainability Practices	Corresponding SDGs	Policies		
<p><b>Openness</b></p> <p>Leveraging our resources for deeper social care in Taiwan, while enhancing regulatory compliance and risk management for sustainable growth</p>		<p>Free Mobility Service to Produce Happiness for All Program: connecting public welfare and traffic safety</p>	<ul style="list-style-type: none"> <li>• Free Mobility Service to Produce Happiness for All Program (Previously the Free Mobility Service Campaign) ;</li> <li>• Donating Crossing Guard Equipment;</li> </ul>	<ul style="list-style-type: none"> <li>• Donating Blood Donation Vehicle;</li> <li>• National Road Safety Children's Drawing Contest</li> </ul>
		<p>Rooted in Education: Empowering Youth</p>	<ul style="list-style-type: none"> <li>• Public Welfare Dreamer;</li> <li>• Hotai Motor TOYOTA WAY Elite Training Camp;</li> <li>• Sponsoring Skills Competition;</li> </ul>	<ul style="list-style-type: none"> <li>• Donating High-tech TOYOTA Teaching Materials;</li> <li>• Technical Exchange and Sharing Between Industry and Academia</li> </ul>
		<p>Working Together for a Better Taiwan</p>	<ul style="list-style-type: none"> <li>• Dream Team of Indigenous;</li> <li>• TOYOTA Global Dream Car Art Contest;</li> <li>• Caring for Children with Intellectual Disabilities;</li> <li>• Arts and Culture Development and Events;</li> <li>• Wildlife Conservation Program;</li> </ul>	<ul style="list-style-type: none"> <li>• TOYOTA Environmental Month;</li> <li>• TOYOTA Toy Sharing;</li> <li>• One Tree for Every Toyota;</li> <li>• Group-wide Beach Cleanups to Reduce Plastic Waste</li> </ul>
<p><b>Value</b></p> <p>Fostering a vibrant workplace and nurturing talent for sustainable success</p>		<p>Career Development and Training</p>	<ul style="list-style-type: none"> <li>• Increasing Value and Boosting Morale;</li> <li>• A Multidisciplinary Talent Development Policy;</li> </ul>	<ul style="list-style-type: none"> <li>• Career Development Programs;</li> <li>• Performance Review and Competency Assessment</li> </ul>
		<p>Employee Rights and Welfare</p>	<ul style="list-style-type: none"> <li>• Talent Recruitment and Retention;</li> <li>• Upholding Human Rights;</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration and Benefits Policy</li> </ul>
		<p>Occupational Health and Safety Management</p>	<ul style="list-style-type: none"> <li>• Promoting Safety Management;</li> <li>• Fostering a Safe Workplace;</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management and Prevention;</li> <li>• Preventing Occupational Accidents and Occupational Diseases</li> </ul>
<p><b>Eco</b></p> <p>Driving energy efficiency and carbon reduction with a commitment to environment friendliness</p>		<p>Environmental Sustainability Vision</p>	<ul style="list-style-type: none"> <li>• Sustainability Policy</li> <li>• Management System</li> </ul>	<ul style="list-style-type: none"> <li>• Vision and History</li> <li>• Projects and Initiatives</li> </ul>
		<p>Green Operations</p>	<ul style="list-style-type: none"> <li>• Energy and Resource Management</li> <li>• Reduction of GHG Emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Pollutant Emissions and Waste Management</li> <li>• Vehicle and Parts Transportation</li> </ul>
		<p>Climate Change Management</p>	<ul style="list-style-type: none"> <li>• Adoption of TCFD Framework</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of Material Risks and Response</li> </ul>
		<p>Eco-Friendly Product Design</p>	<ul style="list-style-type: none"> <li>• Compliance and Certification</li> </ul>	<ul style="list-style-type: none"> <li>• Minimizing Environmental Impact of Supply Chain</li> </ul>
		<p>Environmental Performance of Dealers</p>	<ul style="list-style-type: none"> <li>• Energy Use</li> <li>• Reduction of Carbon Dioxide Emissions</li> <li>• Air Pollutions Control</li> </ul>	<ul style="list-style-type: none"> <li>• Waste Management</li> <li>• Environmental Investment</li> </ul>
		<p>Environmental Performance of Suppliers (Kuozui Motors)</p>	<ul style="list-style-type: none"> <li>• Sustainability Practices of Key Supplier Kuozui Motors</li> </ul>	

## 2.2 Corporate Governance

### 2.2.1 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. However, in evaluating the professional qualifications of directors, considerations related to sustainable development have been included. Notably, one current director possesses functional responsibilities that encompass the promotion and oversight of ESG-related initiatives.

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 Company Act, 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 Company Act, board members shall be elected in the shareholder's meeting. The nominated candidates and the relevant document of the nominated candidates, such as names, backgrounds of education and career, etc., are first reviewed and approved in the Board meeting in April, and will then be submitted to the shareholders' meeting in June.

In 2024, the Board met eight times and the average attendance was 93%. 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.

### 2.2.1.1 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 2024, we have a total of 14 directors, three of which are independent (21%) and two (President Su, Chwen-Shing and Executive Vice President Kazuo Naganuma are employees (14%). There are two directors that are women, accounting for 14% of the Board. In terms of age demographics, five are between the age of 51 to 65, and nine 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

In addition, to achieve the ideal goals of corporate governance, the board of directors as a whole has demonstrated capabilities in operational judgment, management, crisis handling, leadership, and decision-making, and possesses relevant industry knowledge, as detailed below:

Item	Composition						Experience				Profession			
	Nationality	Gender	Employees	Age			Automobiles and Transportation	Metals or Packaging Materials Manufacturing Industry	Finance and Insurance	Information and Technology	Business Management	Financial Analysis	Global Market Perspective	Crisis Management
Below 50	51 to 65	Above 66												
Huang Nan-Guang	R.O.C.	Male	-	-	-	✓	✓	-	-	-	✓	✓	✓	✓
Su, Chwen-Shing	R.O.C.	Male	✓	-	✓	-	✓	-	✓	✓	✓	✓	✓	✓
Kazuo Naganuma	Japan	Male	✓	-	✓	-	✓	-	-	-	✓	✓	✓	✓
Lin, Li-Hua	R.O.C.	Female	-	-	-	✓	✓	-	-	-	✓	✓	✓	✓
Su, Jean	R.O.C.	Female	-	-	-	✓	✓	✓	✓	-	✓	✓	✓	✓
Huang, Chih-Cheng	R.O.C.	Male	-	-	-	✓	✓	✓	-	-	✓	✓	✓	✓
Su, Yi-Chung	R.O.C.	Male	-	-	-	✓	✓	-	✓	-	✓	✓	✓	✓
Ko, Junn-Yuan	R.O.C.	Male	-	-	-	✓	✓	-	-	-	✓	✓	✓	✓
Chang, Shih-Yieng	R.O.C.	Male	-	-	✓	-	✓	-	✓	-	✓	✓	✓	✓
Huang, Wen-Jui	R.O.C.	Male	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Soo, Leon	R.O.C.	Male	-	-	✓	-	✓	✓	-	-	✓	✓	✓	✓
Li, Chao-Sen (Independent Director)	R.O.C.	Male	-	-	-	✓	✓	-	-	-	✓	✓	✓	✓
Su, Chin-Huo (Independent Director)	R.O.C.	Male	-	-	-	✓	✓	-	-	-	✓	✓	✓	✓
Wu, Shih-Hao (Independent Director)	R.O.C.	Male	-	-	-	✓	✓	-	-	-	✓	✓	✓	✓



## 2.2.1.2 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.

In 2024, the performance evaluations of the Board of Directors, the Audit Committee, the Remuneration Committee, and individual directors were all rated as excellent. The evaluation results were formally reported to the Board of Directors on January 21, 2025. In the last external evaluation in Q4 2024, 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. Based on the outcome of the evaluation, the Company has a well-functioning Board; the next external evaluation is scheduled for 2027. 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 2025.

## 2.2.1.3 Functional Committees of the Board of Directors

To enhance governance and oversight, the Board has the following committees: the Audit Committee, Remuneration Committee, Sustainable Development Committee and Hotai Human Resource Development Committee. In 2024, the Audit Committee met six times, the Remuneration Committee met four times, the Sustainable Development Committee met twice, and the company's Human Resource Committee met four times; all meetings had a 100% attendance rate.

### Audit Committee

**Chairperson:** Li, Chao-Sen

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

**Primary Responsibilities:**

1. Stipulate or amend the internal control system to meet the requirements set in Article 14-1 of the Securities and Exchange Act.
2. Evaluate the effectiveness of internal control system.
3. 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.
4. Matters related to directors' personal conflicts of interest.
5. Major assets transactions or derivatives trading.
6. Major fund loans and endorsements / guarantees.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. 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 interim 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.

### Remuneration Committee

**Chairperson:** Li, Chao-Sen

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

**Primary Responsibilities:**

1. Adopt and regularly review the performance of the Board and officers, as well as remuneration policies, systems, standards, and structures.

### Sustainability Development Committee

**Chairperson:** Huang, Wen-Jui

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

**Primary Responsibilities:**

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

### Hotai Human Resources Development Committee

**Chairperson:** Su, Li-Yung

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

**Primary Responsibilities:**

1. Study the human resource development of the overall market.
2. Provide suggestions to the Group's human resource development policy and direction.



## 2.2.1.4 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.

## 2.2.2 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 2024 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 2024.

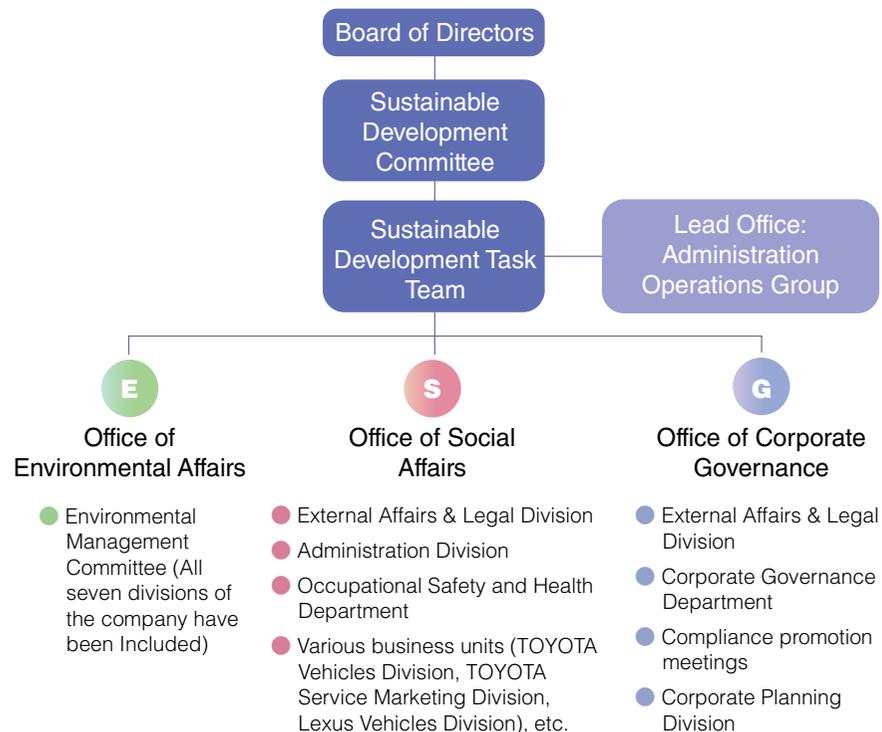
### Summary of the 2024 ESG Operational Results Report to the Board of Directors

Environmental (E)	<ul style="list-style-type: none"> <li>Completed the 2023 greenhouse gas inventory for Hotai Motor Co., Ltd. and its 11 affiliated entities, certified by ISO 14064-1</li> <li>Scored the highest in the audit and evaluation</li> <li>Accomplished the Group's environmental training and activities</li> <li>Continued to actively advance the TOYOTA 2050 CO<sub>2</sub> Emission Environmental Challenge</li> </ul>
Social (S)	<ul style="list-style-type: none"> <li>More than 4.6 million people participated in our Public Welfare Dreamer c events</li> <li>Free Mobility Service to Produce Happiness For All program: added five new NPO partners in 2024</li> <li>Original Dream National Team: Participated by 7 group enterprises</li> <li>Rolled out the Sustainability Blueprint across group enterprises, across 21 affiliated companies in the group</li> <li>Conducted 4 campus career events</li> <li>10,000 sets of safety gear were donated to school crossing guard volunteers, enhancing community safety.</li> <li>The Taiwan Indigenous Wildlife Conservation Program was carried out in collaboration with two public sector agencies.</li> <li>A total of six sustainability training sessions were conducted to promote ESG awareness and capacity building.</li> </ul>
Governance (G)	<ul style="list-style-type: none"> <li>Disclosed information related to greenhouse gas emissions and reduction efforts, in alignment with environmental transparency standards.</li> <li>Uploaded the Shareholders' Meeting Handbook and notified shareholders regarding shareholding declarations, in compliance with corporate governance requirements.</li> <li>Revised the operational guidelines for integrity and risk management, and established corresponding mechanisms to strengthen internal governance.</li> <li>Implemented legal compliance evaluations across 9 group companies</li> </ul>

For more details, please refer to the "[Hotai Motor Website.](#)"

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 June 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



## 2.3 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
<ul style="list-style-type: none"> <li>Published the first CSR Report</li> </ul>	<ul style="list-style-type: none"> <li>The Corporate Social Responsibility Yearbook listed Hotai Motor as the benchmark enterprise for CSR</li> </ul>	<ul style="list-style-type: none"> <li>CSR Committee officially formed</li> </ul>
2019	2020	2021
<ul style="list-style-type: none"> <li>Became one of the companies that the Taiwan Sustainability Index is based on</li> </ul>	<ul style="list-style-type: none"> <li>Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for five consecutive years</li> <li>Nominated for the Top 50 CSR Corporate Citizenship Award by CommonWealth Magazine for six consecutive years</li> </ul>	<ul style="list-style-type: none"> <li>The CSR Committee was renamed the Sustainable Development Committee and published the sustainability report</li> <li>Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for six consecutive years and the Sustainable Citizenship Award for seven consecutive years</li> <li>Received the CommonWealth Magazine Sustainability Citizen Award for seven consecutive years</li> </ul>
2022	2023	2024
<ul style="list-style-type: none"> <li>Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for seven consecutive years and the Sustainable Citizenship Award for eight consecutive years</li> <li>Received the CommonWealth Magazine Sustainability Citizen Award for eight consecutive years</li> <li>Received the National Sustainable Development Award for the first time (Enterprises)</li> </ul>	<ul style="list-style-type: none"> <li>Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for eight consecutive years and the Sustainable Citizenship Award for nine consecutive years</li> <li>Received the CommonWealth Magazine Sustainability Citizen Award for nine consecutive years</li> </ul>	<ul style="list-style-type: none"> <li>Received the Top 50 Corporate Sustainability Award and Sustainability Reporting Award for eight consecutive years and the Sustainable Citizenship Award for ten consecutive years</li> <li>Received the CommonWealth Magazine Sustainability Citizen Award for ten consecutive years</li> </ul>

To amplify our sustainability efforts and results, the three offices have developed the 2025 sustainability objectives and measures based on environmental (E), social (S) and governance (G) aspects, which is another step toward our goal of sustainable operations.



## 2.4 Materiality Analysis

As the traditional automotive industry undergoes significant transformation, we recognize the need for more informed decision-making and enhanced operational efficiency. Concurrently, stakeholder expectations regarding the company's performance in environmental (E), social (S), and governance (G) areas are increasing. We have been committed to 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 also evaluate sustainability-related risks and opportunities, stakeholder feedback, industry-specific trends, and expert recommendations. This process results in the identification of 22 material ESG topics across environmental, social, and governance categories, each assessed for its positive and negative impacts on the economy, environment, society, and human rights.

### 1. Significance Analysis Procedures

Procedure	Explanation
1	<b>Organizational Context:</b> 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.
2	<b>Impact Identification:</b> 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
3	<b>Degree of Significance:</b> 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.
4	<b>Stakeholder Concern Level:</b> Rate the level of concern from internal and external stakeholders regarding sustainability issues.
5	<b>Identification of Material Issues:</b> Draw a materiality matrix based on the magnitude of positive and negative impacts and the degree of concern of stakeholders, and set thresholds for material topics and apply appropriate company adjustments to determine the material topics.

### 2. Organizational Context

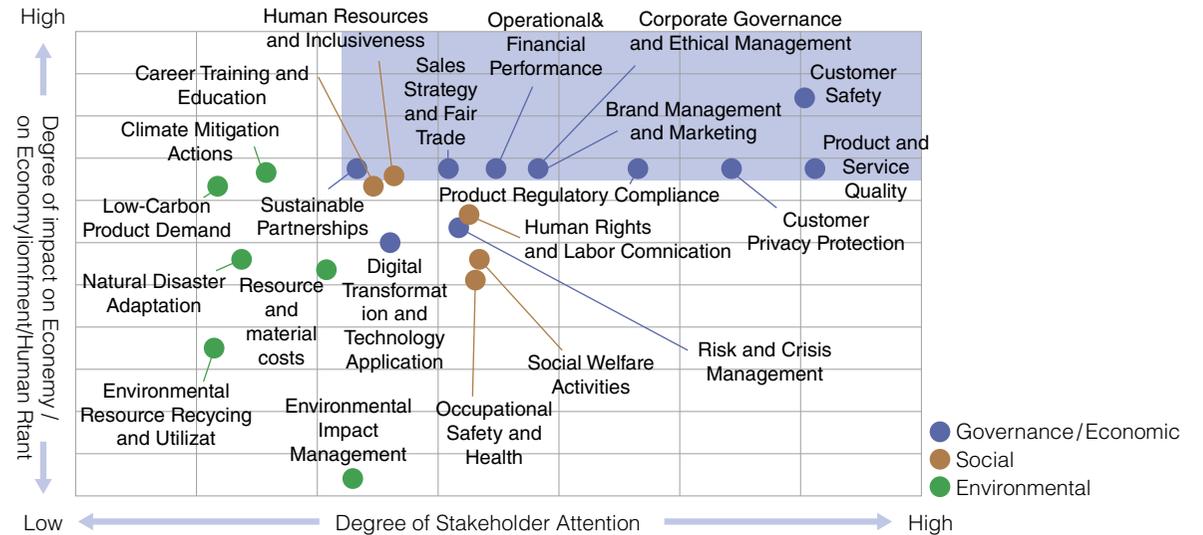
In order to accurately grasp the issues concerned by stakeholders, we have dedicated departments engaging in regular conversations with key stakeholders, which include the exchange of our sustainable concepts to facilitate a greater understanding of each other's positions. Apart from that, we also maintain 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. Based on the five principles (dependency, responsibility, influence, diverse perspectives, tension), we identified six key stakeholder groups for the year 2023: shareholders/investors, customers/clients, suppliers, dealers, media reporters, and employees. Given that there were no significant events affecting the previous assessment, these six key stakeholder groups remain the same in 2024. 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 stakeholder engagement outcomes for 2024 are disclosed in this report and were presented to the board on December 19, 2024.

### 3. Impact 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. To assess the significance of impacts and the level of stakeholder concern, the company distributed a "Sustainability Impact Assessment Questionnaire" to department heads and relevant personnel. Respondents rated the positive and negative economic, environmental, and social (including human rights) impacts of 22 sustainability topics. The average scores for impact magnitude and likelihood were multiplied for both positive and negative impacts, and the combined scores were ranked accordingly. Additionally, a "Stakeholder Concern Questionnaire" was distributed to the six primary stakeholder groups. Each topic was presented with descriptions of its actual and potential positive and negative impacts to gauge stakeholder concern. The average concern scores for each topic were calculated and ranked. The top three topics of concern for each stakeholder group are presented in the accompanying table.

Primary Stakeholders	Top Concern	Second Concern	Third Concern
Shareholders / Investors	Operational & Financial Performance	Customer Data Protection	Social Welfare Activities
Customers	Product & Service Quality	Customer Safety	Customer Data Protection
Suppliers	Product & Service Quality	Product Regulatory Compliance	Customer Safety
Dealers	Customer Safety	Product & Service Quality	Customer Data Protection
Media	Product & Service Quality	Brand Management & Marketing	Customer Safety
Employees	Customer Safety	Product & Service Quality	Customer Data Protection

### Impact Matrix



### 4. 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. Based on the matrix results, the company conducted internal discussions and consulted external experts. It was determined that the topics "Career Training and Education," "Climate Action," and "Human Rights and Labor Communication" had relatively high negative impact scores, requiring continued resource investment to manage and mitigate potential adverse effects. Additionally, "Occupational Safety and Health" was recognized as critical for safeguarding employee well-being and ensuring compliance with Taiwan's regulations. Given our longstanding commitment to social welfare, and the role of "Public Welfare Activities" in its sustainability blueprint M.O.V.E., the importance of these five topics was moderately adjusted. As a result, the preliminary identification of material topics for 2024 includes the following ten as highest priority: Customer Safety, Customer Data Protection, Product and Service Quality, Brand Management and Marketing, Human Resources and Inclusiveness, Career Training and Education, Climate Action, Human Rights and Labor Communication, Social Welfare Activities, and Occupational Safety and Health.

In addition to these ten material topics, the 2024 report continues to disclose sustainability practices and performance related to Sustainable Partnerships, Corporate Governance and Ethical Operations, Risk and Crisis Management, and Low-Carbon Product Demand.

There were no changes to the material topics compared to 2023. The identification results were submitted to the sustainability officer and, upon approval, form the basis for the company's management approach and sustainability disclosures.



2.1 Corporate Sustainability  
Policies

2.2 Corporate Governance  
Structure

2.3 Sustainability  
Milestones

2.4 Materiality  
Analysis

2.5 Integrity in Business Operations  
and Regulatory Compliance

2.6 Information  
Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement

5. Management Approach

Main Topics	GRI Topics	Policy/ Commitments	Impact Description		Engaged Person	Engaged Channel	Engaged Frequency	Plan/Action	2024 Indicators and Targets	2024 Performance	2025-2027 Mid-to-Long Term Goals	SDGs	Chapter
			Positive Actual	Negative Potential									
Customer Privacy Protection	418	1. Customer privacy policy 2. Disclosure of comprehensive customer relationship management activities and results 3. Report on the operations of the Information Security Committee	By strengthening identity authentication protection, building a customer data protection system, and establishing response mechanisms, the organization aims to improve the personal data management system across the entire group and its distributors. This ensures the implementation of personal data protection and management, thereby enhancing customer trust.	If the organization and its affiliates fail to establish or properly manage personal data protection mechanisms, cyberattacks or data theft may lead to customer data breaches or damage. This could result in loss of customer trust, regulatory penalties, and damage to corporate reputation.	Dealer	Annual Reports, Sustainability Reports, Official Communication	Once a year	Plan and effectively implement a blueprint for personal data protection	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	1. Continue strengthening customer privacy protection measures, aiming for zero major customer privacy incidents 2. Obtain ISO27701 certification for key services related to personal data protection		3
					Shareholder	Annual Reports, Sustainability Reports Corporate Website	Once a year Irregularly						
					Employee	Annual Reports, Sustainability Reports	Once a year						
					Customer	Annual Reports, Sustainability Reports Corporate Website	Once a year Irregularly						
Customer Safety	416	Product certification	The company significantly enhances product safety performance by introducing more vehicle safety features, conducting tests and inspections, complying with vehicle safety regulations, and establishing procedures for handling product safety incidents. These efforts aim to provide customers with safe and reliable products, thereby increasing customer trust.	Failure to implement vehicle driver protection systems or to properly conduct product safety testing and inspections may increase driving risks and raise customer safety concerns. Safety issues in products can also affect company profitability and harm stakeholder interests.	Dealer	Sales Seminar, Product Training, On-site Audits, Online Training, Recalls	Irregularly	Strictly comply with relevant laws and regulations	1. Number of major product defect incidents 2. Compliance with government safety certification regulations	No major product defect incidents occurred in introduced vehicle models, and all complied with government safety certification regulations	In response to the development of smart vehicles and the need to maintain vehicle safety, the Ministry of Transportation will implement legislation on vehicle cybersecurity and software updates in 2028. The company is currently communicating with original manufacturers to ensure that all introduced vehicle models comply with government regulations.		3
					Customer	Surveys, Toll-Free Line, App, 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	Through proper quality management processes, customer satisfaction surveys, and the introduction of products that meet market demands, the company reduces production waste, improves quality, addresses customer complaints, increases profitability, builds customer trust and corporate reputation, and earns favorable perception from investors and the public.	Issues with product and service quality may not only violate regulations and result in fines, but also damage customer trust, potentially leading to boycotts and negatively impacting company profits and stakeholder interests.	Employee	TV / Print Ad, Press Release, Email, Meetings	Irregularly	1. Product planning management and regulatory certification 2. Dealer audit management and evaluation 3. Supplier audit management and evaluation 4. Connected vehicle management services and applications	1. Number of major product defect incidents 2. Degree of responsiveness to customer satisfaction and feedback	Maintained No.1 market share	1. Continue to maintain No. 1 market share 2. Timely understanding of customer vehicle needs and launch of products aligned with market trends 3. Continuous product improvement and quality maintenance 4. Development of value chain service applications and equipment 5. 360° satisfaction surveys to fully understand customer service experience		3
					Customer	TV / Print Ad, Press Release, Surveys, Toll-Free Line, App, Email	Irregularly						
					Suppliers	Telephone Interview, Routine Meetings, Onsite Audits, Audit Assessment	Irregularly						



2.1 Corporate Sustainability  
Policies

2.2 Corporate Governance  
Structure

2.3 Sustainability  
Milestones

2.4 Materiality  
Analysis

2.5 Integrity in Business Operations  
and Regulatory Compliance

2.6 Information  
Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement

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			Positive Actual	Negative Potential									
Brand Management and Marketing	417	1. Create an annual brand marketing plan 2. Dissemination of internal and external company updates through press releases and irregular social media posts 3. Host new vehicle test drives for the press to provide firsthand experience and enhance product understanding	Effective brand management can enhance the company's social image, build customer trust and loyalty, drive sales growth, and improve stakeholder interests. By promoting sustainable values, the company inspires customers to value environmental protection, encouraging green consumption and lifestyle transformation in society.	Improper promotional methods or marketing activities may increase costs and carbon emissions, leading to resource waste and environmental damage, which can affect company profitability. Poor marketing may also result in penalties and damage to brand reputation.	Customer	TV / Print Ad, Press Release, Surveys, Toll-Free Line, App, Email, Social Media Platforms	Irregularly	Continuously promote brand image and sustainability-related activities, such as: TOYOTA: "One Tree for Everyone TOYOTA" initiative, sponsorship of Olympic athletes, support for sports and cultural events Lexus: "Sustainable Lifestyle", "LEXUS ELECTRIFIED", "LEXUS LINK" digital services for carbon data tracking HINO: Safe driving programs and seasonal safety campaigns	Increase in brand activity participation, satisfaction, reach, social media engagement rate, and brand preference	1. Strengthen TOYOTA's diversified brand sponsorships, public welfare, and environmental activities to increase brand preference among younger demographics; Deepen Lexus's market positioning as a sustainable luxury brand to enhance customer recognition of brand value; HINO to continue elevating its brand image as a driver of societal progress 2. Maintain No.1 market share	1. TOYOTA: Continued investment in social welfare activities to build a positive brand image and increase brand favorability 2. TOYOTA: Innovation in platforms to lead trends and shape brand community image 3. TOYOTA: Cross-industry marketing to reach diverse consumer groups through creative collaborations 4. Lexus: Enhance recognition and favorability of diverse energy vehicle models 5. Lexus: Position as one of the most sustainability-conscious luxury car brands in Taiwan 6. Lexus: Establish brand loyalty and lifetime customer value management system 7. HINO: Implement the "HINO TRUST Drives the Future" brand concept to become the most trusted partner for customers 8. HINO: Build a brand image that is safe, eco-friendly, sustainable, and trustworthy ("Be Trust") 9. HINO: Cultivate innovative, diverse, and customized CR activities to maintain strong customer relationships and create a brand atmosphere where owners feel valued ("Be Loved")		3
					Dealer	Sales Seminar, Product Training, Onsite Audit, Online Training, Recalls, Official Communication	Irregularly						
Climate Mitigation Action	305 201	Toyota Environmental Management System, ISO14001, ISO14064  By establishing clear reduction strategies and strictly monitoring greenhouse gas emissions, the company aims to gradually reduce emissions to achieve carbon neutrality, mitigate environmental impact, and align with the net-zero pathway.	Failure to collaborate with value chain partners to reduce greenhouse gas emissions may result in high environmental regulatory costs and profit losses, increase environmental burdens, and exacerbate global climate change.	Supplier	Telephone Interview, Routine Meeting, Onsite Audit, Audit Assessment	Irregularly	1. Promote greenhouse gas inventories across all group subsidiaries 2. Promote the development of in-house solar power plants and the adoption of green electricity 3. Continue implementing energy-saving and carbon-reduction measures and replacing energy-intensive equipment (e.g., electrification of company vehicles, upgrading air conditioning systems) 4. Set annual carbon reduction targets for all group subsidiaries and Dealers 5. Promote environmental education within the group, share carbon reduction practices, and publish a quarterly environmental e-newsletter	Carbon emissions of each group company	Annual 3% carbon reduction across group companies in 2024	From the 2025 baseline year, reduce group-wide carbon emissions by 5% annually Achieve a 25% reduction in group-wide carbon emissions by 2030 compared to the 2025 baseline year		6	
				Shareholder	Annual Report, Sustainability Report, Annual General Meeting	Annually							
					Investor conferences	4 times a year							
				Employee	Investor Relations Section on the Corporate Website	Irregularly							
					TV / print advertisements, press releases, emails, meetings	Irregularly							
				Customer	Survey, Toll-Free Line, App, Email	Irregularly							
				Dealer	Official communication	Irregularly							



2.1 Corporate Sustainability  
Policies

2.2 Corporate Governance  
Structure

2.3 Sustainability  
Milestones

2.4 Materiality  
Analysis

2.5 Integrity in Business Operations  
and Regulatory Compliance

2.6 Information  
Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement

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			Positive Actual	Negative Potential									
Human Resource and Inclusion	401 402 405	1. Regular labor-management committees to build a constructive communication platform 2. Organizational development surveys to actively listen to employee voices 3. Strengthening employer branding and providing career exploration opportunities for youth	A sound human resources management system and compensation and benefits structure help attract and retain industry talent, stabilize the workforce, and foster a friendly corporate culture and a harmonious, vibrant work environment, thereby enhancing employee satisfaction.	Failure to recruit and retain top talent may lead to high costs from frequent hiring, increased operational expenses, and business instability, ultimately harming stakeholder	Employees	Labor-management committee	4 times per year	1. Use labor-management committees as a communication channel to listen to and understand employee opinions 2. Conduct organizational development surveys every two years to better understand employee thoughts and needs 3. Continue cultivating campus relationships to enhance employer brand image and provide students with opportunities to explore careers and understand the company	1. Hold labor-management committees regularly, aiming for 4 times per year 2. Conduct organizational development surveys every 2 years 3. Continue participating in campus career activities and internship programs to strengthen employer branding	1. Held 4 labor-management committees 2. Conducted 1 organizational development survey 3. Participated in 6 campus expos, 12 campus briefing sessions (including internship program briefings), and 4 career events; recruited 14 summer interns and 2 long-term interns	1. Continue holding labor-management committees regularly (4 times per year) 2. Continue conducting organizational development surveys every 2 years 3. Continue participating in campus career activities and deepening campus relationships to strengthen employer branding		5
						Organizational development surveys	Once every two years						
						Campus career activities and internship programs	Irregularly						
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)	Establishing a comprehensive competency development and performance evaluation policy helps cultivate outstanding talent within the company. Employees are empowered to leverage their strengths, enhancing productivity and corporate value, which benefits stakeholders.	Without proper promotion pathways, neglecting employees' learning and development needs may prevent the company from utilizing talent effectively or retaining it, ultimately harming stakeholder interests.	Employees	Training programs for reserve managers and staff, TPS courses	Once a year	To help employees quickly adapt to their roles and responsibilities, the company builds a robust internal succession pipeline. It actively promotes competency development plans to help new employees understand the work environment, corporate culture, and company direction. At the same time, it provides diverse learning resources to continuously enhance the professional skills and key competencies of employees at all levels, fostering a workplace culture of self-directed learning and proactive growth.	Offer diverse courses for employees at all levels and produce internal and external online courses	Released 14 internally produced microlearning videos and external annual online courses	To pursue sustainable business operations, Hotai Motor has established a "Well-Rounded Talent" development policy. This policy consists of three dimensions: 1. On-the-Job Training (OJT) 2. Off-the-Job Training (OFF-JT) 3. Self-Development		5
						New staff training	Irregularly						
						Online learning resources	Irregularly						



2.1 Corporate Sustainability  
Policies

2.2 Corporate Governance  
Structure

2.3 Sustainability  
Milestones

2.4 Materiality  
Analysis

2.5 Integrity in Business Operations  
and Regulatory Compliance

2.6 Information  
Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement

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			Positive Actual	Negative Potential									
Human Rights and Labor-Management Relations	Custom Topic	<ol style="list-style-type: none"> <li>Establish the Employee Code of Conduct</li> <li>Hold Labor-Management Committee meetings to assess communication status</li> </ol>	Creating a workplace environment that respects human rights and prohibits discrimination and harassment, while establishing transparent communication channels and strengthening grievance mechanisms, helps build employee trust and cohesion.	Discriminatory or unfair behavior undermines the rights of both employees and non-employees, leading to loss of trust and morale.	Employee	<ol style="list-style-type: none"> <li>Labor-management meetings</li> <li>Sexual harassment prevention grievance channels</li> </ol>	<ol style="list-style-type: none"> <li>4 times per year</li> <li>Irregularly</li> </ol>	<ol style="list-style-type: none"> <li>To protect and listen to employees' opinions, the company has established multiple communication channels such as labor-management meetings and suggestion mailboxes.</li> <li>To promote gender equality in the workplace, employees can submit sexual harassment complaints via suggestion mailboxes and dedicated hotlines. A Sexual Harassment Complaint Handling Committee is in place to process cases. Gender equality awareness is regularly promoted through both online and in-person training sessions.</li> </ol>	<ol style="list-style-type: none"> <li>Hold labor-management meetings regularly, aiming for 4 times per year</li> <li>Regularly promote gender equality concepts and implement "Workplace Sexual Harassment Prevention Training"</li> </ol>	<ol style="list-style-type: none"> <li>Held 4 labor-management meetings</li> <li>Conducted 1 online gender equality training session and 4 in-person courses</li> </ol>	<ol style="list-style-type: none"> <li>Regularly hold labor-management meetings, with a target of four times per year.</li> <li>Continuously strengthen human rights-related training for all employees to enhance awareness of gender equality and diversity.</li> </ol>		5
			By implementing an occupational health and safety management system, the company ensures effective safety practices, reduces the likelihood of occupational injuries and accidents, eliminates workplace hazards, and provides a safe and healthy working environment. This enhances employee trust and ensures compliance with regulations.	Neglecting occupational health and safety management can harm employees' physical health and work rights, potentially leading to high medical expenses and fines. It may also result in workforce reduction, affecting product output and damaging corporate reputation, thereby harming stakeholder interests.									
Occupational Safety and Health	403	<ol style="list-style-type: none"> <li>Adopt ISO 45001 Occupational Health and Safety Management and related certification</li> <li>Conduct health and wellness activities</li> </ol>			Employee	External certification of the ISO 45001 Occupational Health and Safety Management System	<ol style="list-style-type: none"> <li>Annual</li> <li>Irregularly</li> </ol>	<ol style="list-style-type: none"> <li>Promote the ISO 45001 Occupational Health and Safety Management System</li> <li>Launch themed health promotion activities</li> </ol>	<ol style="list-style-type: none"> <li>External certification of the ISO 45001 system</li> <li>Frequency and participation in health promotion activities</li> </ol>	<ol style="list-style-type: none"> <li>Training for ISO 45001 personnel in each unit</li> <li>Optimization of ISO 45001 third- and fourth-level system documents</li> <li>Implementation of plans to prevent human-related hazards</li> <li>Enhanced health promotion activities for individuals with high blood pressure, high blood sugar, and metabolic syndrome (e.g., fitness classes, physician consultations, health seminars)</li> </ol>	<ol style="list-style-type: none"> <li>Continue passing external certification for the ISO 45001 Occupational Health and Safety Management System</li> <li>Continue organizing workplace health promotion activities to strengthen the culture of occupational safety and health</li> </ol>		5



2.1 Corporate Sustainability Policies

2.2 Corporate Governance Structure

2.3 Sustainability Milestones

2.4 Materiality Analysis

2.5 Integrity in Business Operations and Regulatory Compliance

2.6 Information Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement

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			Positive Actual	Negative Potential									
Public Welfare Activities	203	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	By investing company resources and manpower into tangible actions that support disadvantaged communities, the company enhances its positive public image.	Failure to fulfill corporate social responsibility may weaken social cohesion and increase societal costs, potentially damaging the company's reputation.	Dealer	Share resources for public welfare projects, such as co-hosting volunteer activities	Irregularly	Continue organizing public welfare activities and expanding their impact	Organize public welfare activities focused on diverse sustainability topics such as traffic safety, mobility for the disadvantaged, youth empowerment, education for children in remote areas, and biodiversity to broaden sustainability influence	1. Public welfare communications reached over 17 million people 2. Project outcomes reported to the Sustainability Committee and reviewed by senior sustainability governance executives	Continue organizing public welfare activities, leveraging group-wide efforts in collaboration with affiliates and partners (government agencies, NGOs / NPOs, etc.) to expand the reach and impact of social initiatives	            	4
					Media	Hold press conferences on public welfare affairs to share our sustainability vision and values							
					Employee	Hold volunteer activities to enhance employees' understanding of the company's public welfare efforts.							
					Customer	TV / Print Ad, Press Release, Email, Social Media Platforms							

"Official Communication" refers to notifying dealers through official documents, instructing them to comply with the content and carry out related business or action items accordingly.



6. 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 stakeholder engagement summary for 2024 is scheduled to be reported at the Board meeting in December 2025. The contents of Hotai Motor's 2024 report are summarized as follows.

Report Summary

Customer Safety	Policies such as product certification and environmental safety management systems.
Climate Mitigation Action	Implementation of Toyota Environmental Management System ISO 14001 and ISO 14064-1.
Customer Privacy Protection	Provide full disclosure of our customer management, privacy protection policy, and operation of the Information Security Committee.
Brand Management and Marketing	Annual brand marketing plans; communication through press releases and media test drive events to enhance public understanding of products.
Product Service and Quality	Implementation of product management and customer service systems; regular market reviews with feedback to dealers and suppliers.
Public Welfare Activities	Promotion of public welfare projects; annual one-day volunteer leave to encourage employee participation in volunteer activities.
Human Resource and Inclusiveness	Labor-management committee meetings and employee satisfaction surveys.
Career Development and Education Training	On-the-job training (OJT) system, educational courses, and self-learning development resources.
Human Rights and Labor-Management Relations	Establishment of employee code of conduct; labor-management communication reviewed through committee meetings.
Occupational Safety and Health	Adoption of ISO 45001 management system and certification; creation of a group-wide occupational safety and health database; organization of health promotion activities.

2.5 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 2024, Hotai Motor did not experience any major legal violations. Furthermore, no fines were imposed for regulatory breaches in either 2023 or 2024.

\* For reference, a major legal violation is defined in accordance with the Taiwan Stock Exchange Corporation's procedures for verifying and disclosing material information of listed companies, as any single incident resulting in cumulative fines of NT\$1 million or more.



Rules and Procedures of Board Meetings



Anti-Bribery Policy and Standards of Ethical Business Practices



Procedures and Guidelines for AntiBribery and Ethical Business Practices



Hotai Motor Corporate Governance Best Practice Principles



Procedures for Handling Material Nonpublic Information





2.1 Corporate Sustainability  
Policies

2.2 Corporate Governance  
Structure

2.3 Sustainability  
Milestones

2.4 Materiality  
Analysis

2.5 Integrity in Business Operations  
and Regulatory Compliance

2.6 Information  
Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement

### Recusal Rules for the Board of Directors

- To effectively implement the director recusal policy, the Rules and Procedures of Board Meetings specifically provides that when the agenda item being discussed presents a conflict of interest between a director or the corporation represented by the said director and the company, the director must disclose the conflict at the meeting, and refrain and recuse themselves from any discussion and voting concerning the matter when the conflict competes with the interest of the company. The said director may not act as proxy for another director.
- Disclosures of cross-board membership, cross-shareholding, and existence of controlling shareholders in the highest governance body can be found on pages 10–21 of the 2024 Annual Report.

### Insider Trading Prevention Management

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

### Anti-Bribery Policy and Standards of Ethical Business Practices

- Our Anti-Bribery Policy and Standards of Ethical Business Practices are guided by the Ethical Corporate Management Best Practices for TWSE/GTSM Companies, TMC's Anti-Bribery Guidelines, and applicable laws and regulations to ensure that we act with honesty, transparency, and responsibility. Every director, supervisor, officer, and individual hired by the company in any form are expected to comply with the Policy and Standards.
- To prevent corruptions and unlawful behaviors, employees are prohibited from directly or indirectly offering, accepting, promising, or demanding benefits in the course of doing business with the other party, except in the event where the benefits are part of the lawful business conducted or considered appropriate under the social norms. The Guidelines also establish clear rules on policy-making, business activities, political contributions, charitable donations and sponsorships. To ensure full compliance with the Guidelines, the Board of Directors is required to fulfill its duty of care as a good manager and oversee the company's efforts in preventing unethical and unlawful behaviors and review the results of implementation from time to time for improvement. We are firmly committed to a zero tolerance policy against corruption
- In June 2016, the Policy and Standards were amended to reflect the updated Ethical Corporate Management Best Practices for TWSE/GTSM Companies and Articles of Incorporation of the company. To complete our reporting procedures, we adopted the Proce
- The Code and the "Procedures for Ethical Business Operations and Conduct Guidelines" were revised in 2023 and 2024 to further enhance the company's ethical business 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.

## 2.5.1 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 ensuring a strict non-retaliation policy to protect individuals who make a report. 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 2024, a total of 24 reported cases were received and 0 confirmed incidents, 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	2021	2022	2023	2024
Number of Concerns Reported	17	27	16	24
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 June 2024, 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 2024, there were no incidents of corruption that have been found to be substantiated and confirmed.

Ethics Training		2021	2022	2023	2024
Annual Compliance Training for All Employees	Attendance	563	563	567	565
	Percentage of Employees Receiving Training	100%	100%	100%	100%
Anti-Bribery Training for New Employees**	Attendance	24	27	33	39
	Percentage of Employees Receiving Training	100%	100%	100%	100%

\*Note 1: Employees who do not pass the integrity management education and training must attend a make-up course.

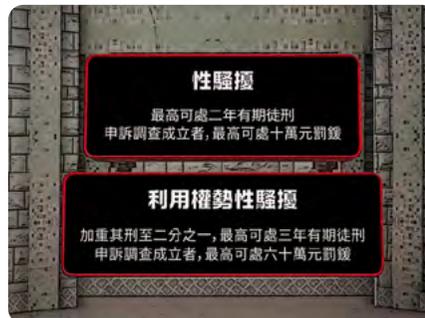
\*Note 2: Due to the timing of new employee onboarding, the number of participants in the education and training may slightly differ from the annual statistics on new hires.

## 2.5.2 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

Hotai Motor solicited submissions from the group and developed the annual "Zero Tolerance Policy" promotional video, incorporating legal compliance concepts through a humorous approach. The video was launched on August 14, 2024, for internal education and promotion. It encouraged employees to reflect deeply and participate actively through online course quizzes and a comment-based prize draw. This initiative resulted in 12,104 views and 756 comments.



### Legal Seminars on Zero Tolerance Policy

Hotai Motor regularly hosts legal seminars on the topic of zero tolerance against unethical and unlawful behaviors. In the seminar, we discuss the concepts of the "Broken Windows Theory" and "Zero Tolerance" as well as common violations in our operations from real-life examples to reinforce compliance of first-line employees. We also invite legal counsels from our dealerships as guest speakers for in-person trainings, and offer online training and conduct post-training quizzes for those who are unable to make it in person. These efforts demonstrate our unwavering commitment to fight against unethical and unlawful behaviors. In 2024, both in-person and online courses were conducted across various business areas, with the following results:

2024 In-Person Training		2024 Online Training	
Number of Sessions	121 (including our dealers, and affiliated companies <sup>1</sup> )	Number of Sessions	9,293, covering dealerships <sup>2</sup>
Participants	3,798	Participants	99% <sup>3</sup>

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 Conneted, Ho-Yun Car Rental (和運租車), Hotai Mobility, 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] \* %

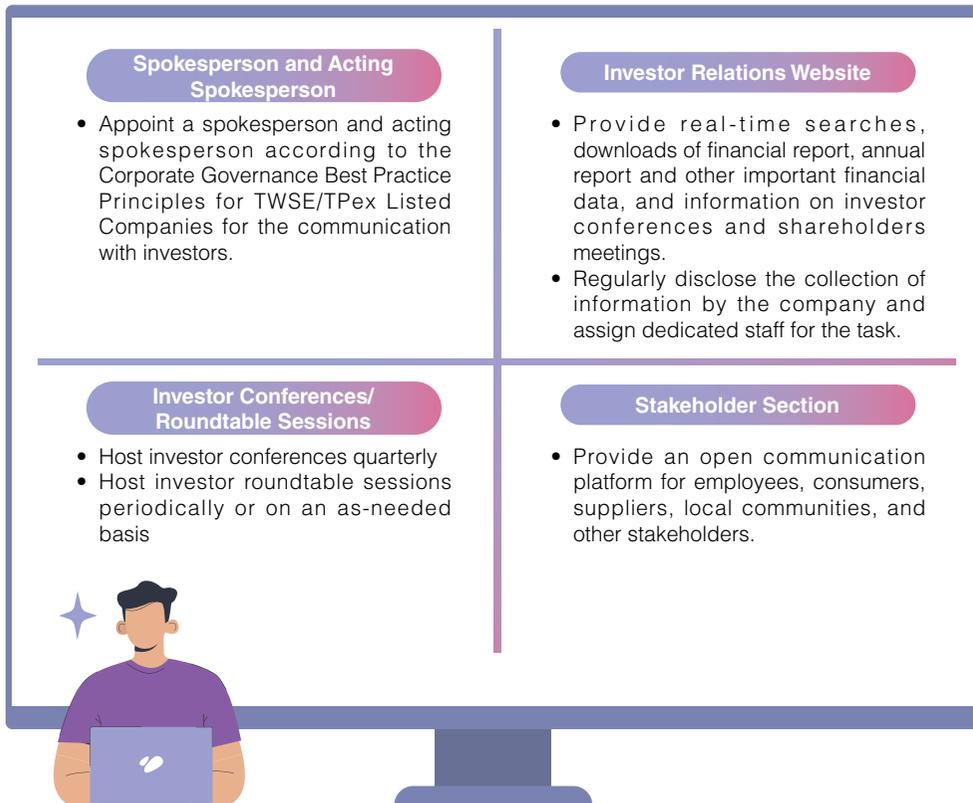
### 2.5.3 Zero-tolerance Policy and Compliance Review to Safeguard Intellectual Property

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, three legal seminars were held in 2024 for all Hotai Motor employees, emphasizing that respect for intellectual property is a key component of the company's integrity policy, with a total of 235 participants (including online attendees). Additionally, 12 demonstration education sessions on Zero-tolerance Policy were conducted for dealer personnel, and three compliance education sessions were held for affiliated companies. These sessions targeted dealer branch managers (including those from Chang Yuan Motors) and employees of affiliated companies, focusing on how to avoid infringing on others' intellectual property rights in daily operations, with a total of 590 participants. Hotai Group also revised its Compliance Manual to include explanations on software intellectual property rights, which were incorporated into the Legal Office's annual online test. A total of 404 individuals passed the test.

## 2.6 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 2024, 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

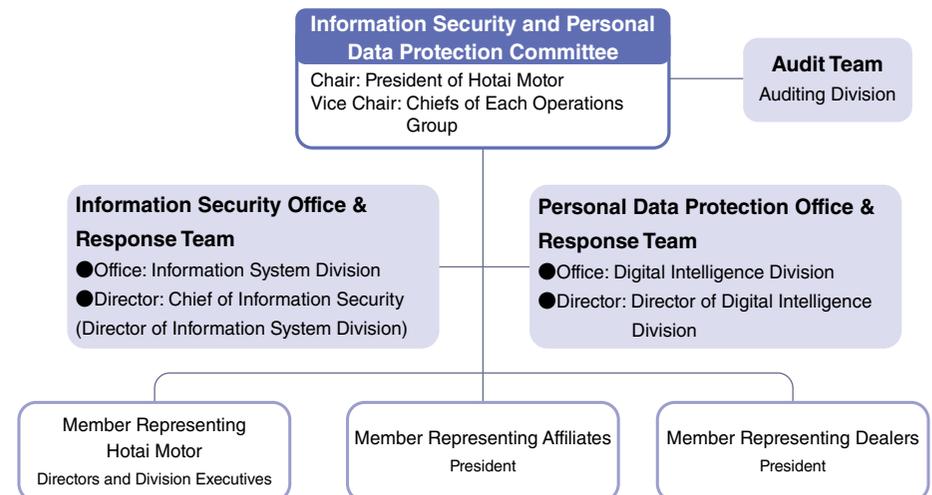


## 2.6.1 Information Security and Customer Data Protection

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 Motor. 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 groupwide 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.

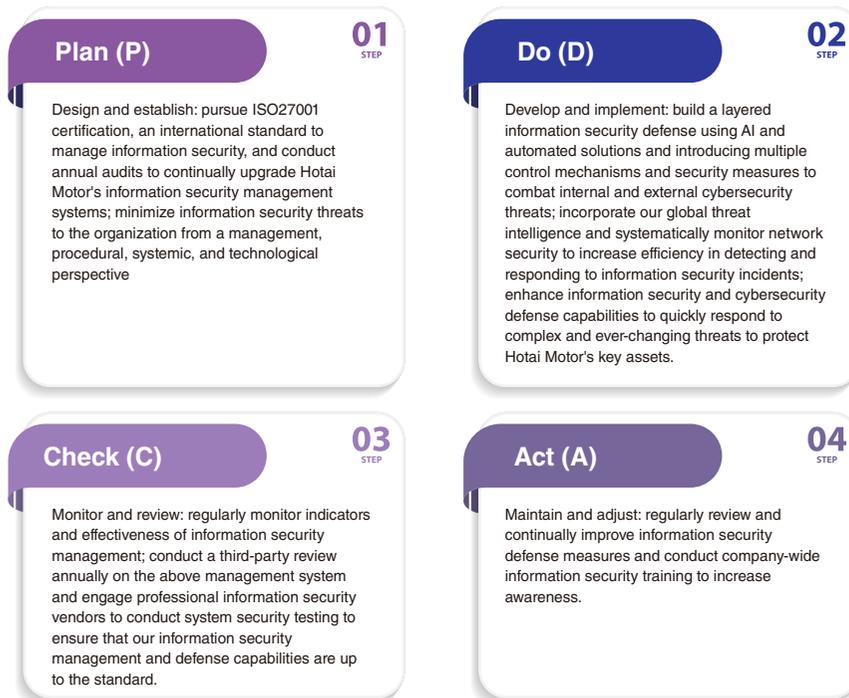
### Information Security and Personal Data Protection Committee Structure



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

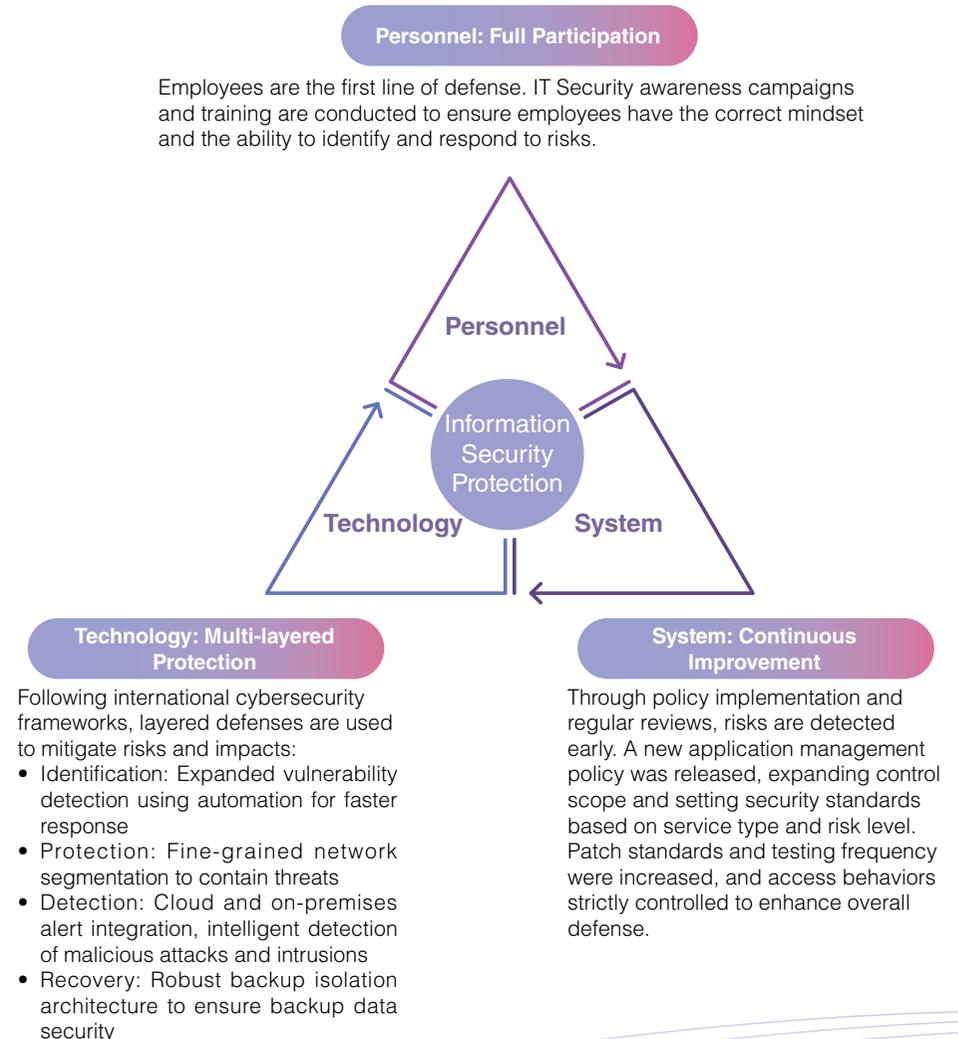
## 2.6.2 Information Security Management System

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.



## 2024 IT Security Management Measures

In response to the rapid development of AI and increasingly fast and widespread cyberattacks, Hotai adopts a collaborative defense strategy involving personnel, systems, and technology. A multi-layered defense architecture is established to quickly respond to complex threats. Key management actions and specific measures include:





## ∞ Resources Invested in Information Security Management

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

- 1. Dedicated unit:** We set up the 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.
- 2. International Certification:** Adhering to the ISO 27001 standard for the international information security management system, we continuously refine our information security governance structure and management mechanisms. Additionally, we conduct annual reviews through certification bodies to ensure the effectiveness of our information security management system. In 2024, we completed the review, maintaining the validity of our certificate, with no major deficiencies in the information security audit.
- 3. 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. Each company within the group 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 2024, no major data security incidents occurred.
- 4. Security Awareness:** Given the evolving nature of cyberattacks, employee awareness is crucial. Hotai conducts diverse training and communication campaigns. In 2024, two social engineering drills were conducted with 570 participants (100% coverage). Phishing emails were used to test awareness, accompanied by educational messages to reinforce proper email practices and enhance vigilance.

## 2.7

## Risk Management (Corporate Governance Office, Audit Office, Treasury Office)

### 2.7.1 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 its 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 2024, Hotai Motor's Audit Office conducted a group-wide internal control self-assessment training to further strengthen risk management.

In order to strengthen our risk management and control, Hotai Motor's Audit Office conducted two group audit training sessions in 2024. These sessions focused on high-risk areas such as information security auditing, personal data management, and newly introduced regulations on sustainability information 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.

### ∞ 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.

## 2.7.2 Risks and Opportunities Related to the Industry

### 1. Industry Status and Development

In 2024, the global economy steadily rebounded due to easing inflation, recovering international consumer demand, and strong business opportunities from emerging technologies such as AI. The annual economic growth rate reached 4.59%, an increase of 3.28% compared to 2023. Supported by ongoing government vehicle replacement policies, continuous promotional activities by various brands, and the launch of key new car models, Taiwan's automotive market maintained solid sales momentum, with a total of 457,830 vehicles registered for the 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 52.4%.

Ranking	1	2	3	4	5	6
Brand	TOYOTA LEXUS HINO	MITSUBISHI CMC MG	HONDA	MERCEDES BENZ	HYUNDAI	BMW
Volume	159,608	53,020	26,791	26,557	22,691	20,332
Market Share	34.9%	11.6%	5.9%	5.8%	5.0%	4.4%

### 2. Upstream, Midstream, and Downstream Industry Relationships

Taiwan's automotive industry sources its products through authorization from international automakers (brand parent companies), which provide components and production technology for local assembly or import complete vehicles. These are then sold by Taiwanese distributors through dealership networks, which also handle pre-sale services, after-sales services, and vehicle maintenance. Major domestic car manufacturers include Kuozui Motors (TOYOTA small cars and HINO large vehicles), China Motor Corporation (MITSUBISHI, MG small cars and FUSO large vehicles), Yulon Motor (NISSAN and LUXGEN small cars), Ford Lio Ho (FORD small cars), Sanyang Motor (HYUNDAI small cars), and Honda Taiwan (HONDA small cars).

The automotive brands represented by us are renowned in the industry for their excellent quality, comprehensive after-sales service, and outstanding marketing and planning capabilities. Their competitive advantage continues to grow annually, maintaining the top market share position for many years.

### 3. Product Development Trends and Competitive Landscape

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 continues to stabilize after the pandemic, the market share of imported cars in Taiwan rose to 49.3% in 2024. In terms of car segments, SUV models continue to sell well. With various brands launching multiple crossover SUVs, SUV sales accounted for 58.3% of the market in 2024. 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 17 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".



TOYOTA

#### 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.
- With the global economy steadily recovering and the accelerated expansion of emerging technologies such as AI, domestic exports and production continue to grow. Benefiting from low-carbon and digital transformation, businesses are increasing capital expenditures, and international corporations are ramping up investments in Taiwan, contributing to stable growth in domestic consumer markets.

#### Unfavorable Factors

- Global economic uncertainties persist due to U.S. political transitions, continued weakness in China's economy, asynchronous monetary policies among central banks, and geopolitical conflicts, all of which may impact future global economic prospects.
- Political and economic risks in the Taiwan Strait, real estate market conditions, and financial lending uncertainties may affect consumer purchasing decisions.

#### 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.



2.1 Corporate Sustainability  
Policies

2.2 Corporate Governance  
Structure

2.3 Sustainability  
Milestones

2.4 Materiality  
Analysis

2.5 Integrity in Business Operations  
and Regulatory Compliance

2.6 Information  
Disclosures

2.7 Risk Management

2.8 Financial Performance

2.9 External Engagement



## Lexus

### Favorable Factors

- According to the latest forecast from Academia Sinica, Taiwan's economic growth rate in 2025 is projected at 3.1%, with the development of the semiconductor, ICT, and new energy industries expected to boost the high-income population.
- 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
- Rising awareness of carbon reduction is driving the trend of replacing old vehicles with electrified models.

### Unfavorable Factors

- International political and economic instability, such as wars and tariff barriers, may impact local industries and consumer confidence.

### Response Strategies

- Evaluate old-for-new vehicle purchase subsidies and introduce flexible payment plans to reduce the financial burden on car buyers.
- Offer a full range of electrified models (HEV, PHEV, BEV) and diversified services to meet various consumer needs.



## Commercial Vehicles

### Favorable Factors

- Multiple expected global interest rate cuts may stimulate economic recovery.
- Strong global AI demand is driving growth in exports, industrial activity, investment, labor markets, and household consumption.
- The government's extension of the Regulations Governing Subsidies for Air Pollution Reduction from Vehicle Scrappage until the end of 2026 supports sustained replacement demand.

### Unfavorable Factors

- Global economic uncertainty and ongoing geopolitical conflicts are leading to tariff barriers and rising raw material and energy prices, which may affect consumer willingness to purchase vehicles.
- Labor shortages caused by aging populations and declining birth rates are prompting businesses to downsize or delay production plans.
- After the lifting of pandemic restrictions, the travel preferences of local residents quickly shifted, leading to a decline in domestic tourism and a subsequent slowdown in demand for buses.

### 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.
- Enhance safety features across all vehicle models to provide customers with safer and more reliable vehicles.



## 2.8 Financial Performance

Year	2021	2022	2023	2024	Units
Operating Revenue	138,872,240	130,393,188	161,317,924	160,057,276	NT\$ thousand
Operating Profit	8,545,817	9,757,266	10,630,312	10,356,551	NT\$ thousand
Non-operating Income and Expenses	10,163,586	(28,957,412)	12,310,719	11,267,255	NT\$ thousand
Profit Before Tax	18,709,403	(19,200,146)	22,941,031	21,623,806	NT\$ thousand
Profit After Tax	16,210,758	(19,330,194)	22,857,675	20,467,026	NT\$ thousand
Income Tax Expense (Profit)	2,498,645	130,048	83,356	1,156,780	NT\$ thousand
Total Assets	94,565,824	83,693,191	102,391,453	101,779,708	NT\$ thousand
Paid-in Capital	5,461,792	5,461,792	5,571,028	5,571,028	NT\$ thousand
Revenue per Employee	246,665	231,604	284,511	276,437	NT\$ thousand
Total Number of Employees at End of Year	563	563	567	579	Person
Operating Expenses + Operating Costs	130,284,359	120,621,590	150,446,356	149,494,341	NT\$ thousand
Earnings Per Share	29.68	(35.39)	41.03	36.74	NT\$
Total Payroll	2,032,037	1,356,981	2,257,974	2,217,800	NT\$ thousand
Employee Benefit Expenses (Deducted by Payroll Expenses and Pension)	177,302	183,221	202,823	213,314	NT\$ thousand
Total Pension	28,409	33,878	33,239	34,499	NT\$ thousand
Debt Ratio	22.0	35.3	50.1	23.1	%
Retaining Economic Value	6,350,133	8,376,893	8,198,157	8,097,322	NT\$ thousand

## 2.9 External Organizational Participation (Business Management Planning Office)

The company actively participates in external industry and sustainability-related associations and organizations. This involvement not only helps in understanding market trends, technological innovations, and industry best practices — thereby enhancing corporate competitiveness — but also fosters closer collaboration with industry leaders and promotes information sharing and exchange.

Name of External Organization	Position
Third Wednesday Club	Director
The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Director
Importers and Exporters Association of Taipei	Member
Taiwan Japan Association for Business Communication	Director
The Japanese Chamber of Commerce & Industry Taipei	Member
Taiwan Corporate Governance Association	Member
Taiwan Stock Affairs Association	Member
Taipei Automobile Distributor Association	Executive Director
Taiwan Transportation Vehicle Manufacturers Association	Member
Taiwan Automotive Repair Industry Association	Vice Chairman
Chinese East Asia Economic Association	Director
Taiwan Institute of Directors	Member
Center for Corporate Sustainability	Director
Taipei Medical Instruments Commercial Association	Member



# 03 Mobility

**97.9%**

Average supply rate of automotive parts in the last five years

**5 Stars Rating**

TOYOTA Corolla Cross, Corolla Altis, RAV4 and Lexus NX have received 5-star safety ratings from the Ministry of Transportation and Communications of Taiwan

**23 Consecutive Years**

as the number one company in Taiwan's automotive industry

Over **9.7** (out of 10)

2024 Customer Satisfaction Score

Hotai Motor offers a diverse lineup of energy products and promotes Mobility as a Service (MaaS) to enable various transportation possibilities. From service culture, product design and manufacturing, customer relations to the entire industry chain of distribution and supply, it supports the foundation of Mobility. Our people-first culture is what enables us to maintain a leading position in Taiwan's automotive industry for 23 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.

## 3.1 "Happiness at TOYOTA" Service Culture

### ∞ Happiness at TOYOTA Philosophy

At Hotai Motor, we put people at the center of everything we do. We 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 builds 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 improvement of working environment and facilities, family events for employees, on-the-job training, and a wide range of incentives programs. 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 "Value" section of this report.)

We also invest significant resources to deliver 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 services, 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 through every interaction.

### The "Happiness at TOYOTA" Concept

Working together to create a happy workplace for our employees — a fun and enjoyable working environment at TOYOTA

- Foster a positive atmosphere together, ensuring employees enjoy a happy workplace with "Happiness at TOYOTA."
- Focus on providing thoughtful services for customers to experience the joy of driving with "Happinessjoy at TOYOTA."
- Deeply rooted in the community to enhance value, TOYOTA is best in town: best in town.

Dedicated efforts to delivering surprisingly personalized services to our customers as part of their "Happiness at TOYOTA" experience as

TOYOTA the Best in Town

### Creating a Culture that Prioritizes Employee Satisfaction and Customer Satisfaction

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

- Define Key Focus Areas: Annually plan customer satisfaction development themes and initiatives, collaborating with dealers to implement them effectively.
- Track Effectiveness: Hold cross-departmental customer satisfaction committee meetings and organize inter-dealerinterdealer result-sharing sessions. Evaluate the effectiveness through monthly surveys of TOYOTA's SSI/CSI performance.
- Promote Training: Conduct customer satisfaction courses annually, establish a CS certification instructor system, and promote company-wide CS education resources to enhance service awareness.

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

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 every

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

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

#### 2015 《Seeing Trust》

Building Trustworthy Teams that Show Care

#### 2016 《Activating the Key》

Creating Teams that Share Happiness and Success

■ Strengthening the CS (Customer Service) Culture

■ Enhancing Mindsets, Improving Systems, Enjoying Work

■ Employee Satisfaction Customer Satisfaction (Talent Development)



### 2017~2024 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

#### 2024 《Case Expansion》

Implementation of best practices across all sites

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

[ 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

[ The Top 100 Best Practices Collection ] compiles the excellent ES/CS practices from various dealers into a book for sharing, learning, and cross-applicability.

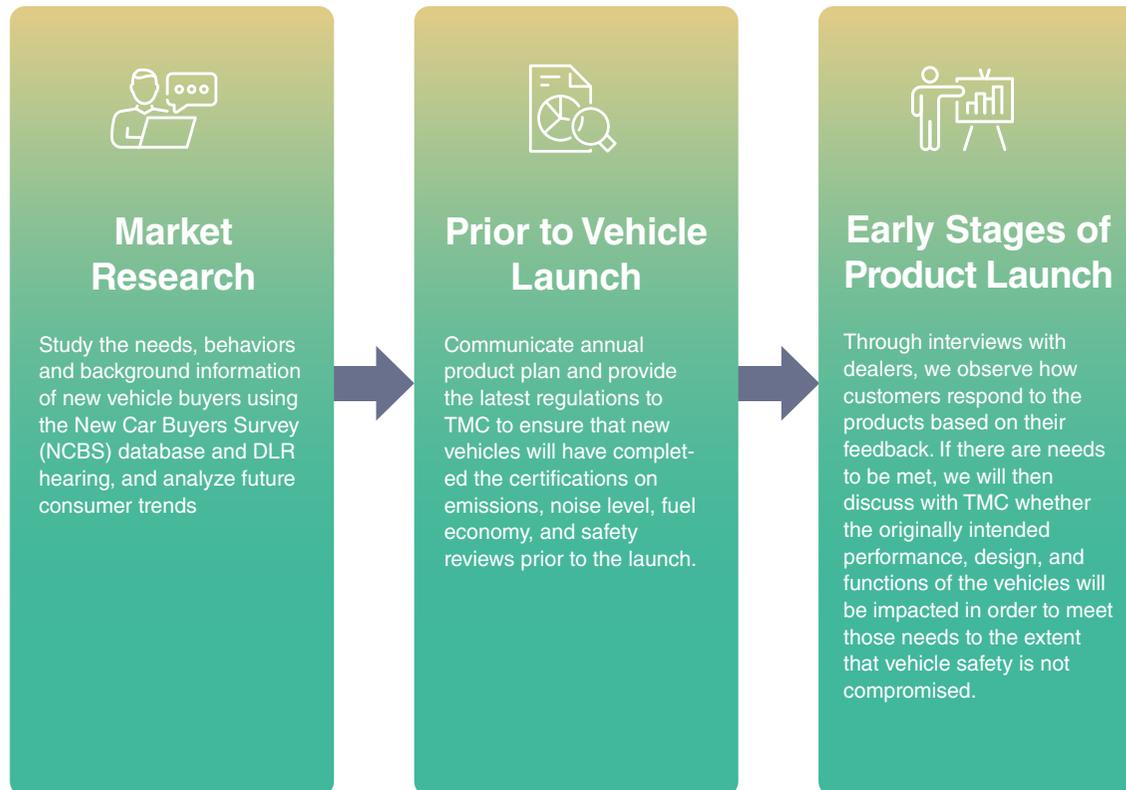
# Maintaining TOYOTA as the "No.1 Local Brand"

## 3.2 Product Design and Manufacturing

### 3.2.1 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 Survey (NCBS) database. Prior to every vehicle launch and during the initial stage of a product launch, we discuss 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, electrified 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 electrified 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 Electrified Vehicles

Unit: unit

Year	2021	2022	2023	2024
TOYOTA	29,708	29,739	29,533	34,334
Lexus	6,423	6,036	12,648	14,791
HINO	4	6	34	12
Total Registration	36,135	35,781	42,215	49,137

## 3.2.2 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 are 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 2024, 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 2024 Taiwan New Car Assessment Program (TNCAP), TOYOTA the Corolla Cross, Corolla Altis, and RAV4, and Lexus NX 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 equipment, 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 equipment of vehicles under our brand. For domestic vehicles, all series of our bestselling models in the segment, Corolla Altis and Corolla Cross, come standard with TSS and 7 airbags. Additionally, Sienta, Yaris Cross, Vios, and Town Ace are also equipped with the TSS feature. For import vehicle models, all series of RAV4 (gasoline/hybrid), Camry (gasoline/hybrid), C-HR, Corolla Sport, Prius PHEV, Prado, Alphard, Sienna, Hilux, GR Supra, and CROWN come standard with TSS and 7 (or more) airbags. A total of 13 vehicle models are equipped 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 precollision 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 fully equipped with PCS (Pre-Collision System), LDWS (Lane Departure Warning System), visibility assistance devices, and anti-underrun devices to enhance vehicle operational safety. Models over 10 tons are equipped with ACC (Adaptive Cruise Control) for active distance maintenance. 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, LDWS, ACC, and VSC (Vehicle Stability Control), providing comprehensive safety protection for every journey.

### 3.2.3 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**

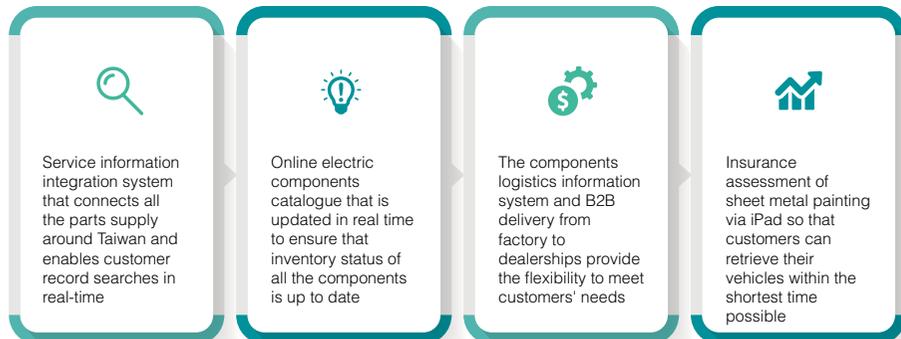
Each month, Hotai Motor investigates whether customers are satisfied with the quality of their new vehicles through surveys conducted by competitors and our own mail surveys, and the feedback obtained is to be used as a basis for improvement for dealers. We work together with dealers to conduct research 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 analyzes the results from our SSI study on quality of new vehicle delivery and share how we are going to do better to ensure customer satisfaction.

### 3.2.4 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 286 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 2024, our parts supply rate has met our targets and averages at 97.9%.



Subject	2020	2021	2022	2023	2024
Purchase Order Volume	26,746	24,631	25,341	25,523	25,597
Sales in Total (in NT\$ thousand)	12,529,308	12,889,677	14,286,655	15,396,324	15,936,633
Components Supply Rate (%)	97.6%	97.8%	98.0%	98.2%	97.9%
Number of Delivery Locations	184	205	240	267	286

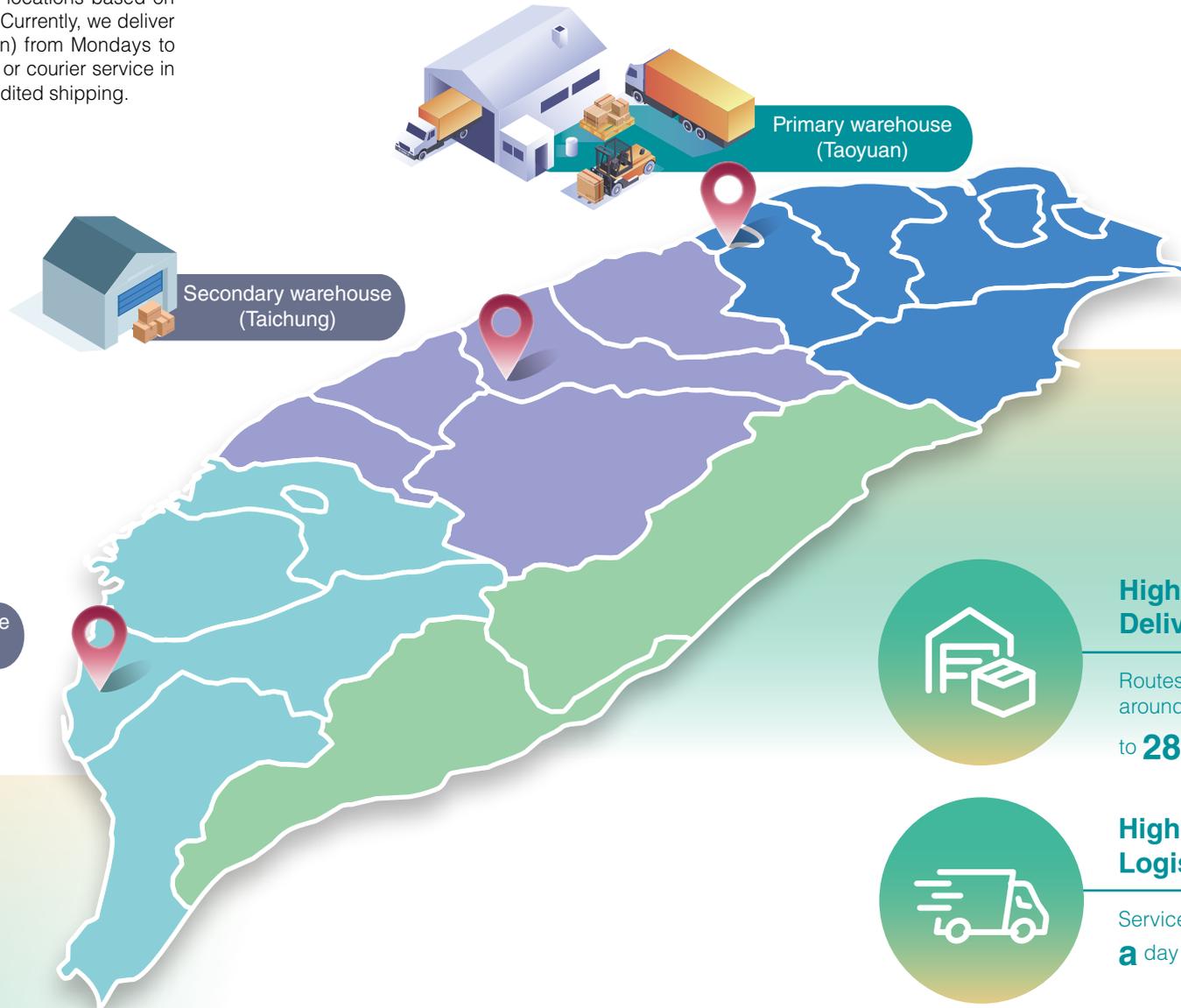
Note 1: Parts supply rate refers to the percentage of parts that are ready to ship upon orders being placed by dealers. Calculation: Number of Locations from Which the Parts Were Shipped / Number of Locations from Which Orders Were Placed = Number of Locations That Fulfilled the Orders / (Number of Locations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

Note 2: The parts supply rate in 2024 was revised to align with the benchmark of other indicators, including TOYOTA, Lexus, and Hino brands; previously, it only included TOYOTA.



Hotai Motor regularly purchases 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.

### Our Parts Logistics Centers



### High-density Delivery

Routes **41** delivery routes around the island and deliver to **286** sales locations



### High-frequency Logistics

Service Delivered **twice** a day

## 3.3 Customer Relationship Management

### 3.3.1 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 a 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 relationships.

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 continued 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, boutiques, insurance, and used cars. In the meantime, we also set up an owner's section on our website, providing car owners the convenience of a one-stop shop for customized services. In 2021, the TOYOTA customer service chatbot was upgraded and handled over 60% of incoming customer inquiries, becoming the main source of VOC, which allowed us to achieve customer diversion and successfully transform service interactions. To further improve customer experience and convenience, we introduced the first intelligent customer service voice input in the industry in November 2022. Through advanced voice recognition combined with AI-powered customer service chatbot, we provide more convenient inquiry services. In July 2023, the 0800 voice hotline was integrated with intelligent customer service to further enhance customer experience, allowing car owners to obtain service information more conveniently, strengthening the driving experience and road safety. 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 2024, the AI customer service acceptance rate exceeded 70%, and the customer service center simultaneously initiated an internal transformation by introducing a knowledge management system, improving the efficiency of customer service personnel, ensuring customers receive faster, more accurate services, further optimizing overall service experience. In 2020, Lexus also introduced Smart Center, which 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 Websites	<a href="http://www.toyota.com.tw">www.toyota.com.tw</a>	<a href="http://www.lexus.com.tw">www.lexus.com.tw</a>	<a href="http://www.hino.com.tw">www.hino.com.tw</a>
Phone Interview	<ul style="list-style-type: none"> <li>• Calls are made to all customers</li> <li>• SSI respondents: owners who have taken delivery of their cars for more than seven days</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Calls are made to all customers</li> <li>• 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</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly random sampling telephone surveys (SSI/CSI sample size: 80~100 respondents per month), and online surveys (sampling size: more than 150 SSI and more than 500 CSI cases)</li> <li>• 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</li> <li>• 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.</li> </ul>
Paper and Online Survey	<ul style="list-style-type: none"> <li>• Monthly random sampling online surveys to assess the level of customer satisfaction</li> <li>• Owners who have taken delivery of their new cars (sample size: 13,500 respondents per quarter)</li> <li>• Owners who have brought their cars back for maintenance service (sample size: 10,000 respondents per quarter)</li> </ul>	<ul style="list-style-type: none"> <li>• Schedule daily emails with online surveys to assess service satisfaction, designing segmented options based on delivery types and main tasks to more promptly capture customer VOC.</li> <li>• SSI respondents: owners who have taken delivery of their cars for more than seven days (all sent)</li> <li>• CSI respondents: owners who have picked up their cars from the shop for more than three days after being serviced (all sent)</li> </ul>	
Mobile App	All-in-one lifestyle mobile app, My Toyota 	All-in-one lifestyle mobile app, Lexus Plus 	All-in-one mobile app, Hi HINO 

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

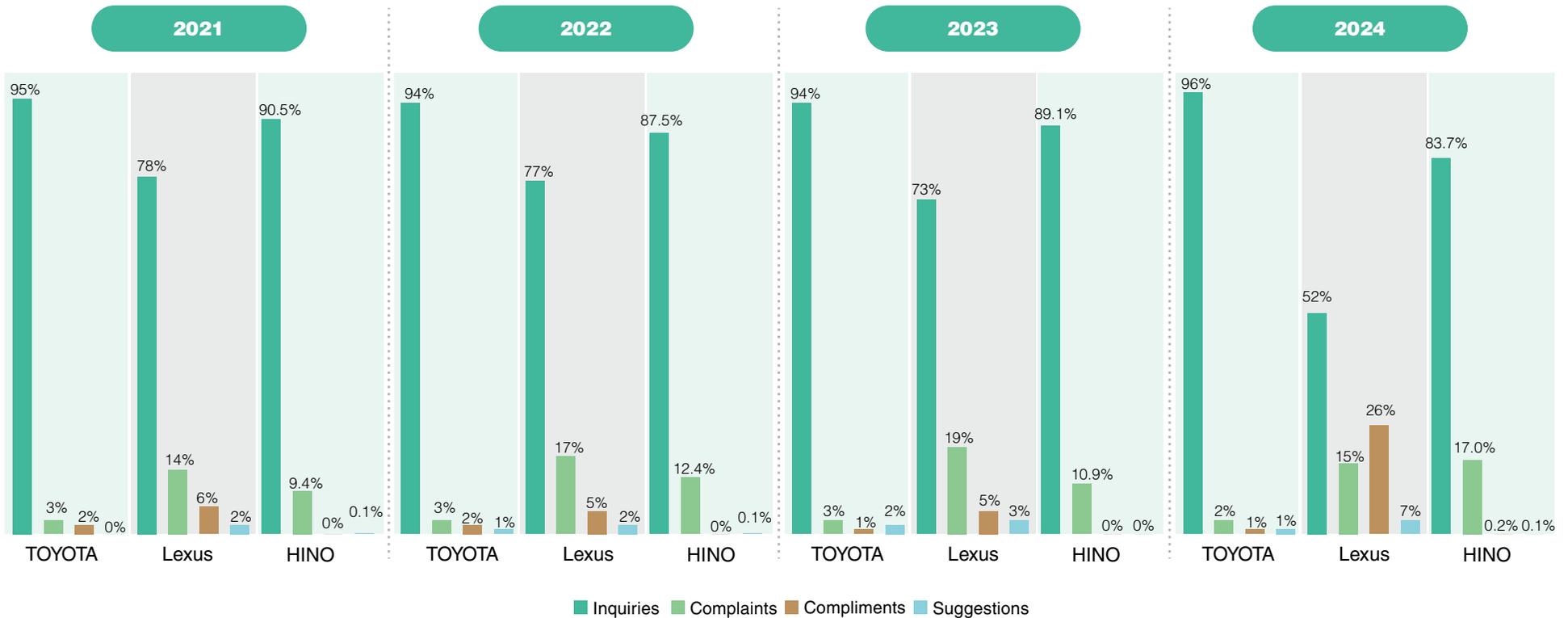
## ∞ Responding to Customer Feedback

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

### Source of VOC in 2024

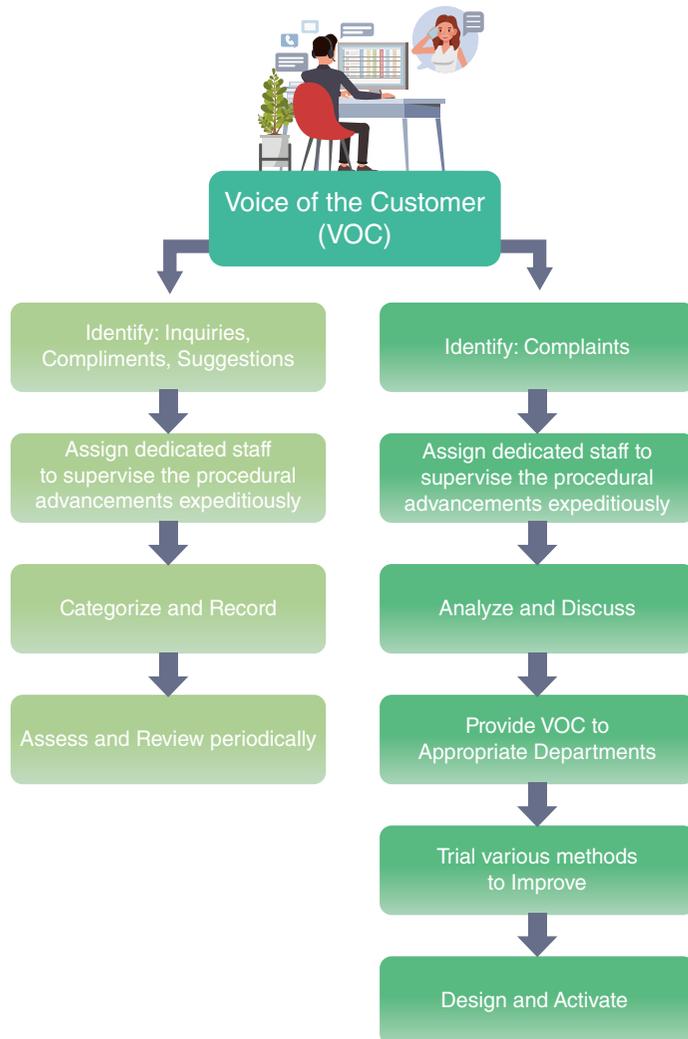
Source of VOC	TOYOTA	Lexus	HINO	Business Unit
Phone calls	9%	43%	12%	Customer service divisions of TOYOTA and Lexus HINO: Commercial Vehicles Technical Training Office
Corporate website (Customer service chatbots + emails)	89%	27%	1%	
Phone interview, mail survey and online survey	2%	30%	87%	Except for TOYOTA where phone interviews are conducted by dealers, all other interviews and surveys are conducted by external providers.

### Customer Feedback Category Proportions



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 after-sales 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 auditing 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 collects customer feedback through various customer satisfaction survey methods, including phone and online surveys, and forwards this feedback to the Customer Service Center for processing. We also require dealers and front-line representatives to implement changes and improvements based on customer feedback to enhance customer satisfaction. In 2024, the results from each of the customer satisfaction surveys met the target values set for the year. 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 improvements on the sales floor by first-line representatives, we aspire to create enjoyable work experience for our employees at TOYOTA. By consistently responding with empathy, we believe that we will earn customer trust and confidence while maintaining TOYOTA's leading position in the market.

Brand	Survey Method	2021	2022	2023	2024	2024 Goal
TOYOTA	SSI (Satisfaction)	976	982	984	986	930
	CSI (Satisfaction)	960	962	972	978	940
Lexus	SSI (Completion Rate)	99%	99.6%	99.8%	100.0%	95.0%
	CSI (Completion Rate)	99%	99.2%	99.1%	99.3%	95.0%
	SSI (Satisfaction Score)	990	992	995	998	980
HINO	CSI (Satisfaction Score)	986	987	988	995	975
	CSI (Satisfaction Score)	95.8	95.4	96.0	95.9	93.0
	SSI (Satisfaction Score)	98.2	99.1	99.2	98.6	95.0

#### Survey Method Explanation

##### 1. TOYOTA

- Survey Satisfaction Score: the average satisfaction score of all TOYOTA sales locations and service centers, with 1000 being the highest score.
- Surveys are conducted for all customers.

##### 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 conducted for 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 sales locations (on a 100 point scale).
- Surveys are conducted for all customers.

## ∞ Mobility Service — My Toyota and Lexus Plus

Hotai Motor is actively committed to delivering convenient and safe driving experiences. In 2013, as an industry leader, we launched the "My Toyota" and "Lexus Plus" services, supporting a range of driving lifestyle features such as "Parking and Deduction," "Vehicle Benefits," "Business Locations," "Roadside Assistance," and "Refueling/Charging Stations," emphasizing the "All-in-One" driving concept. TOYOTA, Lexus, and HINO owners enjoy the exclusive "Vehicle Assistant" feature, which helps manage vehicle maintenance information, provides maintenance alerts, and facilitates online service appointments with occasional e-coupons, significantly enhancing convenience for vehicle maintenance. In 2022, HINO officially launched the "Hi HINO" app, integrating "Vehicle Assistant," "Hotai Points," "Hotai Pay," and the "Truck-Friendly Map," which recommends convenient dining spots for truck drivers and periodically sends customer service and brand-related notifications. Future updates will include essential features for commercial vehicle owners, with all functions synced to Line for a more diverse and convenient user experience. In 2024, practical features like "Technological Enforcement," "Parking Facilities," and "Restrooms" have been added, allowing customers to quickly access needed information, enhancing daily convenience. Additionally, all features are synchronized with Line to deliver an even more immediate and convenient service experience.

To provide a more comprehensive digital service experience, Hotai Motor introduced the ONE ID membership system at the end of 2020, 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 provided "Hotai Pay" and "Hotai Points," establishing a car owner membership system and diverse payment methods, offering a refreshing digital experience. Hotai Motor also partnered with CTBC to launch the "CTBC Hotai Co-branded Card," offering a broader range of point reward schemes, marking an important milestone in the group's digital transformation. To expand the use of Hotai Points, the "Hotai Shopping" online mall was launched in mid-2022, meeting the comprehensive lifestyle needs of Hotai members.

Recently, Hotai introduced the travel planning app "Go Fun," which not only continues to deepen the integration of various mobility services within the group to create a comprehensive MaaS mobility ecosystem but also offers airline ticket, accommodation search and booking, as well as global popular attractions tickets, experience vouchers, meal coupons, and travel SIM cards, providing a one-stop service platform that meets various travel needs, establishing itself as the preferred platform for travel planning. In the future, Hotai Motor will continue to promote diverse, convenient, and safe driving and mobility experiences, actively fulfilling corporate social responsibilities and establishing a benchmark enterprise image.



In recent years, Hotai Group has upheld a customer-centric philosophy while actively advancing the development of MaaS (Mobility as a Service), aiming to perfectly meet every customer's various needs during their "mobility journey." To explore consumers' expectations and visions of mobility services, Hotai Motor has hosted the "MaaS Hackathon" since 2022. The inaugural event focused on "Combining Smart Technology and Sharing Economy," rallying universities, colleges, startups, and large enterprises nationwide to form teams and unleash boundless creativity.

Building on the strong response from the debut event, the MaaS Hackathon series returns in 2024 with the theme "New Mobility Experience, Infinite Imagination." This event incorporates a suite of mobility service applications like Go Fun, iRent, and yoxi, encouraging participants to use diverse user perspectives to identify pain points and opportunities within the MaaS ecosystem and propose innovative solutions.



This year's competition attracted 235 outstanding teams of youth and social innovation groups from across Taiwan, all coming together to creatively build the "MaaS 360 Digital Ecosystem." To assist participating teams in transforming their ideas into tangible results, Hotai Group has invested substantial resources, including releasing billions of pieces of corporate operational data for analysis. Moreover, the group has engaged deeply with universities and startup hubs across Taiwan by hosting numerous lectures and exchange activities to convey the vision of MaaS mobility services to young students and the general public. As Taiwan's leading provider of mobility services, Hotai Group continues to inject fresh energy into the development of MaaS, unlocking infinite possibilities for smart mobility services.

## ∞ 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 car owners on service and maintenance activities. Through our studies and surveys, we discovered that "location convenience" and "quick maintenance" are the primary requirements of customers in after-sales service. After two years of planning, in 2019, Hotai Motor brought service centers into local neighborhoods and established the industry's first TOYOTA Neighborhood Service Stations. These service stations provide express maintenance, basic repairs, as well as tire and battery replacement to meet the needs of car owners. By the end of 2024, we had established 105 TOYOTA Service Stations, with over 530,000 customer visits. The customer satisfaction rate remains high at 97%, and 98% of customers are willing to return.



### 3.3.2 Customer Relationship Management

long lasting relationships with customers to gain their trust becomes a foundational element for us to thrive in this industry. By reaching out to customers about their overall driving experience, hosting a variety of customer events, and connecting via digital media, we hope to create relatable daily life experience and real-time interactions with customers, which demonstrate our service expertise and passion as we live out the vision of "Think Amazing".

#### TOYOTA

##### Vehicle Purchase and Delivery

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

Provide customized delivery services according to customer requests to improve the satisfaction of the delivery experience

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; 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.

#### 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

##### 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 (a p proximately 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.

#### HINO

##### Sales Representative

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

##### Sales Manager

A call is made to the customer seven days after taking delivery of the vehicle to inquire about their vehicle use, investigate the execution of vehicle delivery, and encourage the customer to bring their vehicle in for service after the first thousand kilometers

### ∞ Voluntary Recalls

For Hotai Motor, 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 has also received numerous audits and inspections. While vehicle safety defects and recalls are ultimately inevitable, the recalls demonstrate how manufacturers carry out their responsibility to protect customers. We take the interests of our customers seriously 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 2024, TOYOTA issued seven voluntary recalls which affected 51,541 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	Number of Vehicles to be Recalled
GR SUPRA Transmission Control Unit Replacement	3
SIENTA Front Pillar Trim Clip Replacement	46,266
ALPHARD PVM ECU Software Update	522
SIENNA Front Seat Occupant Classification System (OCS) Sensor Inspection / Replacement	199
PRIUS PHEV Rear Door Opener Switch Replacement	803
bZ4X and CROWN Front Recognition Camera Software Update	3,285
CROWN PVM Front and Rear Camera Inspection / Replacement	463

## 3.4 Customer Data Protection

### Personal Data Management System Establishment

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 Groupwide 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. In 2024, internal confirmation showed no verified complaints related to customer privacy violations or data loss.

#### 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	2021	2022	2023	2024
Attendance	489	493	520	570
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 takes responsibility for safeguarding customer data security and rights. We have established the "Data Protection Management Guidelines for Subcontractors," which clearly outline the personal data protection requirements and responsibilities that subcontractors must adhere to when performing entrusted tasks. To ensure compliance with these guidelines, Hotai Motor conducts annual reviews of the self-assessment reports submitted by subcontractors and performs onsite audits. Additionally, we have implemented a system for controlling recurring deficiencies and conducting unscheduled onsite inspections to continuously strengthen the data protection measures and effectiveness of our subcontractors' implementation.

### Incident Reporting and Response Handling

Hotai Motor has established a comprehensive 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, a group subsidiary experienced one incident related to personal data protection. The company proactively reported the case to the competent authority and took measures such as blocking external connections and conducting internal investigations. It was confirmed that no personal data was accessed or leaked. However, in 2024, the competent authority imposed a fine of NT\$20,000 in accordance with the Personal Data Protection Act.

## 3.5 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 closeknit, 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 exceeds their expectations. Moving forward, we will continue to dedicate resources to working with our dealers and suppliers to deliver more impressive records.

### 3.5.1 Dealers Management

The combined efforts between Hotai Motor and our dealers have enabled us to establish a strong presence in Taiwan's automotive market. By investing significant resources in the development of dealers, we believe that, collectively, Hotai Motor and our dealers are better positioned to deliver the best service to customers as we build our brand value. In order to ensure that dealers can provide customers with high-quality services and professional maintenance and repairs, TOYOTA conducts technical skill tests for dealers twice a year 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 ensure that, after the service personnel are trained at 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.

#### 3.5.1.1 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. As of the end of December 2024, a total of 105 such stations have been established, bringing the total number of service locations to 227, offering more convenient services to vehicle owners.

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 sends paper surveys 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 courses 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 after-sales 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	2021		2022		2023		2024	
Brand	TOYOTA	Lexus	TOYOTA	Lexus	TOYOTA	Lexus	TOYOTA	Lexus
Session	121	67	132	102	131	110	142	90
Attendance	1,235	972	2,613	1,654	2,666	2,172	2,262	1,789
Amount Invested in Dealer Training (in NT Dollars)	7,192,900	5,998,396	7,549,400	9,925,240	9,165,000	9,467,560	8,687,700	9,855,357

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

In June 2024, Lexus launched the "UV Quick Spot Repair Service," which uses new coating materials and light-curing technology to reduce paint usage and significantly shorten repair time, offering vehicle owners an eco-friendly and high-quality solution for restoring their cars. A total of 521 vehicles experienced the UV Quick Spot Repair Service in 2024.

Lexus also continues to demonstrate thoughtful hospitality in its customer lounges. In 2024, the lounge menu was fully updated to include selected coffee, tea, sea salt ciabatta, Häagen-Dazs ice cream, and other regular items. During weekday lunch hours, new rice-based light meals and pasta dishes were introduced. To keep customers "Experiencing Amazing," seasonal beverages are launched periodically, and in November 2024, Lexus collaborated with world bread champion Chef Yoshi Chen to offer a weekday-exclusive "Mentaiko Soft French Afternoon Tea Set," enhancing customer satisfaction and menu variety.

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 allowing 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 comfortably in the guest lounge for their cars.



## 3.5.1.2 Commercial Vehicle Dealers

Since its founding, Hotai Motor has cultivated the Taiwan market for over 70 years, with its commercial vehicle business steadily developing in parallel. It has gradually established a comprehensive full-function sales and service system to provide customers with one-stop solutions (Total Solution). To date, there are 19 service locations across Taiwan, with ongoing expansion and facility upgrades aimed at delivering a more complete and high-quality service experience. To ensure customers receive excellent service quality in maintenance and repairs, Hotai Motor has built a robust educational system that offers systematic and comprehensive professional training for frontline service personnel, ensuring every customer enjoys consistent and high-standard service, further demonstrating our unwavering professional commitment.



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



Test Drives

Offer test drives in HINO 5T and TOYOTA GRANVIA so that customers can experience them first hand driving the vehicle as well as the quality of our products prior to purchasing.

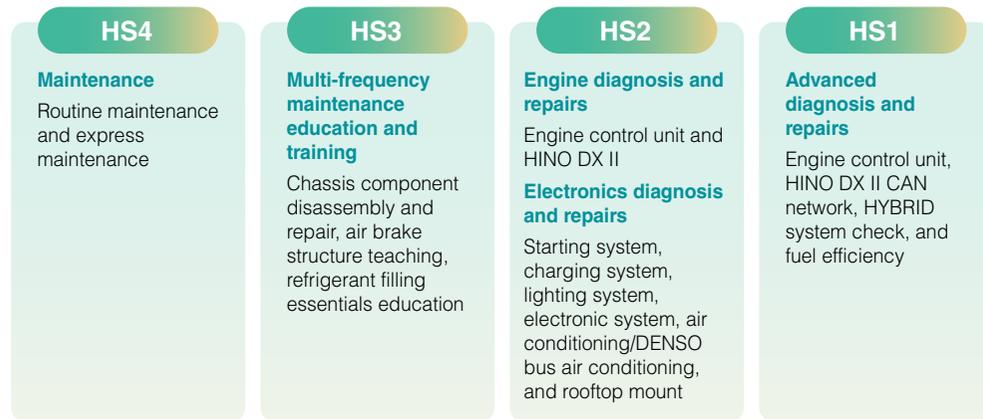


New Generation of Customer Lounge

HINO listens to the voices of customers. The mileage of commercial vehicles and the frequency of entering the maintenance center are 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 2024, 354 technicians completed the training.



### Training Statistics of Large Commercial Vehicle Aftersales Support

Year		2021	2022	2023	2024
Session	Technical	27	23	24	23
	Management	2	0	0	0
Cumulative Attendance	Technical	391	352	372	354
	Management	11	0	0	0
Amount Invested in Dealer Training (in NT Dollars)		1,890,400	1,752,000	1,904,400	1,800,000

Note: HS is Hino Service training system.

## Commercial Vehicle Touching Service Events

Considering the high mileage and frequent service visits of commercial vehicles, in recent years we have offered a variety of seasonal snacks and beverages to surprise and delight returning customers, along with occasional owner events to add warmth to our services. Additionally, to meet the business needs of commercial vehicle owners, beyond our existing nationwide mobile service vehicles and emergency repair vehicles, this year we partnered for the first time with "Taiwan Designated Driver" to launch a door-to-door "vehicle pick-up and delivery service," effectively saving customers valuable time and allowing them to confidently entrust their vehicles to us anytime, anywhere. With attentive and thoughtful service, we are committed to creating a more comfortable and convenient service experience for our customers.

## Commercial Vehicle Safety Events

As commercial vehicles are used for business purposes and have large bodies that can easily create blind spots while driving, we launched the "Outstanding Driver Recruitment Campaign" in 2024 to enhance road safety awareness. This campaign actively promotes safe driving concepts through various social media platforms and invites skilled drivers to participate. Our goal is to deepen public awareness of road safety and jointly create a safer and more friendly driving environment, ensuring every journey is more secure and protected.

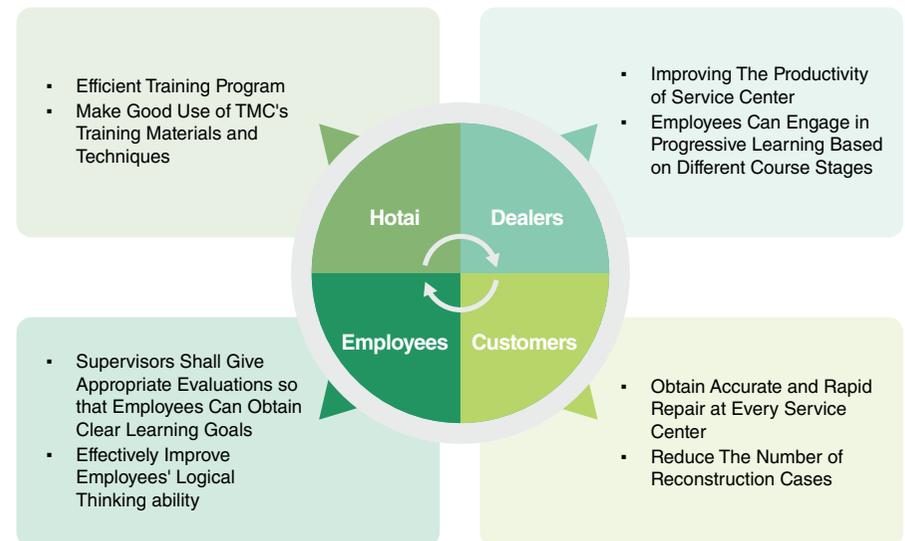
### 3.5.1.3 Dealers Technical and Service Training

#### Dealer Technical 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.

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

## 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

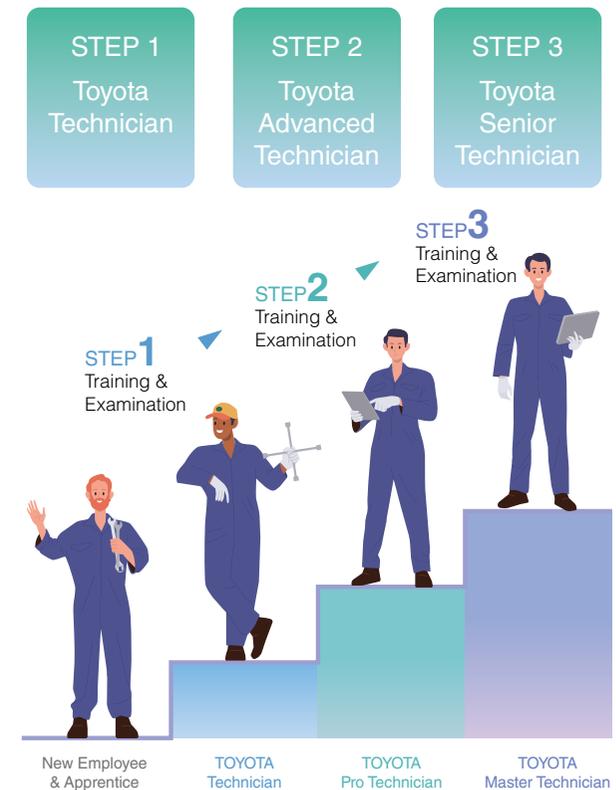
## TEAM-GP Training Process



## 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 aim to improve service center productivity and customer satisfaction as we work with dealers to deliver growing revenues from aftersales service.

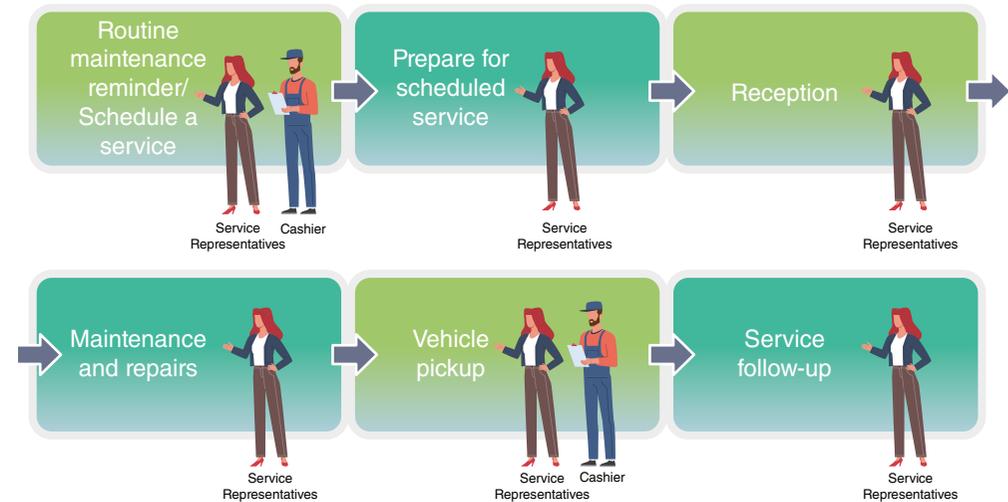
### Body and Paint Training System



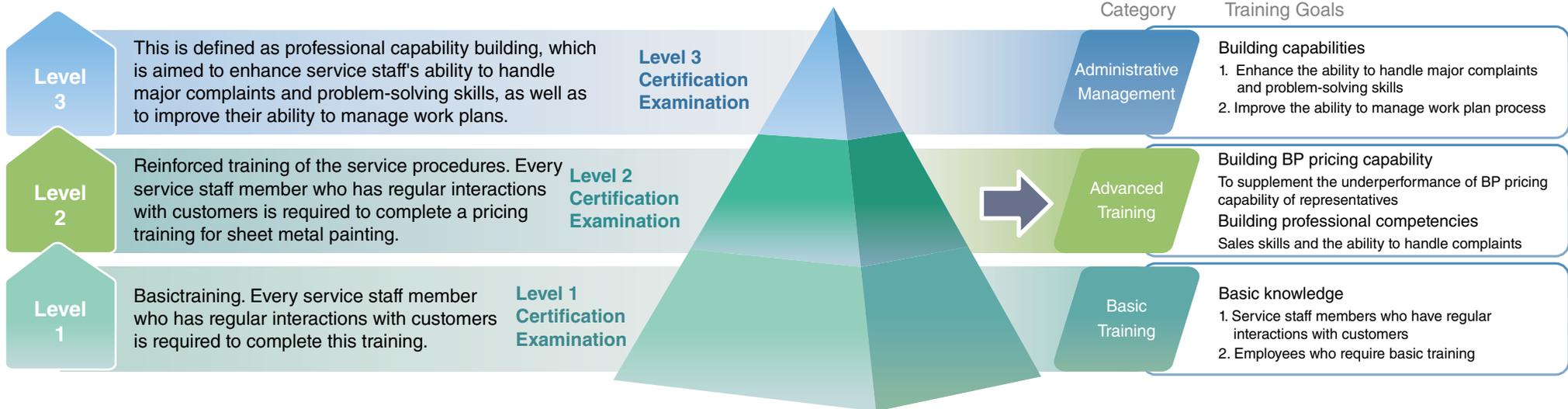
## Service Advisor Training

At Hotai Motor, we firmly believe that the sole solution to delivering quality service that satisfies customers is through considerate and well-trained service staff in 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, thereby allowing 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 after-sales revenue in our dealerships. Ultimately, our goal is to create "Lifetime Customers." Based on the nature of their functions, service representatives and cashiers are both to receive TSA21 training.



### Service Staff Covered by the TSA21 Training Program



### Aftersales Service Staff Training Hours and Costs (TOYOTA & LEXUS)

	Training Hours				Costs (NT\$)			
	2023 (T)	2023 (L)	2024 (T)	2024 (L)	2023 (T)	2023 (L)	2024 (T)	2024 (L)
Service Representatives	904	328	864	344	3,184,000	705,600	2,741,000	752,400
Entry-Level Technicians	856	504	880	536	3,678,000	1,580,000	3,070,800	1,660,000
Sheet Metal Technicians	368	232	472	240	1,110,000	730,400	1,391,200	730,000
Auto Body Paint Technicians	520	280	600	290	1,193,000	754,000	1,484,700	754,000
Total	2,648	1,344	2,816	1,410	9,165,000	3,770,000	8,687,700	3,896,400

### HINO Aftersales Service Staff Training Hours and Costs

	Training Hours		Costs (NT\$)	
	2023	2024	2023	2024
Service Representatives	128	72	316,400	240,000
Entry-Level Technicians	768	592	1,542,000	1,560,000
Sheet Metal Technicians	64	32	36,800	30,476
Paint Technicians	16	8	9,200	11,429
Total	976	664	1,904,400	1,800,000

management strategies, and practical video shooting courses. In 2024, we are introducing live streaming education to further enhance everyone's digital selling skills and continue the digital transformation of sales services. In 2024, a total of 420 personnel, including branch managers, deputy managers, dealership headquarters staff, and sales consultants, will receive training, with each completing 7 hours of basic live streaming skills training. Advanced live streaming skills education will also continue in 2025.

## ∞ 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 post-pandemic era, and changes in customer car-buying behavior, we began planning the "Tianjun Warrior (Digital Selling) Training" for frontline dealership personnel in 2021. This included 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

Position	2021	2022	2023	2024
General Manager	<ul style="list-style-type: none"> <li>Basic digital skills training</li> </ul>	<ul style="list-style-type: none"> <li>General manager training</li> <li>Advanced digital skills training</li> </ul>	<ul style="list-style-type: none"> <li>General manager training</li> <li>Advanced digital skills training</li> </ul>	<ul style="list-style-type: none"> <li>General manager training</li> <li>Advanced digital skills training</li> </ul>
Deputy General Manager	<ul style="list-style-type: none"> <li>Management trainee program</li> <li>Basic digital skills training</li> <li>In-house lecturer training</li> </ul>	<ul style="list-style-type: none"> <li>Deputy general manager training</li> <li>Management trainee program</li> <li>Advanced digital skills training</li> <li>In-house lecturer training</li> </ul>	<ul style="list-style-type: none"> <li>Deputy general manager training</li> <li>Management trainee program</li> <li>Basic digital skills training</li> <li>In-house lecturer training</li> </ul>	<ul style="list-style-type: none"> <li>Deputy general manager training</li> <li>Management trainee program</li> <li>Basic digital skills training</li> <li>In-house lecturer training</li> </ul>
Sales Representative	<ul style="list-style-type: none"> <li>Management trainee program</li> <li>New employee training and evaluation</li> <li>Basic digital skills training</li> <li>Product Training</li> </ul>	<ul style="list-style-type: none"> <li>Management trainee program</li> <li>New employee training and evaluation</li> <li>Advanced digital skills training</li> <li>Product Training</li> </ul>	<ul style="list-style-type: none"> <li>Management trainee program</li> <li>New employee training and evaluation</li> <li>Advanced digital skills training</li> <li>Product Training</li> </ul>	<ul style="list-style-type: none"> <li>Management trainee program</li> <li>New employee training and evaluation</li> <li>Live Streaming Skills Basic Training</li> <li>Product Training</li> </ul>

## 3.6 Suppliers Management

### Supplier Evaluation and Audit Operations

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 311 suppliers who have transactions with Hotai Motor in 2024. 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 2024, we've conducted risk assessments on 255 of these suppliers, which account for approximately 82% of all our suppliers, including 52 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 expectations 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

##### 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 create material adverse impact on the environment or society, their contract will be terminated. While we did not terminate any supply agreements in 2024, 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 s 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 Audits

- 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.

##### Corporate Sustainability Requirements

- If a supplier violates policies and causes significant environmental or social impact, the contract will be terminated (no contract terminations occurred in 2024, but one supplier was found non-compliant and will no longer be partnered with)

## Environmental Awareness Enhancement

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 233 issues of Team Eco Newsletter. We also share these articles from our monthly newsletters on our Facebook group, TOYOTA Team Eco.

### Topics and Contents for 2024 Include:

Issue	230	231	232	233
Theme	Hotai Group Beach Cleanup & Plastic Reduction Global Warming Has Escalated to Boiling	TOYOTA Local Environment Month Promoting Low-Carbon & Plastic Reduction in Xinzhuang Campus	National Climate Change Response Committee Carbon Fee Effective in 2025	COP29 Conference Summary Latest Developments in Global Plastics Treaty
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 2024, 39.54% 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	2021	2022	2023	2024
Percentage of Local Sourcing (%)	43.98	46.5	39.66	39.54

Note 1: 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



# 04 Openness

**26,000 trips**

Total trips provided through the Free Mobility Service

**227,000 bags**

2024 Hotai Blood Donation Vehicle -  
Number of Blood Bags Collected

**130,000 sets**

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

Guided by the belief of "giving back to society what we take from it," Hotai Motor has long invested in community welfare. We combine 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. Adhering to the new philosophy "Producing Happiness for All," introduced by Toyota's parent company in Japan in 2020, Hotai Motor integrates resources to collaborate with affiliated companies and dealers to participate in public welfare projects. With the mission of "Producing Happiness for All," the group aims to unify its strength to foster sustainability and create positive impact. The group's diverse projects include "Dream Team Indigenous," "Free Mobility Service to Produce Happiness for All Program," "Donating Crossing Guard Equipment," and more, all with the goal of bringing greater welfare to society.

In promoting community engagement events and activities, we have been using our Facebook fan page "Hotai Group ESG—Standing by Our Beautiful Island" ([和泰集團 ESG • 與美好台灣同行](#)) since 2017 to share information about Hotai Group's related philanthropic activities, thereby spreading more social care and warmth. In 2024, we actively launched the "Huli | Hotai Motor Specialists" (虎力 | 和泰汽車專員) Instagram account to reach more young audiences through this new platform, expanding the scope and audience of our community engagement initiatives. Through likes, comments, and shares by followers, we aim to ignite every act of love and care, spreading positive energy and happiness to more people.



QR Code of our Facebook fan page "Hotai Group ESG—Standing by Our Beautiful Island" ([和泰集團 ESG • 與美好台灣同行](#))



QR Code of our Instagram Account "Huli | Hotai Motor Specialists" (虎力 | 和泰汽車專員)

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

- Hotai Group's corporate public interest digital platform: Each month, we create an average of 8 posts to communicate our community engagement efforts to our followers. In 2024, our Facebook reach was 7,888,517, the number of followers reaching 120,000, which grew by 20,000 from 2023. The group's Instagram channel reached a total of 7,187,799 people, with the number of followers reaching 2,599, an increase of 2,300 from 2023.
- Hotai Group's public interest video series: Our online videos hit over 13 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 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 2024, Hotai Motor's employees averaged 7.6 hours of volunteer work, which reflects their passion and proactiveness for volunteer work. We encourage employees to continue taking part in volunteer activities.

### Hotai Motor Volunteer Activities in 2024

Item	Volunteer Activities	Number of Sessions	Participation Count	Volunteer Hours	Total (Hours)
1	Ronald McDonald House: Take Home Chef	12	96	4	384
2	Toy Sharing: Recycling of Pre-Loved Toys	7	210	4	840
3	Become a Dream Team Indigenous Host Family to Offer Indigenous Children the Homestay Experience	2	20	8	160
4	Mobile Charity Volunteer Activity	3	30	4	120
5	Groupwide Beach Cleanup to Reduce Plastics	1	250	4	1,000
6	Habitat Conservation for the Leopard Cat hosted by the Taiwan Biodiversity Research Institute in Nantou	2	80	8	640
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	45	8	360
10	Taipei Zoo – Making Animal Behavioral Enrichment Devices	2	19	4	76
Total		32	1,020	49	4,210





## 4.1 Produce Happiness for All Program: Connecting Public Welfare and Traffic Safety

**26,000** trips

Total trips provided through the Free Mobility Service

**227,000** bags

2024 Hotai Blood Donation Vehicle - Number of Blood Bags Collected

**13,000** sets

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

Hotai has long been committed to engaging in public welfare activities related to its core business. By integrating its products and services, Hotai develops charitable initiatives focused on traffic safety and blood donation. These initiatives include donating equipment for volunteer crossing guards, organizing traffic safety drawing competitions, and donating blood donation vehicles. These efforts provide a steady contribution to Taiwan's healthcare sector, and the presence of Hotai's passionate support can be seen throughout various regions in Taiwan.

### 4.1.1 Free Mobility Service to Produce Happiness for All Program

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 to Produce Happiness for All Program by utilizing the shared mobility service (i.e., yoxi) 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. Entering its third year in 2024, having completed collaborations with the Social Affairs Bureaus of all six major municipalities in Taiwan (Taipei, New Taipei, Taoyuan, Taichung, Tainan, and Kaohsiung) for the public welfare shuttle services. Additionally, partnerships have been established with several NGOs and NPOs, including the Ronald McDonald House Charities, Taiwan Fund for Children and Families, GreenBox Social Welfare Foundation, Eden Social Welfare Foundation, Children Are Us Foundation, and Tzu Chi Foundation. The initiative continues to provide safe and compassionate transportation services to disadvantaged groups in need, with approximately 26,000 charity shuttle services donated by 2024.

To raise awareness about issues affecting the disadvantaged and vulnerable groups, we've adapted case stories into animated formats, introducing innovative ways to increase awareness of these topics. The animations have accumulated over 2.52 million views. Additionally, the social media series "Uplifting Stories of Mobility Service" has reached approximately 500,000 people. Through the resources of our core business, we aim to ensure that those facing mobility challenges can enjoy a satisfactory transportation experience. By sharing these videos, we strive to expand our social impact collaboratively.



### 4.1.2 Donating Crossing Guard Equipment

The Hotai Group has long been committed to promoting public welfare activities focused on traffic safety, with a particular emphasis on pedestrian safety, aiming to create a safer traffic environment. To enhance the safety of school crossing volunteers and maintain order during children's commutes to and from school, the Hotai Group has been donating equipment to elementary school crossing volunteers across various counties and cities in Taiwan since 2001. These donations are made on a rotational basis each year and include reflective vests and traffic control flags. Over the past 14 years, we have donated nearly 130,000 sets of crossing guard equipment. More than 2,700 elementary schools and over a million crossing guard volunteers and students across Taiwan have benefited. In 2024, Hotai Group, in partnership with the Hotai Chun-Ching Foundation and affiliated companies such as Hotai Insurance, Her Yueh Car Rental, Dachen Color Vision, and distributor Kuo Doo Motors, rallied the group's collective strength to donate 10,000 sets of crossing guard equipment to elementary and junior high schools throughout Taiwan. The initiative aims to protect the road safety of students and actively contribute to traffic safety public welfare, fulfilling the automotive industry's social responsibility. This year's unified donations were made to cities and counties including Keelung City, New Taipei City, Hsinchu County and City, Miaoli County, Pingtung County, Yilan County, and Hualien County, with online applications available for all elementary and junior high schools in Taiwan. To ensure the safety of volunteers and students, Hotai Group specially designed the crossing guard equipment using police-grade materials, enhancing driver awareness and encouraging them to reduce speed upon sight. The equipment also incorporates Hotai Group's public welfare mascot, "<Huli>," representing the precious native Formosan leopard cat, adding a lively and playful style to its bright and visible design, and demonstrating Hotai Group's commitment to safeguarding the traffic safety of crossing guard volunteers and students.



### 4.1.3 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 13 bloodmobiles, which served over 1.51 million blood donors and collected nearly 2.25 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 2024 World Blood Donor Day: Hotai Group's One-Day Blood Drive and mobilized all Hotai bloodmobiles across the island to set up 30 temporary donation centers at multiple TOYOTA dealerships, parks and corporate locations in Taipei, New Taipei, Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Chiayi, Tainan, Kaohsiung, Yilan, Hualien. Employees from 17 affiliates and dealerships came together in responding to our call to roll up their sleeves and donate blood, supporting the blood supply for medical needs through actions. A total of 2,545 bags of blood were collected through the event to replenish blood inventories and alleviate the blood shortage. As of December 31, 2024, our bloodmobiles have collected 227,117 bags of blood, which accounted for 8% of the blood donation in the country last year.

(Data taken from the Taiwan Blood Services Foundation)



### 4.1.4 National Road Safety Children's Drawing Contest

Since 2001, Hotai Motor has collaborated with the Hotai Chun Ching Social Welfare Foundation to organize the National Children's Traffic Safety Drawing Competition. This initiative aims to encourage children to showcase their creativity by presenting "road safety" knowledge through art, thereby reinforcing traffic safety concepts. Hotai Motor also donates double the cost of the drawing paper used in the competition, calculated at NT\$2 per sheet, to underprivileged and remote-area students. Over 24 years of hosting the competition, nearly one million participants have taken part, and donations exceeding one million NT dollars have been made, continually promoting traffic safety and social welfare.



## 4.2 Rooted in Education: Empowering Youth

**NT\$10** million

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

**NT\$68.51** million

The value of vehicle-related high-tech teaching devices and materials donated has exceeded NT\$68.51 million

**3,500** participants

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

Embodying the spirit of "giving back to society," Hotai Motor has long been devoted to supporting disadvantaged groups, such as purchasing baked goods from the Children Are Us Foundation Taiwan at all TOYOTA locations to actively support employment for individuals with Down's syndrome. Since 1991, Hotai Motor has provided vehicle teaching materials and parts to vocational students to help develop their technical skills. In recent years, the company has enhanced its social contributions and efforts to cultivate future talent by organizing youth public welfare projects and internal corporate training programs. These initiatives aim to inspire creativity and independent thinking among young students, nurturing potential talent for the future benefit of society.

### 4.2.1 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 2024, the event entered its 6<sup>th</sup> year. Over the last six years, we received proposals from approximately 1000 teams of young adults and guided 55 teams to implement their public interest projects by offering more than NT\$10 million as public interest funds to encourage these young adults to expand their influence through actions and bring positive change to society.

Hotai's 6<sup>th</sup> Public Welfare Dreamer integrates three public interest areas—social care, mobility service, and environmental conservation—which drew over 100 teams of students from 42 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. Invited the Youth Development Administration of the Ministry of Education to serve as the guiding organization for the event. To ensure that students gain more from the proposal process, this edition expands collaboration with seven co-organizers committed to sustainable action, including KPMG Sustainability Consulting Co., Ltd. (安侯永續發展顧問股份有限公司), mutahead (學習家有限公司), International City Wanderer Education Association (國際城市浪人育成協會), Taiwan Impact Investing Association (台灣影響力投資協會), SERT, Social Enterprise Revolving Trust (社會福祉及社會企業公益信託循環基金), Taiwan NPO Self-Regulation Alliance (社團法人台灣公益團體自律聯盟), and Oen Tech Co., Ltd (應援科技股份有限公司).

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

In the 6<sup>th</sup> 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. Including Hotai Motor Sustainable Development Committee Convener Huang Wen-Rui (和泰汽車永續發展委員會黃文瑞召集人), KPMG Sustainability Consulting Co., Ltd. Managing Director Niven Huang (KPMG 安侯永續發展顧問股份有限公司黃正忠董事總經理), Youth Development Administration Section Chief Wu Cheng-Huang (青年發展署吳正煌組長), National Taiwan University Professor Emeritus of Social Work Feng Yen (臺灣大學社會工作學系馮燕名譽教授), CommonWealth Sustainability Leader Hsiung I-Hsi (天下永續會熊毅晰負責人), and Taiwan Impact Investing Association Vice Chairman Chen Yi-Chiang (台灣影響力投資協會陳一強副理事長). This list spans well-known representatives from industry, government, academia, brands, and media advisory sectors, providing student teams with professional and practical guidance and feedback. 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 Songshan Cultural and Creative Park

The 6<sup>th</sup> Hotai Public Welfare Dreamer Exhibition took place in Songshan Cultural 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.





4.1 Producing Happiness for All: Connecting Public Welfare and Traffic Safety

4.2 Rooted in Education: Empowering Youth

4.3 Working Together for a Better Taiwan

Topic	Name of Team	Advisor	Proposal
 Life Issues	Career Venture	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Chang Han-Wei, Deputy Secretary-General of Taiwan Green Energy for Charity Association, TGECA (綠能公益發展協會 張寒璋副秘書長) Liu Shu-Lin, Founder of Authentic Inc (真實品牌工作室 劉妹麟創辦人) Liao Jian-Yu, Founder of Let We Care Co., Ltd. (老玩客股份有限公司 廖健妤創辦人)	<b>AI Career Coach for Confused Students</b> Dedicated to making career counseling accessible, enabling every college student to engage in conversations with AI to uncover their strengths, set clear goals, and find concrete paths for implementation.
	StarUp	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Liu Shu-Lin, Founder of Authentic Inc (真實品牌工作室 劉妹麟創辦人) Shen Yi-Ju, Secretary-General of the TWNPOS (社團法人公益團體自律聯盟 沈怡如秘書長)	<b>University Self-Exploration Program</b> Through self-exploration workshops and practical courses, students are equipped with the ability to bring their ideas to fruition. The program is complemented by consultations with career coach instructors and exploratory lectures to guide students in developing their personal talents and passions.
	Support for Caregivers	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Liu Shu-Lin, Founder of Authentic Inc (真實品牌工作室 劉妹麟創辦人) Shen Yi-Ju, Secretary-General of the TWNPOS (社團法人公益團體自律聯盟 沈怡如秘書長)	<b>Cancer Young Caregivers Healing Workshop</b> Focusing on the "psychological adjustment of young caregivers for cancer patients," this initiative involves interviews with related social welfare organizations and conducting campus outreach activities. The goal is to increase awareness of the issue and identify potential young caregivers.
 Social Network	Picker	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Chang Han-Wei, Deputy Secretary-General of Taiwan Green Energy for Charity Association, TGECA (綠能公益發展協會 張寒璋副秘書長) Wang Pin-Han, Co-Founder, Taiwan Ngóo-kak Equity Association (社團法人台灣五角拌回收平權協會 王品涵共同創辦人)	<b>Transforming the Labor of Scavengers, Scavengers Transforming Labor</b> Revamp the infrastructure and processes for scavenging labor, constructing a more inclusive support system for scavengers, so that labor can fundamentally improve their living conditions.
	Self-Learning Ability, Creating Learning Models	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Liao Jian-Yu, Founder of Let We Care Co., Ltd. (老玩客股份有限公司 廖健妤創辦人) Shen Yi-Ju, Secretary-General of the TWNPOS (社團法人公益團體自律聯盟 沈怡如秘書長)	<b>Enhancing and Supplementing the Self-Learning Resource Network</b> Aimed at addressing the lack of community connection and experience-sharing channels for high school experimental education students, this initiative seeks to improve the mechanisms that support students who leave the traditional education system.
	Lapsee 100	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Chang Han-Wei, Deputy Secretary-General of Taiwan Green Energy for Charity Association, TGECA (綠能公益發展協會 張寒璋副秘書長) Liu Shu-Lin, Founder of Authentic Inc (真實品牌工作室 劉妹麟創辦人)	<b>Information Interpretation and Media Literacy Education</b> Introduce a media literacy-themed board game to support teachers and students in understanding media literacy issues through gamified teaching. The game transforms complex knowledge into engaging and dynamic scenarios, enhancing students' critical thinking abilities and information discernment skills.
 Sustainable Actions	Maple Apricot Social Medical and Medical Knowledge Promotion Service Team	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Liao Jian-Yu, Founder of Let We Care Co., Ltd. (老玩客股份有限公司 廖健妤創辦人)	<b>Penghu Medical and Medical Knowledge Promotion Service Team</b> This team aims to gain a deep understanding of the lives and medical needs of Penghu residents. By introducing new equipment and carrying medical kits for home visits, they also organize medical experience camps at Magong Elementary School.
	Morinaga Academy	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Wang Pin-Han, Co-Founder, Taiwan Ngóo-kak Equity Association (社團法人台灣五角拌回收平權協會 王品涵共同創辦人)	<b>Forest Environment Education Innovation Program</b> This initiative involves visiting NPOs to teach children about forest sustainability and organizing "Deep Forest Thinking" workshops for teachers. In collaboration with local partners in Taoyuan, the program launches "Deep Forest Journey" forest experience education, aiming to jointly explore innovative solutions for forest education issues.
	iRent's Mobile Castle	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Chang Han-Wei, Deputy Secretary-General of Taiwan Green Energy for Charity Association, TGECA (綠能公益發展協會 張寒璋副秘書長)	<b>Commuting Improvement Plan for Itinerant Special Education Teachers</b> The program offers education-related car rental discounts and transportation subsidies for itinerant special education teachers, ensuring they can travel safely to teach at schools in remote areas.
	Elder Relay Race	Yang Cheng-Yu, CEO of mutahead (學習家 羊正鈺執行長) Liao Jian-Yu, Founder of Let We Care Co., Ltd. (老玩客股份有限公司 廖健妤創辦人) You Zhi-Wei, Co-Founder of L-inStyle (風尚旅行 游智維共同創辦人)	<b>Two-Way Interaction, Intergenerational Harmony</b> Organize diverse themed activities for youth and seniors to engage in multisensory interactions, enhancing the quality of intergenerational interactions and strengthening connections within the local community.

## 4.2.2 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 management courses, as well as visits to dealers, automotive manufacturing and parts factories, highlighting our industry leadership. To date, we have organized 4 rounds of camps, with over 3,500 people signed up and 450 people participated.



## 4.2.3 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 2024, we sponsored the 54<sup>th</sup> 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 provide 4 sets of diagnostic instruments and repair manuals. 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. We are cultivating industry talent resources; assisting and guiding contestant Wu Chen-An to participate in the 47<sup>th</sup> International Skills Competition in Lyon, France in 2024, where he won the Excellence Award in Automotive Technology, enhancing Taiwan's international visibility in auto repair technology and bringing Taiwan to the global stage once again. Continuing support for the Technical Skills Competition includes one instructor for 3 days (8 hours/day) to assist as a skills judge and academic advisor, encouraging students to boldly pursue their dreams and shine on the vocational stage.



Support and Training for the 47<sup>th</sup> WorldSkills Competition



Support for the 54<sup>th</sup> National Skills Competition



2024 Technical Skills Competition



## 4.2.4 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\$68.51 million, a reflection of our commitment to develop skilled technicians for the automotive industry.

### Equipment Donated to Schools under T-TEP

	2022	2023	2024
Equipment	55 CVT stepless transmissions and 31 HV converters CVT	10 CVT stepless transmissions and 48 steering gearboxes	2 EM tool vehicles, two EM tire racks, and 2 sets each of CO <sub>2</sub> welding machines and protective gear, among other equipment.
Value (NT\$)	8,290,000	4,314,320	530,000

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.

### 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.

林俊男  
1月24日 · 公开

汽車謝謝和泰汽車和劉專員精心規劃 也謝謝台師人張教授。讓我們真正了解到國際技能競賽更詳細的內容  
下午也讓我們體驗到科技的進步與材料應用的進步

TOYOTA  
TECHNICAL  
EDUCATION PROGRAM

## 4.2.5 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. 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, leading to suitable career choices and helping them transition seamlessly from school to the workplace, supporting career readiness.

### 2024 Training Conferences

Event Organizer		Individuals Attending the Training	Topics	Event Photos
Hotai Motor	First half of the calendar year	Teachers from T-TEP partner schools	MIRAI Hydrogen Fuel Cell Electric Vehicle and Hydrogen Refueling Station Equipment and Charging Pile Installation Overview (Attended by 27 teachers)	 
	Second half of the calendar year		Green Energy Battery Development & Service Reception Practical Overview (Attended by 29 Teachers)	 
TOYOTA Dealers		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.	 

### T-TEP Partner Schools

The table below lists 32 T-TEP partner schools along with their corresponding regional managing dealers.

KUOTU Motors	Taipei Motors	TAU MIAU Motors	Central Motors	NAN DU Motors	KAU DU Motors	Lan Yang Motors	Eastern Motors
National Taipei University of Technology	Tungnan University of Technology	Vanung University	Nan Kai University of Technology	Tzu-Yo Institute of Technology and Commerce	Chung Shan Institute of Technology and Commerce	Lo-Tung Senior High Industrial Vocational School	Hualien Senior High Industrial Vocational School
Oriental Institute of Technology	Nan Chiang Industrial & Commercial Senior High School	Kuang-Fu High School	National Changhua University of Education Affiliated Industrial High School	Tseng-Wen Agricultural & Industrial Vocational High School	Chung Cheng Industrial Vocational High School		Kuang-Fu Industrial & Commercial Vocational High School
Taipei City University of Science and Technology	Hsieh Ho You Te High School	National Taipei University of Technology Affiliated Industrial High School	Sha-Lu Industrial Vocational Senior High School	Bai-He Industrial & Commercial Vocational High School	National Pingtung University of Science and Technology		National Taitung Junior College (Vocational High School Division)
Taishan Senior High School		Chi-Ying Senior High School	Taichung Industrial Senior High School	Da-Cheng Industrial & Commercial Vocational High School	Pingtung Industrial Vocational High School		
New Taipei Industrial Vocational High School			Dongshih Industrial Senior High School		Kao Yuan Industrial Vocational High School		
San Chong Commercial and Industrial Vocational High School							
Dunxu Industrial & Commercial Vocational High School							

## 4.3 Eco/Environmental Sustainability

**460** tons

By the end of 2024, over 460 tons of second-hand toys have been collected and recycled.

**3** Vehicle Models

Donating vehicles for the Endemic Wildlife Protection Plan to support the conservation efforts of the Formosan leopard cat.

**45,000** people

Total Number of Participants in Environmental Month Activities

### 4.3.1 Dream Team Indigenous

Hotai Group launched the Indigenous Dream Team 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 Jiaxing Elementary School and Taoshan Elementary School located in Jiaxing 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 2024, the "Indigenous Dream Team" public welfare project consolidated resources from the group, in collaboration with the Hotai Chun-Ching Social Welfare Foundation, Carmax, and Hotai Toyota Material Handling, to jointly donate NT\$7 million. This sponsorship supported the choral groups from Jiaxing Elementary School in Jiaxing Township and Taoshan Elementary School in Wufeng Township, Hsinchu County, as they ventured onto the international stage to pursue their dreams. Jiaxing Elementary School achieved remarkable success at the Andrea Del Verrocchio International Choral Festival in Italy, winning six major awards including Gold Awards in the children's choir and folk choir categories, Best Soloist, Best Musical Performance, Best Italian Music Interpretation, and second place in the Grand Prize. Meanwhile, Taoshan Elementary School won a Gold Award in the children's choir category at the World Choir Games in New Zealand, showcasing the purest Tayal tribal singing to the world.

The outstanding achievements in international choral competitions increased the recognition of both schools. In 2024, the choirs from both schools, under the banner of the "Indigenous Dream Team," were invited to perform at the National Day ceremony held at the Taipei Dome.



Hotai Motor understands the importance and value of giving back and has long been committed to serving and advocating for disadvantaged and marginalized groups. From supporting the singing dreams of indigenous children through the "Dream Team" initiative to inspiring children's creativity with the "TOYOTA Dream Car Art Contest," as well as organizing brand art and cultural activities, and conserving the rare Formosan leopard cat through the "Endemic Wildlife Protection Plan," these actions connect environmental initiatives with acts of kindness. Programs like "Share the Love of Toys," "Environmental Month," "One Tree for Every Toyota" and the "Ten Thousand People Beach Cleanup and Plastic Reduction" campaign promote coexistence with an eco-friendly environment. We believe that a better society requires collective effort, and we remain committed to protecting our land through concrete actions, joining forces with every partner to paint a sustainable and warm picture of Taiwan.

Stepping onto the world stage is challenging. To comprehensively document the "Indigenous Dream Team" journey of the choirs from Jiaxing Elementary School and Taoshan Elementary School in Hsinchu County, Hotai Group collaborated with renowned voice actor Sunday (580,000 Facebook followers) to produce a series of videos that humorously captured their overseas competition experience, accumulating 1.33 million views in total (YouTube: 240,000; Instagram: 1.09 million).

To showcase the students' growth and transformation made possible by Hotai Group's public welfare program, acclaimed director Fan Yang-Chung, known for his emotive storytelling, was invited to collaborate. Drawing on the students' real-life stories and centering on the theme of "Change," three touching growth narratives were documented and edited into videos of varying lengths to broaden their impact, garnering over 12 million views in total (Facebook: 10.04 million; YouTube: 1.99 million).



Hotai Group's Indigenous Dream Team initiative broadens the horizons of Atayal children. For three consecutive years, it has organized Career Exploration Camp and Hotai Homestay. In 2024, the group pooled its resources to arrange visits for students from Jiaxing and Taoshan Elementary Schools to affiliated companies, including Carmax and Hotai Toyota Material Handling, enabling them to learn about a variety of engaging careers and experience urban family life. These efforts strengthen children's hopes for the future and inspire broader life aspirations.



### 4.3.2 TOYOTA Global Dream Car Art Contest TOYOTA

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 2024, it was our 18<sup>th</sup> year hosting this contest and we have received a total of over 900,000 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 18<sup>th</sup> 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.



Global Competition Best Finalist Award in the 8-11 Age Group: Work by Wang Yuan-Sheng titled "Building Construction Vehicle"

In the rapid development of modern technology, people often overlook the damage caused to the natural environment. Therefore, to achieve both "ecological protection" and "construction efficiency," this Building Construction Vehicle was designed.

### 4.3.3 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 2024, we have made over NT\$56.51 million worth of purchases from the Children Are Us Foundation bakery.

### 4.3.4 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. Lexus has been committed to supporting Taiwanese arts and culture through a variety of activities, including the LEXUS DESIGN AWARD, global design competition, and LEXUS MY FILM, short film festival, which encourage young creators to unleash their creativity. For five consecutive years, Lexus has partnered with the Taipei City Government and VOGUE to sponsor the annual fashion extravaganza, "2024 Taipei Fashion Week x VOGUE Fashion's Night Out," supporting Taiwan's new generation of fashion designers. Lexus also collaborates with various professionals to plan the "Little Series" activities, allowing the children of car owners to learn from tennis stars, Michelin chefs, and popular video content creators, fostering the spirit of craftsmanship in children. Through diverse and long-term sponsorship of a wide range of arts and cultural events, Lexus continues to energize the cultivation of creative talents, providing a platform for the younger generation to pursue their dreams.



Additionally, TOYOTA has long supported the development of sports in Taiwan. In 2024, it sponsored various basketball events, including TPBL's New Taipei CTC Braves, the UBA College Basketball League, and broadcasts of the HBL High School Basketball League, promoting the sport and conveying TOYOTA's spirited sports ethos. TOYOTA also actively supports music events, sponsoring major pop music extravaganzas like the Hito Music Awards, large concerts, and "We Are Our New Year's Eve," which showcases Taiwanese cross-genre music, embracing diverse cultures and establishing communication bridges across generations. Furthermore, TOYOTA supports the popular boy band audition show "Atom Boyz 2," empowering the younger generation to fearlessly pursue their dreams, reflecting TOYOTA's brand spirit of continuous self-improvement and encouraging more young individuals to find their stage.



### 4.3.5 Taiwan Wildlife Conservation Protection Plan

The "Taiwan Wildlife Conservation Plan" held by Hotai Group has been working in collaboration with Taiwan Biodiversity Research Institute (referred to as TBRI) under the Ministry of Agriculture since 2021 to protect Taiwan's native Formosan leopard cats. With less than 500 of these precious cats remaining in the wild, the aim is to ensure their continued propagation and safeguard Taiwan's ecological conservation efforts. The plan supports TBRI in the release of leopard cats back into the wild after systematic training. Since 2021, 14 individuals have been released, with breeding records observed among four females in the wild.

To effectively ensure the safe movement of these cats, Hotai Group, along with TBRI, Garmin, and Carmax, co-developed the TOYOTA DRIVE+ Connect "Animal Hotspot" navigation feature. This tool compiles over 100,000 data entries from the Freeway Bureau, national parks, and various wildlife conservation organizations. It alerts drivers using voice and text notifications when passing through these hotspot areas, reducing the risk of collisions with wildlife. More than 170,000 car owners have joined in the effort to protect the Formosan leopard cat and other precious animals.

In addition, three vehicles dedicated to animal protection have been donated, including the Hotai No. 15—TOYOTA RAV4 4WD, and Hotai No. 16—TOYOTA COROLLA CROSS HYBRID eco-friendly vehicles donated in 2022 and 2023. These vehicles have been dispatched nearly 700 times, aiding in wildlife rescue and mobile conservation education efforts.

In 2024, Hotai Group collaborated with Taipei Zoo, donating the Hotai No. 17—TOYOTA COROLLA CROSS to support tasks such as the rescue of native species, tracking individuals released into the wild, and promoting conservation education. Additionally, Hotai Group and TBRI held the exhibition to raise awareness about preventing wildlife roadkill, ensuring that more of Taiwan's beautiful and rare animals can return home safely. This initiative aims to expand the impact of conservation efforts while enhancing Taiwan's ecology preservation and biodiversity.

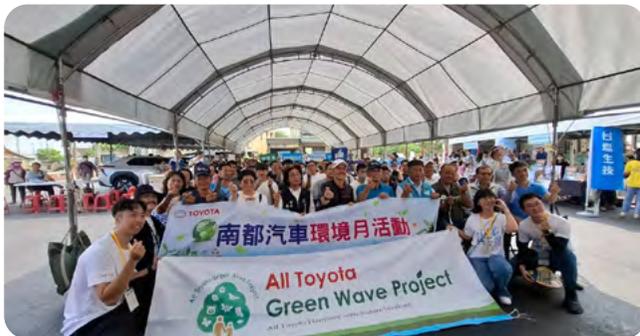
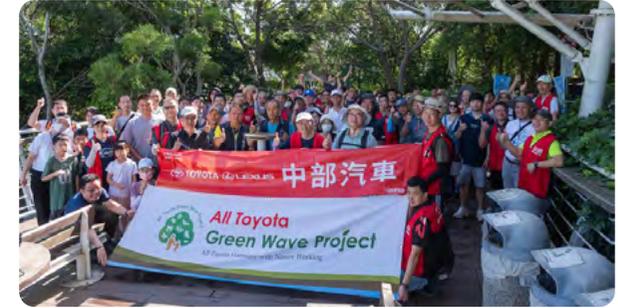


### 4.3.6 TOYOTA Environmental Month

Every year in June, Hotai Motor partners 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 126 events as part of Toyota Environmental Month by 2024, with a total of over 45,000 participants, including 3,093 in 2024 alone.

Year	2009~2012	2013~2017	2018~2020	2021~2024
Event Theme	Community mobilization to clean up the environment	Green Action Campaign	Local engagement	Local engagement + α
Number of Sessions	32	36	25	33



### 4.3.7 TOYOTA Toy Sharing

In 2016, we launched the TOYOTA Toy Sharing program. Utilizing Taiwan's parts distribution logistics network, toys are collected from service centers and transported to the toy logistics center 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 2024, an accumulated total of 460 metric tons of toys were recycled through the program, the equivalent of the carbon absorption of 120,000 trees in one year. Over 330,000 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\$1.66 million registration fees collected from our events through 2018 to 2024 has been entirely donated to Eden Social Welfare Foundation, which continues to inspire positive changes in society.

Note: 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 CO<sub>2</sub> in one year; our figures are calculated using the median value, 8.5 kg.



### 4.3.8 One Tree for Every Toyota

Since its inception in April 2017, TOYOTA's "One Tree for Every Toyota" planting program has planted a tree in Taiwan for every new TOYOTA car sold. With an investment exceeding 300 million NT dollars and support from the Tse-Xin Organic Agriculture Foundation, a green wall has gradually been established across 17 counties and cities in Taiwan, as well as on the offshore islands of Penghu, Kinmen, and Matsu. Starting in 2019, tree planting activities for owner volunteers were held, inviting TOYOTA owners and the public to join in, allowing each participant to experience the joy of planting a seedling with their own hands and become vital contributors to protecting Taiwan's coastline.

In 2024, to continue gathering collective efforts for environmental sustainability, TOYOTA hosted the "One Car, One Tree: 900,000 Trees Commemoration Event" at the Zhuangwei Coast in Yilan. Artist GBOYSWAG ( 鼓鼓 呂思緯 ) was invited to serve as the Tree Planting Ambassador, and together with over 100 car owners and members of the public, they planted nearly 1,200 seedlings along the coastline. The planting focused on hardy, drought-resistant species like sea mango and water yellow bark, which effectively absorb carbon dioxide, conserve soil and water, and prevent coastal erosion, thereby achieving the dual goals of protecting Taiwan's coasts and reducing carbon emissions.

Hotai Motor is dedicated to protecting Taiwan's coastline by continually planting trees, fulfilling its promise to preserve our beautiful homeland. With the help of the Tse-Xin Organic Agriculture Foundation, the survival rate of coastal trees has reached as high as 90%. Since the beginning of this initiative in 2017, more than 910,000 trees have been planted by the end of 2024, covering 17 counties and cities, as well as offshore islands along Taiwan's coast.

Hotai Motor has been committed to implementing net-zero carbon emission initiatives for many years, not only by innovatively practicing afforestation and carbon reduction but also by actively providing consumers with a full range of electrified vehicles through TOYOTA. These efforts contribute to achieving carbon neutrality and aim to create a cleaner, more sustainable living environment for future generations.



Yilan Zhuangwei Coastal Tree-Planting Activity



One Tree for Every TOYOTA achieved 900,000 trees planted

### 4.3.9 Group-wide Beach Cleanups to Reduce Plastic Waste

Since 2019, we enlisted the help of 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 80 beach cleanups nationwide, with over 52,000 volunteers participating. In 2024, 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 13,000 kg of waste from 15 beaches around the island. Additionally, we donated NT\$580,000 to Loo Koo Association to fund 30 rounds of environmental education for elementary school students, allowing environmental awareness and the importance of reducing the use of plastics to take root in their hearts from a young age and create a better environment for this island.





# 05 Value

**2~3% average**  
Annual merit increase

**10.83 hours**  
Overall Average training hours

**100%**  
2024 Rate of employees returning from unpaid parental leave in 2024

**93.6%**  
Rate of health examination participation in 2024

Hotai Motor believes that "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.

## 5.1 Career Development and Training

### 5.1.1 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 2024, 19 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.



Club of Floral Art



Coffee Club



Handicraft Club

### 5.1.2 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 with the primary goal of continuously nurturing professionals who embody "expertise," "innovation," and "excellence." The comprehensive talent development policy comprises 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 adapt to 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 approximately five 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, and Kuozui manufacturing facilities

**Average Training Hours in 2024 (Including both physical and online courses)**

Male	Female	Total
14.95	18.12	16.27

Management Level	Male	Female	Category Average
Executive management	16.43	-	16.43
Mid-level management	20.82	32.50	22.38
Junior management	10.10	11.76	10.83
Total	23.03	37.39	27.54

Nonmanagement Level	Male	Female	Category Average
Section manager / assistant section manager / senior supervisor / supervisor	17.35	29.58	21.61
Senior specialist / group leader	10.89	12.15	11.50
Specialist / team leader / clerk / trainee / driver / guard / registered nurse / temp worker	13.15	13.49	13.33
Total	10.01	11.76	10.83

- Training hours include physical classes and online live streaming classes
- The ratio of men to women in the company is approximately 1.4:1 (as of 2024/12/31 Number of regular staff workers (including secondments): 579)
- 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 2024, "Hotai E-Learning+" has uploaded 101 courses in 2024, including various levels of professional skills, book sharing, and career talks, and more.



Screenshot of Hotai E-Learning+ Website



Hotai E-Learning+ Course Menu

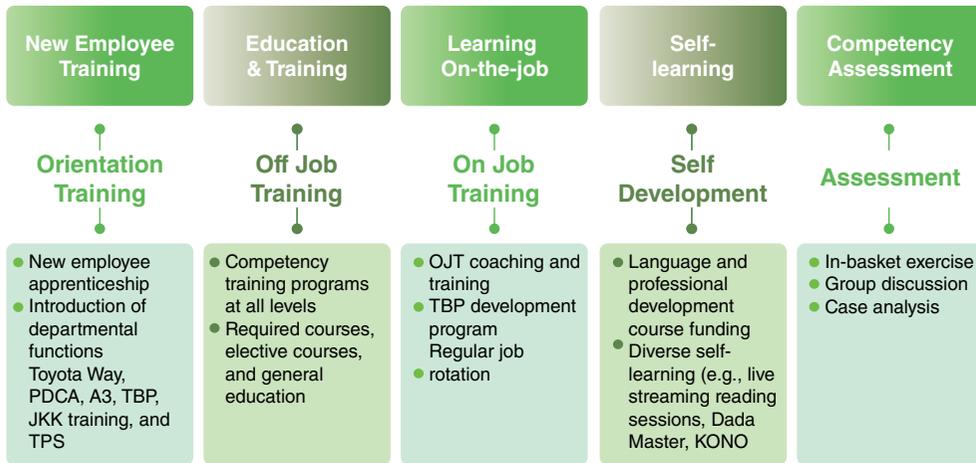
**Online Learning Resources**

Hotai E-Learning+	<ul style="list-style-type: none"> <li>• The new version 2.0 of the platform will be launched in 2024, with a cumulative total of 101 courses offered throughout the year.</li> <li>• Number of students who completed the course: 6,320</li> </ul>
Live reading sessions	<ul style="list-style-type: none"> <li>• Live-streaming reading sessions: 2 sessions \ a total of 375 colleagues attended, with a total 2.5 hours of viewing.</li> </ul>
Dada Master	<ul style="list-style-type: none"> <li>• Dada Master: 52 sessions, 1,018 views completed</li> </ul>
KONO e-magazine	<ul style="list-style-type: none"> <li>• KONO magazine: Available to all employees; on average, 32 colleagues use it monthly, with a total of 28,320 articles read annually.</li> </ul>
CommonWealth Leader Campus	<ul style="list-style-type: none"> <li>• CommonWealth Leader Campus: A total of 50 accounts, the number of quizzes in a single quarter does not reach 30, such account will be withdrawn. A total of 4,711 articles were read over the entire year.</li> </ul>

### 5.1.3 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.

#### Talent Development Pathway



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 assessments 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.

#### Hotai Motor Competency Model



### 5.1.4 Performance Review and Competency Assessment

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"> <li>Performance rating is given based on cumulative scores received from performing employees' duties and responsibilities.</li> </ul>
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"> <li>The scores are given based on the competencies required for the grade level of the employee being assessed.</li> <li>Ranked and rated according to the weighted scores of their peers from the same department in the same grade level.</li> </ul>



## 5.2 Employee Rights and Welfare

### 5.2.1 Talent Recruitment and Retention

In 2024, we have a total of 567579 employees and the average male to female ratio is 1.4:1, all of which are full-time employees. In terms of age distribution, 48.53% of our workforce is in the age group of 30-50, the highest among all the age groups. As for position distribution, 20.55% of the employees are at management level. For the summer of 2024, we have hired 14 interns, 2 long-term interns which duty is to carry out project planning for their departments' business. We also have outsourced 23 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	337	58.2%	242	41.8%	415	91	73
	Contract Employee	0	0.0%	0	0.0%	0	0	0
Employment Type	Full Time	337	58.2%	242	41.8%	415	91	73

Employee Distribution		Male	Percentage of Total in the Category (%)	Female	Percentage of Total in the Category (%)	Under 30	Percentage of Total in the Category (%)	30-50	Percentage of Total in the Category (%)	Over 50	Percentage of Total in the Category (%)
Management Level	Executive management (director level and above)	19	100.0%	0	0.0%	0	0.0%	2	10.5%	17	89.5%
	Mid-level management (manager level)	24	85.7%	4	14.3%	0	0.0%	9	32.1%	19	67.9%
	Junior management (department leader level; deputy manager)	45	62.5%	27	37.5%	0	0.0%	54	75.0%	18	25.0%
Nonmanagement Level	Section manager and assistant section manager (incl. senior supervisor and supervisor)	79	64.8%	43	35.2%	5	4.1%	89	73.0%	28	22.9%
	Senior specialist (incl. group leader)	119	52.0%	110	48.0%	58	25.3%	99	43.2%	72	31.5%
	Specialist (and below)	51	46.8%	58	53.2%	22	20.2%	28	25.7%	59	54.1%
Total		337	337	58.2%	242	41.8%	85	14.7%	281	48.5%	213

In 2024, we have hired a total of 47 new employees who account for 8.1% 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

		2021		2022		2023		2024	
		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 (%)		5.7%		5.7%		6.7%		8.1%	
By Gender	Male	14	2.5%	14	2.5%	19	3.4%	24	4.1%
	Female	18	3.2%	18	3.2%	19	3.4%	23	4.0%
By Location	Headquarters	31	5.5%	29	5.2%	32	5.6%	36	6.2%
	Xinzhuang	0	0%	1	0.2%	3	0.5%	7	1.2%
	Yangmei	1	0.2%	2	0.4%	3	0.5%	4	0.7%
By Age	Under 30	24	4.3%	19	3.4%	30	5.3%	34	5.8%
	30-50	7	1.2%	12	2.1%	8	1.4%	12	2.1%
	Over 50	1	0.2%	1	0.2%	0	0.0%	1	0.2%

### Statistics of Mid-level and Executives from Local Hires

		2021		2022		2023		2024	
		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	37	86.0%	38	86.4%	36	85.7%	40	85.1%
	Female	3	7.0%	3	6.8%	3	7.1%	4	8.5%
Total		40	93%	41	93.2%	39	92.8%	44	93.6%

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 3.94%, 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

Number of Resignations		2021		2022		2023		2024	
		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		2.33%		3.37%		4.60%		3.84%	
By Gender	Male	5	0.9%	6	1.1%	15	2.6%	15	2.6%
	Female	8	1.4%	13	2.3%	11	1.9%	7	1.2%
By Location	Headquarter	12	2.1%	18	3.2%	23	4.1%	17	3.0%
	Xinzhuang	0	0.0%	0	0.0%	2	0.4%	3	0.5%
	Yangmei	1	0.2%	1	0.2%	1	0.2%	2	0.3%
By Age	Under 30	3	0.5%	11	2.0%	6	1.1%	9	1.6%
	30-50	10	1.8%	8	1.4%	20	3.5%	11	1.9%
	Over 50	0	0.0%	0	0.0%	0	0.0%	2	0.3%

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.

## 5.2.2 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. 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 2024, 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 2024, 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 2024 was 53.4% and the overall satisfaction score was 3.85 (on a 5-point scale). Out of 5 points, the Performance Review has scored 3.47, 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.



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



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

### 5.2.3 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 1.458 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 2024, the average number of full-time employees at nonmanagement level was 536 and their average salary was NT\$2,677,000.

Year	2023	2024	Percentage Change (%)
Number of full-time employees at nonmanagement positions	529	536	1.32
Average salary (NT\$ thousand)	2,630	2,677	1.79
Median salary (NT\$ thousand)	1,991	2,103	5.63

Note 1: The difference between average salary in 2022 and 2024 is mainly due to the Company's rise in profits.

Note 2: Nonmanagement positions do not include managers.

### Gender Pay Ratio

Position/ Pay Ratio		Female to Male Ratio of Fixed Pay		Female to Male Ratio of Variable Pay	
		2023	2024	2023	2024
Management Level	Executive management (director)	-	-	-	-
	Mid-level management (manager)	0.96	0.96	0.98	0.98
	Junior management (department leader)	0.98	0.99	1.00	1.05
Nonmanagement Level	Section manager and assistant section manager (incl. senior supervisor and supervisor)	0.92	0.95	0.90	0.94
	Senior specialist (incl. group leader)	0.94	0.94	0.93	0.93
	Specialist (and below)	1.01	1.00	1.06	1.03

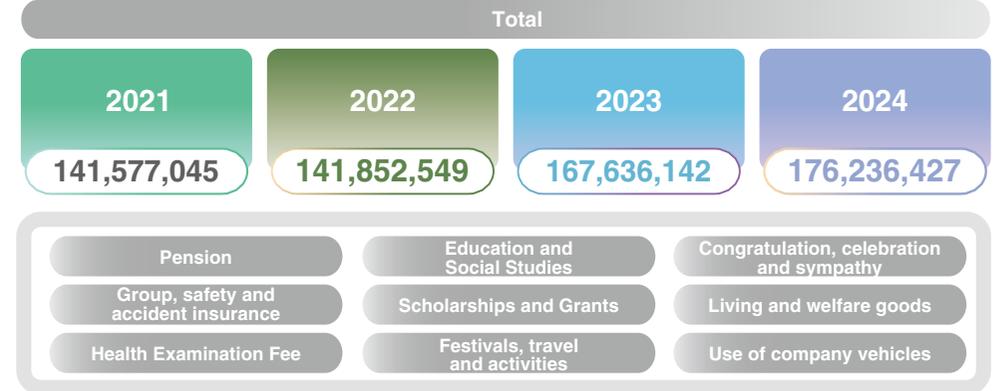
Note: Fixed pay refers to monthly salary; remuneration refers to fixed plus variable pay (bonus). There's no female executive director in 2023 or 2024.

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 aid, 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"> <li>Life insurance and cancer insurance fully paid by the company</li> <li>Group Accident and Injury Medical Insurance fully paid by Employee Benefit Committee.</li> </ul>
Foreign language study grants	<ul style="list-style-type: none"> <li>Grants half of the tuition fee (excluding other miscellaneous fees) for English/Japanese courses at partnering educational institutions.</li> </ul>
Travel Grants	<ul style="list-style-type: none"> <li>NT\$ 50,000 in travel vouchers per year</li> </ul>
Birthday and Festival Gift	<ul style="list-style-type: none"> <li>Birthday gift: NT\$5,000 department store gift certificate</li> <li>Holiday Bonus: NT\$5,000 cash/time</li> </ul>
Scholarships and Grants	<ul style="list-style-type: none"> <li>The scholarship for the 2024 academic year is distributed at 44,500 NT dollars per person.</li> </ul>

### Amount of employee benefit expenses (NT\$)



We strive to create a safe and non-discriminatory work environment for our employees. In 2024, the rate of employees returning to work from unpaid parental leave was 100%, and the retention rate was 100%, 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 2024

	male	female	total
Number of employees eligible for parental leave in the current year	25	18	43
Number of employees applying for parental leave in the current year	1	5	6
Number of employees expected to return from unpaid parental leave in the current year	1	3	4
Number of employees returning from unpaid parental leave in the current year	1	3	4
Number of reinstatement after the previous year's parental leave	0	3	3
Number of reinstatement after the previous year's parental leave	0	3	3
Application rate of unpaid parental leave (%)	4	27.8	14.0
Rate of returning to work from unpaid parental leave (%)	100	100	100
Retention rate of employees returning from unpaid parental leave (%)	N / A	100	100

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.

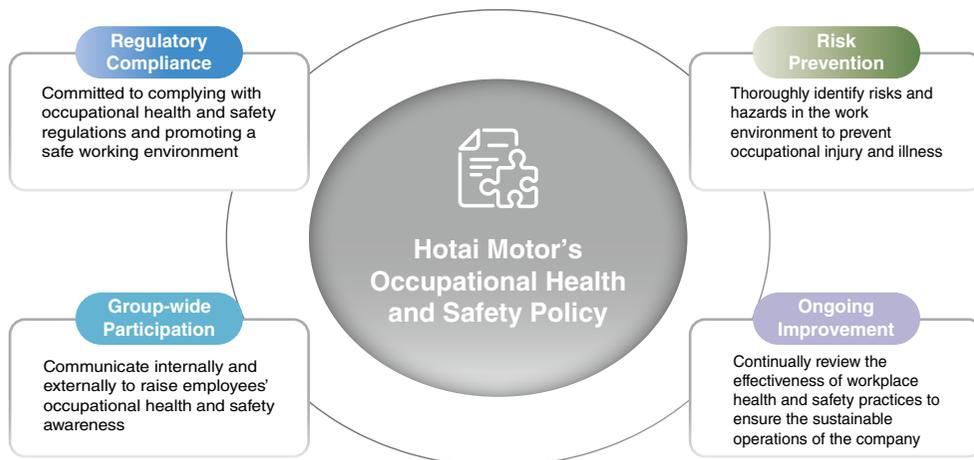
## 5.3 Occupational Health and Safety Management

Employees are the company's core competitive advantage. Hotai Motor is committed to preventing occupational accidents and diseases, ensuring the safety of employees at 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.

### 5.3.1 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 a 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

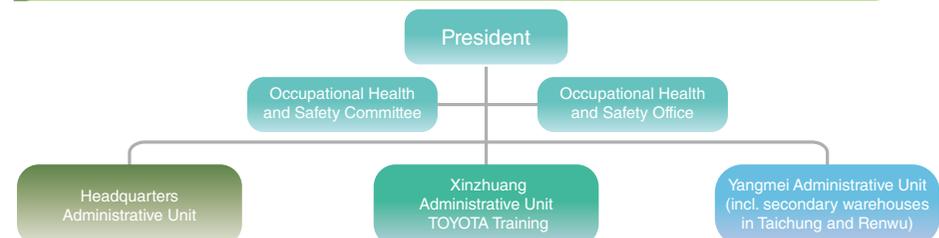
We have started to implement the ISO 45001: Occupational Health and Safety Management System (OHSMS) in 2018, and have obtained certification from a third-party international institution since 2019. The system covers our headquarters, Xinzhuang Complex, Yangmei Logistics Center, Taichung secondary warehouse and Kaohsiung Renwu secondary warehouse, and all the employees working at these five facilities, including employees, contractors, and temp workers. A total of 584 employees and 27 non-employees (only dispatched personnel) are included in the management scope, all of whom have undergone internal and external audits. 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.

#### Organizational structure of the Occupational Health and Safety Committee



## 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 maximize the effectiveness of occupational safety and health resources, we have planned to establish a mechanism for sharing health promotion seminars and occupational safety and health management courses. These resources will be placed on the group's online education platform and shared with employees and their families, collaboratively enhancing knowledge of workplace safety and health. Through these actions, we aim to practice ESG corporate sustainability efforts.

### 5.3.2 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 2024, 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 screening rates are 89% in 2021, 87% in 2022, 90% in 2023, and 93.6% in 2024, 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 2024, no Level 3 or higher results were found in these examinations for specific hazards.

#### Per-Capita Health Check Budget by Tier

Level	age	2024 Health Checkup Quota
B	≤ 39yr	3,500
A	≥ 40yr	15,000
Managers, deputy managers, and department leaders	≤ 39yr	15,000
	≥ 40yr	20,000
Directors and above	All ages	35,000

## Health and Wellness Promotion

Hotai Motor employs dedicated occupational health nurses and contract occupational medicine specialists, emphasizing prevention over treatment by caring for the physical and mental well-being of each employee through various health promotion activities and services. In 2024, the theme "Eat Well, Move Well, Stay Healthy: I'm Best at Muscle Building and Fat Reduction" will guide the design of related health promotion activities, including health seminars, health measurements, healthy lunchbox days, muscle building and fat reduction exercise classes, and the introduction of a health management app, among others. Various health promotion incentives will be provided to encourage employees to participate and maintain their physical health. The company has also been awarded the "Health Promotion Mark" by the Health Promotion Administration of the Ministry of Health and Welfare in 2023, valid for three years.



#### Hotai Motor's Wellness Activities in 2024

Activity	Activity	Number of Sessions	Participants
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.	30	148
HRV Autonomic Nervous System Analysis Testing	Using wearable devices, non-invasive collection of electrocardiogram signals is performed to analyze variations in heart rate as an indicator, providing indirect insights into the autonomic nervous system's activity and stress levels.	6	169
BIA Body Composition Analysis Testing	Using professional equipment, employees can measure their body fat percentage, basal metabolic rate, muscle mass, bone weight, and body water distribution, providing a comprehensive analysis of body composition.	15	500
Nutritionist Consultation	Invite experienced nutritionists to offer nutritional consultation services, including explanations of body composition analysis reports, dietary advice for weight loss, and eating suggestions for those who frequently dine out, among other topics.	10	56
Myofascial Release Therapy	Invite a physical therapist to provide simple and easy-to-learn stretching exercise recommendations for office workers who sit for long periods.	6	106
Muscle Building and Fat Loss Exercise Class	Collaborate with a nearby gym to offer Muscle Building and Fat Loss Exercise Classes, assisting employees in achieving their ideal physique.	9	117
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. The topics include: Easy and Delicious Healthy Lunch Boxes, Decoding Health Check Reports, Cardiovascular Protection, and more.	11	483
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. (It is also open for employees and their family members of affiliated companies to come and receive vaccinations together.)	3	142
Healthy Lunch Box Day	Implementing an online ordering platform for healthy lunch boxes provides a diverse and convenient way to purchase meals, while also integrating healthy eating into daily life.	-	6,756



## ∞ Four Major Programs for Labor Health Protection

Hotai Motor is committed to safeguarding employee health through various structures, including musculoskeletal surveys, excessive workload questionnaires, and hazard identification and risk assessment surveys related to workplace abuse. We identify employees who may need attention or assistance and, beyond conducting interviews, we undertake site visits, facilitate physician consultations, and implement solutions to improve working environments. These measures proactively identify potential health risk factors to prevent hazards from developing into illnesses. To prevent unlawful incidents in the workplace, including physical violence, mental abuse, sexual harassment, and sexual assault, the company has established a reporting mechanism and offers seminars on preventing such events. Regarding maternal health protection, when occupational health nurses receive pregnancy notifications, they arrange health consultations, hazard identification and assessments, and conduct site visits to confirm risk levels. We also offer subsidies for pregnancy-related supplies, providing each pregnant employee with an NT\$2,000 allowance, with one application received in 2024. Additionally, all premises feature lactation rooms to offer a more supportive environment for postpartum staff. The lactation room at the Taipei headquarters received a top rating from the Taipei City Health Bureau in 2023, with a validity period of three years.



## 5.3.3 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 (risk assessment results indicating levels 4 and 5 are considered high risk) — to identify and implement the most effective risk reduction measures, and subsequently monitor the improvements. In 2024, a total of 1,432 hazard identification and risk assessment cases were conducted, with three cases identified as high risk. These were targeted for management improvement plans, which were completed by December 2024. Upon evaluation, three high-risk operational items were identified for the year (all related to fall hazards). These were subsequently developed into management plans and have been successfully improved. Whenever there are operational activities or anomalies, a reevaluation is required.

For contractors and long-term on-site contractors, we adhere to the OSH-3-020-E Contractor Safety and Health Management Operational Standards by signing hazard notifications and organizational agreements before any operations commence. We conduct annual occupational safety and health evaluations of our suppliers to ensure their capabilities in safety and health management. Regarding our affiliated companies and dealers, we regularly share information about domestic regulations and common workplace safety incidents to enhance information exchange.

## 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 2024

Project	Content
Electric Vehicle and Lithium Battery Fire Hazard Prevention Project	<p>To enhance the emergency response resources and capabilities for electric vehicle and lithium battery fires across various areas, fire blankets for electric vehicles will be purchased as a risk control measure. Additionally, members of the emergency response team will receive training on the characteristics of lithium battery fires and the operation of fire blankets.</p> 
Office and Warehouse Area Lighting Improvement Project	<p>At the Taipei Headquarters, certain floors, as well as specific areas in the Taichung auxiliary warehouse, will undergo lighting improvement projects to comply with Article 313 of the "Occupational Safety and Health Facility Regulations."</p>
Improvement of Security Equipment at the Complex	<p>At the Taipei Headquarters, Xinzhuang Complex, and Yangmei Complex, security personnel at the main gates are being provided with reflective vests and batons to enhance visibility and reinforce safety reminders for both personnel and vehicle traffic.</p>
Outdoor platforms and Fall Risk Prevention Projects	<p>At the Xinzhuang Complex, the outdoor platform for the air conditioning units and water tower of the research and development building were equipped with fixed ladders and guardrails. Additionally, horizontal lifelines and footboards were installed on the roof of the training center to prevent fall hazards for personnel.</p> 
Prevention of Fire and Explosion Hazards in Paint Booths	<p>In 2024, when replacing equipment in the paint booth of the Paint and Spray Center, explosion-proof lights meeting TS certification standards were installed to prevent fire and explosion hazards.</p>
Repainting and Improving the Color of Firefighting Pipelines in the Paint and Spray Center	<p>The firefighting pipelines in the Paint and Spray Center were repainted red to enhance safety identification.</p>
Noise Monitoring and Management in the Paint and Spray Center	<p>Noise display boards were installed in the Paint and Spray Center, alongside establishing guidelines for when hearing protection gear should be worn. Additionally, hearing protection educational training were conducted.</p>

### 5.3.4 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 2024, we held a total of 117 certifications of occupational health with a total of 46 certifications that need to undergo refresher training and safety and conducted training in 2024 for 380 participants.



#### Overview of Occupational Health and Safety Certifications

Name of Certification	Occupational Health and Safety Manager/ Personnel	Occupational Health and Safety Superviso	Occupational Health Nurse	EMT1	MEWPs Operator	Forklift Operator
Quantity	3	9	1	2	3	38
Name of Certification	Security Supervisor	Fire Prevention Manager	Harmful Operations Supervisor	First Aid Personnel	AED Administrator	
Quantity	1	6	20	25	9	

#### [ Overview of Occupational Health and Safety Certifications ]

Category	Name of training	Participants
General type of Health and Safety	General Health and Safety Training for New Hires	68
	Chemical Hazard Awareness Education and Training	38
	Recertification Training for Health and Safety Managers	81
	Respiratory Protection Training	8
	Hearing Protection Education and Training	9
ISO45001	Regulatory Compliance Audit Education and Training	20
	Hazard Identification and Risk Assessment Training	32
	Contractor Safety and Health Management Education and Training	21
	Education and Training on Article Explanation and Internal Auditing	43
Type of certification	Health and Safety Supervisor Training (Initial / Refresher)	1
	Occupational Safety and Health Business Supervisors Training (Initial / Refresher)	3
	Occupational Health Service Nursing Personnel Training (Initial / Refresher)	1
	Forklift Operators Training (Initial / Refresher)	37
	Security Supervisors Training (Initial / Refresher)	1
	Fire Prevention Managers Training (Initial / Refresher)	2
	First Aid Personnel Training (Initial / Refresher)	8
	Harmful Operations Supervisor Training (Initial / Refresher)	7

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. According to the company's OSH-2-011-C Occupational Health and Safety Incident Investigation Procedure section 5.2, major incidents must be reported to the Occupational Safety and Health Office (OSHO) within 2 hours, while other injury incidents and near-miss events must be reported within 24 hours. Workers who report incidents will not face any disciplinary action. In accordance with the company's OSH-3-021-A Hotai Motor Occupational Safety and Health Work Regulations Articles 72 and 73, if there is an imminent danger at the workplace, the person in charge must immediately order the cessation of operations and ensure that workers retreat to a safe location. If workers, while performing their duties, discover a situation posing imminent danger as described in the previous articles, they are allowed to stop operations and retreat to a safe location without jeopardizing the safety of other workers and must immediately report to the person in charge of the workplace.

Incident Investigation Procedure



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. In accordance with the company's OSH-2-011-C Occupational Health and Safety Incident Investigation Procedure section 5.5, the Occupational Safety and Health Office (OSHO) is required to convene an interview with the parties involved within three days of an incident (or within three days after a holiday, (if applicable) to investigate the cause of the incident and complete the OSH201101-B Incident Investigation and Analysis Report Form. Additionally, as per the company's OSH-2-005-B Hazard Identification and Risk Assessment Management Procedure section 5.2, it is mandated that in the event of an unforeseen emergency or accidental situation, a new hazard identification and risk assessment must be conducted. In 2024, the Taipei Headquarters has specially invited professional firefighting vendors to conduct site hazard identification and risk assessment, fire response training courses, tabletop emergency response team simulation training, and live drills. These initiatives aim to enhance disaster prevention information and response capabilities. 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 2024, number of participants was as follows: 71 individuals at the Taipei Headquarters, 46 at the Xinzhuang Campus, 69 at the Yangmei Campus, 23 at the Taichung Warehouse, and 24 at the Renwu Warehouse.

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.



Item	By gender	2021		2022		2023		2024	
		Employee	Non-employee	Employee	Non-employee	Employee	Non-employee	Employee	Non-employee
Recordable work-related incidents	Male / Female	0 / 0	0 / 0	0 / 0	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	0 / 0	0 / 0	0 / 0
Incidence rate of work-related injuries	All employees	0	0	0	0	0	0	0	0
Incidence rate of work-related illnesses	All employees	0	0	0	0	0	0	0	0
Fatality	All employees	0	0	0	0	0	0	0	0
Incidence rate of contractor's work-related injuries	All contractors	0	0	0	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



# 06

## Environmental Friendliness

**96%**

Percentage of new TOYOTA vehicles sold that possess energy labels

**74.5%**

Percentage of recycled parts used in AC compressors

Over **75 thousand kWh**

Water saved by not washing cars during maintenance visits (accumulated until 2024)

**898.8 metric tons**

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



## 6.1 Environmental Sustainability Vision

### 6.1.1 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.

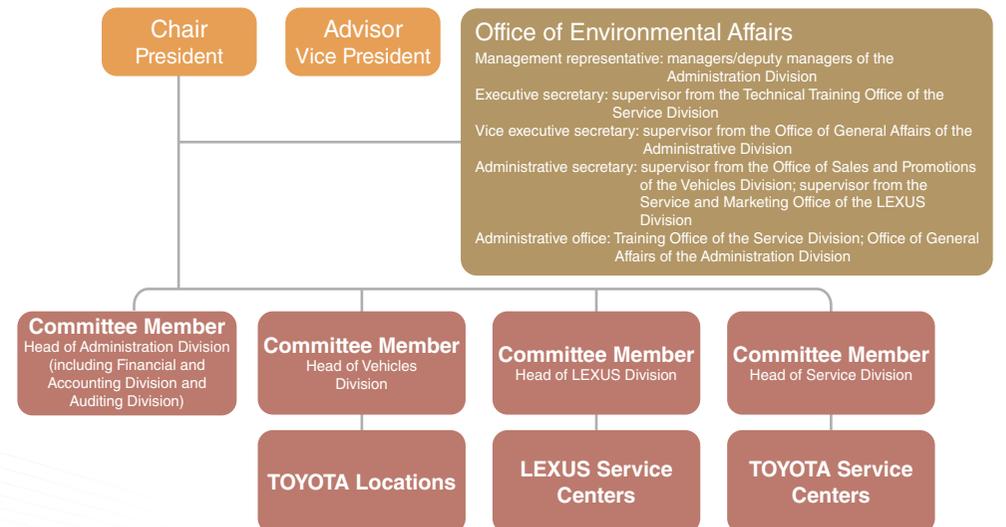
### 6.1.2 Management System

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 environment-related violations have occurred, and fines for environmental regulations have been zero.

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



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



### 6.1.3 Vision and History

TOYOTA Environmental Challenge 2050 consists of six goals that seek to implement environmental policy and contribute to the sustainable development of the industry. With net-zero CO<sub>2</sub> 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 (base year: 2019)	Hotai Motor's Goals (base year: 2019)
(1) Zero CO <sub>2</sub> Emissions from New Generation Vehicles	• 2025 CO <sub>2</sub> ↓ 30%	None
(2) Zero CO <sub>2</sub> Emissions over Vehicle Lifecycle	• 2025 CO <sub>2</sub> ↓ 15% • 2030 CO <sub>2</sub> ↓ 32%	• 2025 CO <sub>2</sub> ↓ 18% • 2030 CO <sub>2</sub> ↓ 33%
(3) Zero CO <sub>2</sub> Emissions from Factories	• 2025 CO <sub>2</sub> ↓ 20% • 2030 CO <sub>2</sub> ↓ 35%	N / A
(4) Minimal and Optimized Water Usage	The concept of water recycling	Set cumulative water savings target of 1%
(5) Establishment of a Circular Society and System	3R concept (batteries)	← Same as Asia-Pacific
(6) Harmony with Nature	Enhance employee environmental awareness and influence stakeholders	← Same as Asia-Pacific

Note: 3R stands for Reduce, Reuse, and Recycle.

Net-Zero Carbon Emissions Challenge 2050	Asia-Pac Target 2030 (8 <sup>th</sup> Environmental Action Plan: 2026-30)	Asia-Pac Target 2025 (7 <sup>th</sup> environmental Action Plan: 2021-25)
1. Reduce CO <sub>2</sub> emissions from the next generation new vehicles by 90%	↓ TBC%	CO <sub>2</sub> ↓ 30%
2. A circular economy with zero carbon emissions from vehicle life cycle	↓ 32%	CO <sub>2</sub> ↓ 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 <sub>2</sub> ↓ 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	

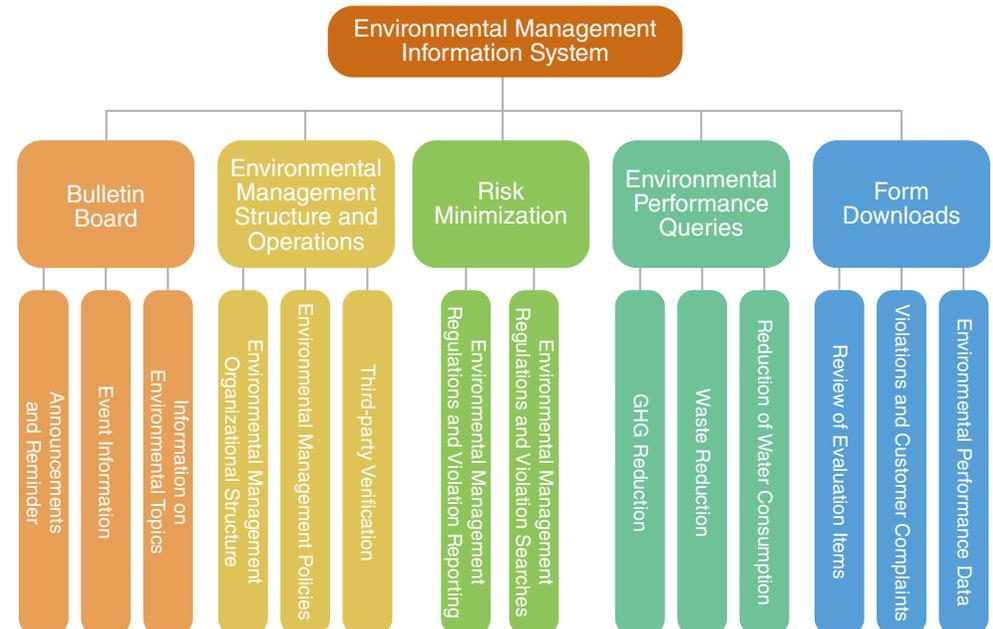
Note:   Assigned Tasks; 3R: Rebuilt (battery regeneration) -> Reuse (distribution of regenerative batteries) -> Recycle (recycling of used batteries)

### Development of Environmental Management



### 6.1.4 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 2024, 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 2025, we will persist in our improvements and steadily progress towards our goal of achieving zero emissions.

We continue to implement environmental sustainability initiatives and seek 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 ecofriendly 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.

### Performance and Results of Environmental Sustainability Practices

Topic	Action Plans Implemented	2024 Performance	New Goals in 2025
Moving towards the goal of zero emissions	GHG (CO <sub>2</sub> ) reduction activities.	Hotai Motor's carbon emissions reduced by 5.9% compared to the 2019 baseline year	Set a full-year carbon emission reduction target of -18% (vs. parent plant 2019 baseline), to be achieved through green electricity purchases.
Creating a lowcarbon society	Promote eco-driving	mental bulletin available in every Hotai Motor location, ecofriendly 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	One Tree for Every Toyota Tree Planting campaign accumulated 910,000 trees planted	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 (Tzu Chi Foundation), beach clean-up (Taiwan Loo-Koo Yu Association), and 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 100 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 knowledge 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 2024 audit and evaluation	Keep the record and be the best again in 2025.
	Continue to promote the use of solar power	Promotion of construction of self-built solar power plants for own use	<ul style="list-style-type: none"> <li>Keep expanding solar sites</li> <li>Continued expansion of solar power plants Dormitory rooftop and Xiaocang solar power plant annual power generation: 123,463 kWh/year (58.52 tons/year)</li> </ul>
	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	3 environmental education sessions held in July with over 280 employees participating, enhancing employee environmental sustainability awareness	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	Continue to improve the external communications and build a strong brand image for environmental sustainability.
	Disclose eco-performance in ESG reports, on the corporate website, on each TOYOTA dealer's FB, and on bulletins at our locations	Continued strengthening of external communication to build environmental sustainability brand image	

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

## 6.2 Green Operations

### 6.2.1 Energy Resource Management

In 2024, the total annual energy consumption of Hotai Motor was 11,572 GJ. The majority of our 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 explains the fluctuations. As the source of our water is from Taiwan Water Corporation, our water use doesn't create a 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 2024, this meant achieving a 5% reduction from 2019 levels. In practice, we achieved a 31% reduction in water use in 2024, 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, a third warehouse was built. The actual working personnel in the park include outsourced contractors. Further, the Yangmei Complex has an employee dormitory, and the entire complex (excluding the Kuotu Motor PDS Center) has a relatively large area, which explains why electricity consumption and water use per capita are among the highest in our energy and resource intensity.

#### Energy Usage

Types of Energy	Consumption Unit	Consumption Area	2021	2022	2023	2024
Gasoline	Liters	Headquarters	18,852	50,572	64,424	25,314
		Xinzhuang	6,863	9,594	8,706	6,738
		Yangmei	2,331	1,936	2,500	2,389
	Total		28,046	62,102	75,630	34,441
	GJ	Headquarters	616	1,652	2,104	827
		Xinzhuang	224	313	284	220
		Yangmei	76	63	82	78
		Total	916	2,028	2,470	1,125

Types of Energy	Consumption Unit	Consumption Area	2021	2022	2023	2024
Diesel	Liters	Headquarters	0	0	0	84
		Xinzhuang	0	0	0	0
		Yangmei	4,433	3,820	3,755	4,020
	Total		4,433	3,820	3,755	4,104
	GJ	Headquarters	0	0	0	3
Xinzhuang		0	0	0	0	
Yangmei		156	134	132	141	
Total		156	134	132	144	
Natural Gas	Cubic Meters	Headquarters	0	0	0	0
		Xinzhuang	16,085	21,882	21,269	15,523
		Yangmei	0	0	0	0
	Total		16,085	21,882	21,269	15,523
	GJ	Headquarters	0	0	0	0
		Xinzhuang	606	825	801	585
Yangmei		0	0	0	0	
Total		606	825	801	585	
LPG	Liters	Headquarters	0	0	0	0
		Xinzhuang	0	0	0	0
		Yangmei	144	161	152	134
	Total		144	161	152	134
	GJ	Headquarters	0	0	0	0
		Xinzhuang	0	0	0	0
Yangmei		4	5	4	4	
Total		4	5	4	4	
Purchased Electricity	kWh	Headquarters	704,774	815,662	827,205	851,526
		Xinzhuang	541,219	589,238	584,349	580,859
		Yangmei	1,367,285	1,281,223	1,234,272	1,265,481
	Total		2,613,278	2,686,123	2,645,826	2,697,866
	GJ	Headquarters	2,538	2,937	2,979	3,066
		Xinzhuang	1,949	2,122	2,104	2,092
		Yangmei	4,923	4,613	4,444	4,557
Total		9,410	9,672	9,527	9,715	
Green Energy Total Usage - Solar Energy (Gigajoules)			0	30	303	445
Total Energy Usage (GJ)			11,092	12,694	13,238	12,017
Total Number of People			563	565	584	579
Energy Intensity (GJ / person)			19.70	22.47	22.67	20.75

Notes:

- All data are rounded to the nearest whole number.
- Data are compiled from Taipower electricity usage records and procurement records of fuel, LPG, and natural gas. Energy conversion coefficients are based on the Energy Bureau of the Ministry of Economic Affairs' standard conversion table: Gasoline 1 liter = 7,800 kcal; Diesel 1 liter = 8,400 kcal; Natural gas 1 cubic meter = 9,000 kcal; Liquefied petroleum gas 1 liter = 6,635 kcal; Electricity 1 kWh = 860 kcal; Solar power 1 kWh = 860 kcal; 1 kcal = 4,187 kilojoules (KJ), 1,000,000 KJ = 1 gigajoule (GJ)
- Self-generated solar power has been used since 2023.

### Water Withdrawal

Types of Energy	Unit	Location	2021	2022	2023	2024
Water (third-party water)	Million Liters	Headquarters	7.15	5.91	3.89	3.39
		Xinzhuang	4.49	5.04	4.76	3.59
		Yangmei	6.70	6.41	7.55	8.76
Total			18.34	17.36	16.20	15.74

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

### Water Intensity

Types of Energy	Intensity Units	Consumption Area	2021		2022		2023		2024	
			Head-count	Intensity	Head-count	Intensity	Head-count	Intensity	Head-count	Intensity
Water	m3 Per Capita	Headquarters	398	18	401	15	403	10	418	8
		Xinzhuang	87	52	88	57	91	52	88	41
		Yangmei	76	88	74	87	73	103	73	120
Average			563	33	565	31	584	28	579	27

The effectiveness of gasoline savings mainly comes from replacing fully gasoline-powered vehicles with hybrid vehicles. Natural gas boilers are shut down on weekends to reduce usage. Over the years, the headquarters and the two campuses have continuously implemented electricity reduction plans and various water-saving initiatives. The power-saving measures have also resulted in significant cost reduction benefits.

## 6.2.2 Greenhouse Gas Reduction

In 2024, 84.5% of Hotai Motor's total greenhouse gas (GHG) emissions are associated with electricity use, indicating that indirect energy emissions (Scope 2) are the main source of our GHG emissions. Direct emissions (Scope 1) have remained stable over the past three years. Regardless of whether it's Scope 1 or Scope 2 emissions, Hotai Motor is actively implementing various energy-saving measures and continuously improving energy use efficiency, committed to mitigating the impact of climate change. In 2024, the total Scope 1 and Scope 2 GHG emissions amounted to 1,518.366 tCO<sub>2</sub>e, representing a 5.9% decrease from the 1,613.7 tCO<sub>2</sub>e reported in the baseline year of 2019.

### GHG Emissions

Scope	Emission Units	Location	Emissions			
			2021	2022	2023	2024
Scope One <sup>1</sup>	Metric tons CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	Headquarters	80.0	85.42	93.24	93.95
		Xinzhuang	48.8	99.58	93.42	90.23
		Yangmei	23.5	61.97	57.76	51.07
		Total	152.3	246.97	244.41	235.24
Scope Two	Metric tons CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	Headquarters	358.7	514.82	408.64	403.62
		Xinzhuang	275.5	319.57	288.67	275.33
		Yangmei	695.9	643.90	634.88	604.17
		Total	1,330.1	1,478.29	1,332.19	1283.12

Note 1: Emission boundary is identified using the operational control method, and its calculation includes CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Scope 1 emissions only calculate stationary sources of pollution but not mobile sources of pollution.

Note 2: Scope 2 emissions are from electricity usage. The electricity emission factors are: 0.509 (2021), 0.495 (2022), 0.494 (2023), and 0.474 (2024) kg CO<sub>2</sub>e/kWh. These factors are updated annually by the Energy Bureau.

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: Data for 2023 and 2024 were self-verified by the company in accordance with ISO 14064-1:2018 data quality requirements. The 2022 data were verified by third-party organization SGS, which issued an ISO 14064-1 certificate.

Note 5: For the baseline year of 2019, GHG emissions were 209.0 tCO<sub>2</sub>e for Scope 1 and 1,404.7 tCO<sub>2</sub>e for Scope 2, totaling 1,613.7 tCO<sub>2</sub>e.

Note 6: The 2019 baseline year was set according to Toyota Asia Pacific's guidelines. The baseline includes: direct (Scope One) and energy indirect (Scope Two) emissions. (Scope One emissions only account for stationary sources and exclude fugitive sources.)

Note 7: In accordance with regulatory requirements, external verification of the 2026 greenhouse gas inventory will be conducted in 2027.

### Greenhouse Gas Emission Intensity

Scope	Intensity Unit	Location	2021		2022		2023		2024	
			Revenue (Million NTD)	Intensity						
1+2	Tons of CO <sub>2</sub> e / Revenue (Million NTD)	All Areas	138,872	0.0107	130,393	0.0132	161,318	0.0098	160,057	0.0095

### Reduction Measures and Projected Effectiveness

Location Implemented	2021	2022	2023	2024
Headquarters	<ul style="list-style-type: none"> <li>Lease exchange of plug-in vehicle types (EV or PHEV) for company vehicles due from 2021 (3.8 tons/year)</li> <li>Continuous replacement of energy efficient LED bulbs (3.2 tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>Lease exchange of plug-in vehicle types (PHEV) (2.9 tons/year)</li> <li>Continuous replacement of energy efficient LED bulbs (0.9 tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>Lease exchange of plug-in vehicle types (PHEV) (2.9 tons/year)</li> <li>Continuous replacement of energy efficient LED bulbs (0.9 tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>Continued replacement of official vehicles with plug-in models (EV or PHEV) upon lease expiry</li> <li>Installation of central air conditioning control system</li> </ul>
Xinzhuang	<ul style="list-style-type: none"> <li>Replace old ACs at training facilities (36 metric tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the management of lighting facility</li> <li>Install sensor lighting in rest rooms, break rooms, and resting areas</li> </ul>	<ul style="list-style-type: none"> <li>Replace metal halide lamps with LED lighting in the 5F Grand Hall</li> <li>Replace lighting with LEDs on the 5<sup>th</sup> and 6<sup>th</sup> floors of the dormitories</li> </ul>	<ul style="list-style-type: none"> <li>5F cafeteria switched to external catering, reducing natural gas usage (9.6 tons/year) (2024 reduction: 5,105 kWh, natural gas emission factor: 1.88)</li> </ul>
Yangmei	<ul style="list-style-type: none"> <li>Replace metal halide lamps in Yangmei (3.6 metric tons/year)</li> <li>Recycling of packing materials (56.8 metric tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>Install solar panels on the roof of dormitories (3.9 metric tons/year)</li> <li>Replace metal halide lamps &amp; AC in Yangmei (22.6 tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>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.)</li> <li>Replace metal halide lamps in the Yangmei main warehouse (4.26 metric tons/year)</li> </ul>	<ul style="list-style-type: none"> <li>Replacement of metal halide lamps in main warehouse (4.06 tons/year) (2024 power generation: 8,559 kWh, electricity emission factor: 0.474)</li> </ul>
Total GHG Reductions for the Year (Metric Tons)	-	148.19	-	13.66

Note 1: Emission boundary is based on operational control approach and includes the following gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), and sulfur hexafluoride (SF<sub>6</sub>).

### 6.2.3 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 is disposed of through 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 2024 was to reduce the amount of waste by 1%. 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 30.5%.

#### Waste Generated

Waste Category	Location Generation	2021	2022	2023	2024
General	Headquarters	21.9	21.9	21.9	21.9
General	Xinzhuang	3.63	4.04	4.15	4.72
General	Yangmei	84.9	68.12	60.8	33.75
Total (Metric Tons)		110.43	94.06	86.85	60.37

1 - Waste generation data for Headquarters and Yangmei were recompiled in accordance with subsequent alignment to carbon inventory principles.

### 6.2.4 Vehicle and Parts Transportation

Hotai Motor strictly manages and monitors CO<sub>2</sub> emissions from semi-trailer trucks throughout the transportation process, requiring trucking companies to provide monthly records that include towing volume, mileage, fuel consumption, and CO<sub>2</sub> emissions. To effectively reduce CO<sub>2</sub> emissions, Hotai Motor encourages trucking companies to promote "fuel-efficient driving" among their drivers to ensure stable fuel consumption and CO<sub>2</sub> emissions during transportation. In 2024, a total of 160,409 vehicles were towed, consuming 2,137,892 tons of diesel. After conversion, the CO<sub>2</sub> emissions per new vehicle towed are 34.93 kg CO<sub>2</sub>e/vehicle, averaging less than 35 kg CO<sub>2</sub>e per year. Additionally, trucking companies must adhere to regulations that require regular maintenance and repair of trucks to achieve optimal driving performance during transportation.

To ensure freight transport performance, we monitor the completion rate (i.e., actual number of loads hauled/target number of loads hauled) each month to ensure timely completion of towing tasks. We also monitor the number of loads carried so that trucks can carry an average of at least seven loads per trip, ensuring hauling efficiency.

#### Reduction of Emissions from Vehicle Transport

Item	Control Measures	2021	2022	2023	2024	Goal
Truck usage rate improves completion rate	<ul style="list-style-type: none"> <li>Accurately predict number of semi-trailer trucks needed</li> <li>Improve the number of loads hauled per truck</li> </ul>	100%	100%	100%	100%	Achievement Rate 100% (Actual number of towed units / Target number of towed units)
GHG emissions from new vehicle hauling (kg CO <sub>2</sub> e / new vehicle)	<ul style="list-style-type: none"> <li>Regulate driver's driving speed</li> <li>Routine maintenance of semi-trailer trucks</li> </ul>	34.66	34.41	34.77	34.93	Less than 35 kg CO <sub>2</sub> e per vehicle

## 6.3 Climate Change Management

### 6.3.1 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)

Toyota Motor Corporation has established various environmental goals based on the evaluation and review of significant environmental issues. As an agent of Toyota, Hotai Motor continues to monitor public opinion and market trends, considering which environmental issues require increased attention and utilizing innovative thinking and technologies to address future challenges. Currently, governments and corporations worldwide face global climate change issues, including global warming, food and water shortages, resource depletion, and biodiversity loss. In response to these trends, Hotai Motor recognizes that the traditional automotive industry will inevitably confront challenges of demand reduction and adaptation difficulties. As various climate change measures are implemented, we expect significant changes in the automotive industry and consumer behavior. More stringent regulations on banning fuel-powered vehicles, increased energy efficiency demands, the implementation or increase of carbon pricing, and the development of low-carbon products are some policies that could significantly alter customer perspectives and crisis awareness. To ensure that Hotai Motor integrates the concept of environmental sustainability into all aspects of its business strategies and passes this concept down through generations, we have adopted the TCFD (Task Force on Climate-related Financial Disclosures) framework recommended by the Financial Stability Board (FSB) for managing and disclosing climate change risks. Looking forward, we are planning to expand climate-related risk identification and prioritization for the group and major subsidiaries by 2025. We expect to complete updates to our TCFD climate-related risk identification by the end of 2025, and by Q2 2026, we will finalize sustainability-related risk identification, further linking significant sustainability risks to financial impacts.

Governance	<ul style="list-style-type: none"> <li>• In 2018, Hotai Motor established the Corporate Social Responsibility (CSR) Committee following the approval of the Board. The CSR Committee reports directly to the Board and consists of the company's directors and independent directors. The main responsibilities of the CSR Committee are to formulate sustainable development strategies for the company and oversee the implementation of various activities. During meetings, the ESG Lead Office reports on current business performance and future goals, with the committee convening twice a year for directors and independent directors to review and assess the outcomes. In December 2021, the CSR Committee was renamed the "Sustainable Development Committee." During meetings, the head of the ESG Lead Office, along with directors and independent directors, reports on environmental aspects (such as monitoring climate change-related issues and carbon reduction policies), social aspects (such as the progress of public welfare projects), and corporate governance aspects (such as managing group compliance risks) to review performance and address inquiries.</li> <li>• 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.</li> <li>• 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 &amp; Kaizen Division serves as the executive secretary. The lead office is the Environmental Facilities Office.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• 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 emissions. 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Indicators and Goals	<ul style="list-style-type: none"> <li>• Hotai Motor is committed to achieving the six goals of Environmental Challenge 2050, which include:             <ol style="list-style-type: none"> <li>(1) Zero CO<sub>2</sub> emissions from new vehicles of the new generation</li> <li>(2) Zero CO<sub>2</sub> emissions from vehicle life cycle</li> <li>(3) Zero CO<sub>2</sub> emissions from plant</li> <li>(4) Minimizing and optimizing water usage</li> <li>(5) Establishing a recycling-based society and system</li> <li>(6) Establishing a future society in harmony with nature</li> </ol> </li> </ul> <p>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).</p>

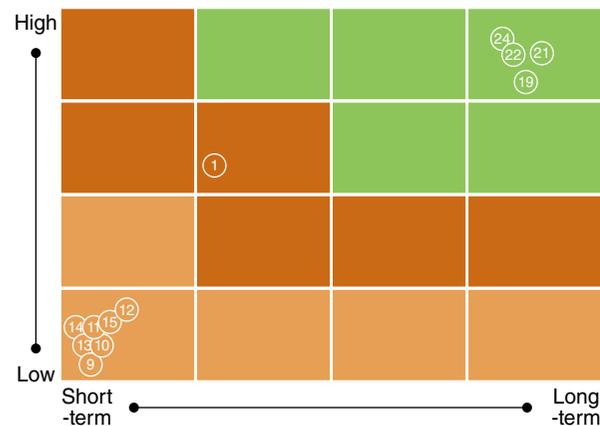


### 6.3.2 Identification of Material Risks and Response

The climate crisis presents both business risks and opportunities, necessitating the identification of key issues from both risk and opportunity perspectives when formulating climate strategies. To address potential risks and capitalize on climate-related opportunities, Hotai Motor evaluates climate change threats from the standpoint of environmental relevance and business significance. We are dedicated to identifying various risks and opportunities arising from environmental issues, taking action and consistently verifying the effectiveness of our strategies to enhance sustainability benefits. We believe that reinforced measures and new technologies are required across all aspects of our operations to tackle 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 become more severe. While these changes are likely to affect the automotive sector in various ways, we recognize that appropriate responses can boost competitiveness and unlock new business opportunities. Based on this understanding, we plan to take concrete actions in response to these changes and contribute to sustainable societal development.

The impact of conventional fuel vehicles on production and purchasing is projected to increase consumer and company production costs with the introduction and annual rise of carbon pricing and trading under global climate change legislation. Due to the effects of climate change, low-carbon business models will accelerate the phase-out of fuel vehicles. In this context, selling low-carbon electric vehicles could significantly benefit CO<sub>2</sub> emission reductions, leading to more business opportunities. Additionally, without proper response mechanisms, frequent and intensified natural disasters like floods could disrupt production and supply chains. Currently, the assessment indicates no major updates to the identified key risks under this reporting scope, thus the same key risk identification results are maintained.

#### Climate Change Risks



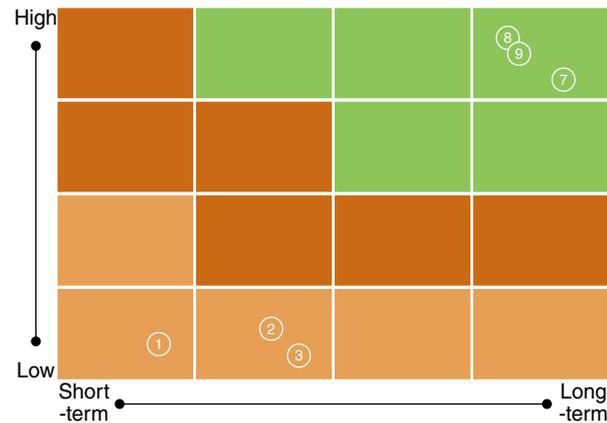
Climate Change Risks:

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

#### Impacts and Management of Climate Change Risks

Risk Level	Description	Location of Occurrence	Occurrence in the Supply Chain	Impact	Financial Impact	Management Approach
High	Demand for low-carbon products and services	Downstream Customers	Mid-term	With rising environmental awareness, the older generation vehicles can no longer satisfy customers' needs when it comes to vehicle performance and environmental requirements.	The operating costs will go up (as if to introduce more products meeting the environmental protection requirements).	We will closely monitor changes in customer behaviors, customer preferences, and push for the introduction of more fuel-efficient, low emission models from TMC.
High	Changing customer preferences	Downstream Customers	Mid-term	With increased awareness of sustainability, customers are more inclined to consider fuel-efficient or low-emission options when purchasing vehicles.		
High	Changing customer behaviors	Downstream Customers	Mid-term	With increased awareness of sustainability, we will begin to see customer resistance to gasoline-powered vehicles.		
High	Product efficiency regulations and standards	Upstream Suppliers	Mid-term	If vehicles fail to meet regulatory standards, they will not be sold.	The operating costs will go up (e.g. high compliance costs or increased overhead)	Continue to monitor the regulatory development and communicate with TMC as needed in order to launch products that meet the regulatory requirements.
Medium	Tropical cyclones (typhoon)	Upstream Suppliers, Company itself	Short-term	Extreme weather and natural disasters could cause property damage and financial loss for the company, such as building collapse, vehicle damage and flooding, which could increase the risk of injuries or prevent employees from reporting for duty and, in turn, affect workforce allocation.	The operating costs will go up (e.g. the need to maintain a higher inventory quantity of parts, or the production line is affected by natural disasters).	<ol style="list-style-type: none"> <li>Closely monitor the typhoon and have adequate response plans in place to prepare for typhoon conditions.</li> <li>Understand the potential impact of typhoon on product deliveries, our employees and property, and reach out to workers as needed and be prepared for post-disaster repair and rebuilding.</li> <li>If brand vehicles are damaged due to the typhoon, offer owners discounts of 20%–40% on repair parts and engine control units.</li> <li>Follow regulatory authority's directions.</li> </ol>

### Opportunities of Climate Change



Opportunities of Climate Change:

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

### 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 changes in 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.

### 6.3.3 Scenario Analysis

In this scenario, we estimate the raw emissions (without further electricity savings or the purchase of renewable energy) and the allowed emissions for achieving SBT-WB2°C (Well-below 2°C) and SBT-1.5°C targets. If Hotai Motor maintains its current status without making any changes, its primary financial impact risk of climate change will be related to the carbon tax. As Hotai Motor does not manufacture vehicles, it mainly represents brands from the Toyota Group: TOYOTA, Lexus, and the truck brand Hino. The market and goodwill risks are therefore concentrated on the vehicle planning of the Toyota Group, making it crucial to study the future layout of Toyota's new energy vehicles. The carbon tax risk for Hotai Motor primarily stems from its own emissions, and under the 1.5°C scenario, its carbon tax costs are the highest. Under current government regulations, the carbon fee is levied at NT\$300. Though this risk is higher compared to the previous NT\$100 pricing, it remains manageable. Considering the current plans, which focus on listed and reportable enterprises as tax targets, Hotai Motor, with emissions of less than 2,000 tons, is minimally affected by regulations, with only potential future impacts on electricity costs due to the carbon fee.

As a distributor for TOYOTA, Hotai Motor relies heavily on Toyota's products. Toyota, as a major global automobile manufacturer, has launched a life-cycle zero CO<sub>2</sub> emission challenge, aiming to achieve zero carbon emissions from vehicles through a complete circular economy approach. In addition, Toyota has initiated a series of carbon reduction strategies involving suppliers and downstream dealers. Beyond traditional consumer vehicles, strategic alliances will lead to the development of electrified commercial cargo vehicles (either battery or fuel cell types) in the future. Regarding Toyota's product planning, the new energy vehicle development for brands under Hotai Motor, including TOYOTA, Lexus, and Hino, aligns with the trends toward low carbon and electrification, thus posing relatively low market and goodwill risks.



Risk		Scenario Description
Regulations	Carbon tax / carbon pricing	<p>The carbon emissions of enterprises are taxed according to different scenarios. This aspect is highly uncertain due to the significant variations in taxation systems. The assessment mainly refers to the IPCC AR6's SSP1 and SSP2 scenarios used by OECD countries for setting carbon tax rates in their transition scenarios and adopts a stepped carbon tax rate consistent with the ten-year tax system. Additionally, it takes into consideration the current climate policy proposal of a 300 NT\$ / tCO<sub>2</sub>e scheme to devise three carbon tax scenarios:</p> <ol style="list-style-type: none"> <li>1. NDC: 300 NTD / tCO<sub>2</sub>e</li> <li>2. SBT-WB2°C (IPCC AR6, SSP1-2.6): 9–242 USD / tCO<sub>2</sub>e</li> <li>3. SBT-1.5°C (IPCC AR6, SSP1-1.9): 7–708 USD / tCO<sub>2</sub>e</li> </ol> <p>Estimated carbon emission allowances under different scenarios:</p> <ol style="list-style-type: none"> <li>1. NDC target: Annual reduction of 1.46% before 2030, 2.32% annually from 2031–2050</li> <li>2. SBT-WB2°C (SBT): Linear annual reduction of 2.5% from baseline year</li> <li>3. SBT-1.5°C (SBT): Linear annual reduction of 4.2% from baseline year</li> </ol>
	Total Control and Carbon Penalty	<p>The carbon penalty (NT\$ / kg CO<sub>2</sub>e) 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"> <li>1. NDC: 300 NTD / tCO<sub>2</sub>e</li> <li>2. SBT-WB2°C : 750 NTD / tCO<sub>2</sub>e</li> <li>3. SBT-1.5°C : 1,500 NTD / tCO<sub>2</sub>e</li> </ol> <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	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.
Technology	Renewable Energy Construction Cost	Additional cost of supply for renewable energy by entering into wheeling contracts with renewable energy suppliers.
	Renewable Energy Transfer Cost	Cost of purchasing renewable energy certificates
	Renewable Energy Certificate	Cost of purchasing renewable energy certificates
	Power Saving Cost	The cost of investment in power saving which is estimated at NT\$1.1 per kWh.
	Power Saving Benefit	The cost of saving electricity is mainly based on the Taiwan Power Company's announced price of NT\$2.44 per kWh
Goodwill	-	Since Hotai Motor is the distributor of TOYOTA in Taiwan, the goodwill and market risk depend on TOYOTA's product strategy. Therefore, this plan will analyze TOYOTA's new energy vehicle strategy and qualitatively assess the goodwill and market risk Market of Hotai Motor.
Market	Green Products	

## 6.4 Eco-Friendly Product Design

### 6.4.1 Compliance and Certification

All vehicles from Hotai Motor comply 100% with regulations and standards for exhaust emissions, vehicle noise, CO<sub>2</sub> emissions, and fuel economy, and have received proper certification. By the end of 2024, there are 47 TOYOTA models and 23 Lexus models with valid energy labels, and 34 TOYOTA models and 18 Lexus models with a valid Green Mark. In 2024, 98% of TOYOTA new vehicles sold have the Green Mark, 96% have energy labels, and 96% have both the Green Mark and energy labels. At Hotai Motor, we uphold the principle of providing vehicles that benefit both the environment and humanity, adhering to international environmental standards and urging suppliers and dealers to do the same. Despite increasingly stringent regulations, our energy efficiency level 1 and 2 models continue to account for more than half of the sales ratio of our brand.

100% of Vehicle Models meet regulatory standards and have been officially certified.

Regulations	Governing Authority	Standard	Hotai Motor's Approach
Exhaust Emissions	Environmental Protection Administration	Phase VI	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	Ministry of Environmental Protection Administration	Phase VI	Use high-efficiency muffler and various sound-insulating materials and panels to reduce noise and the impact on the environment.
Fuel Consumption	Ministry of Economic Affairs	2023 Announced Version	Actively introduce vehicles equipped with advanced technology, such as hybrids, vehicles with high-efficiency drive systems, and lightweight bodies, to improve fuel economy and reduce CO <sub>2</sub> emissions
Vehicle Safety	Ministry of Transportation	2024 Announced Version	Actively coordinate with TMC to introduce vehicles that comply with laws and regulations in Taiwan.

<sup>1</sup>The effective period for the energy-saving label is two years.

<sup>2</sup>The validity period of the Eco-Mark is three years.

#### TOYOTA Models with Energy Rating Label of Grade 2 or Higher

Brand	Model	Level	Ratio
TOYOTA	ALPHARD HV、CAMRY HV、CROWN HV (2.5)、PRIUS PHEV、RAV4 HV、ALTIS HV、COROLLA CROSS HV、SIENNA HV	1	33%
	CAMRY、COROLLA SPORT、CROWN HV (2.4)、RAV4、HILUX、TOWN ACE、TOWN ACE VAN、VIOS、YARIS CROSS	2	38%

#### LEXUS Models with Energy Rating Label of Grade 2 or Higher

Brand	Model	Level	Ratio
Lexus	ES300h、IS300h、LS500h、RX350h、RX450h+、NX350h、NX450h+、UX250h、UX300h、LM350h、LM500h、LC500h、LBX	1	52%
	ES200、ES250、NX200、NX250、UX200	2	20%

### 6.4.2 Minimizing Environmental Impact of Supply Chain

We actively implement various pollution control equipment and processes to minimize the environmental impact of vehicles throughout their life-cycle. Currently, we have implemented measures to recycle and reuse the central oil supply system, volatile organic compounds (VOCs), recycled parts, and hazardous substances, and these measures will be progressively implemented by our dealers and suppliers.

- Central Oil Supply

Since 2003, Hotai Motor has assisted dealership service points in implementing central oil supply systems to reduce waste from motor oil bottles as part of our ongoing waste reduction efforts. By 2011, the installation of central oil supply systems was 100% complete, with a total investment of approximately NT\$140 million. On average, we reduce millions of empty motor oil bottles each year, from 2011 to 2024, a cumulative total of 55.24 million bottles have been reduced, equating to a weight reduction of 3.26 million kilograms. This initiative significantly decreases the impact of oil vapor dispersion and environmental pollution. Furthermore, qualified vendors are contracted to handle the subsequent treatment of waste oil from oil changes.

Reduction of Plastic Bottle from Central Oil Supply (unit: million bottles)

2021		2022		2023		2024	
T	L	T	L	T	L	T	L
276	73	305	81	330	87	335	98

T: TOYOTA \ L: Lexus

• Waterborne Paints

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 nationwide use eco-friendly waterborne paint, reducing approximately 97 tons of VOCs in 2024.

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

2021		2022		2023		2024	
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)
169,962	52	177,436	61	181,948	82	171,718	97

• 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 types of 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	1 year / 20,000 km	One year / 20,000 km (warranty varies depending on parts)
Products	All	<ul style="list-style-type: none"> <li>Automatic Transmission</li> <li>Air Conditioning Compressor</li> <li>Power Steering Gearbox</li> </ul>
Percentage of Recycled Parts Used*	-	<ul style="list-style-type: none"> <li>Automatic Transmission (52.6%)</li> <li>Air Conditioning Compressor (74.5%)</li> <li>Power Steering Gearbox (41.9%)</li> </ul>

\*Recycled Part Usage Rate: The proportion of recycled items in actual sales of that item.

• Refrigerant Recovery

Every Hotai Motor service location across the country is equipped with R134a refrigerant recovery machines. In 2024, our dealerships recovered a total of 23.21 metric tons of R134a refrigerant, which, when calculated using the global warming potential (GWP) rate of 1,526 (IPCC: AR6), is equivalent to a reduction of 35,418 metric tons of CO<sub>2</sub> emissions. Additionally, the procurement of refrigerant and similar products is managed by dedicated personnel and logged in an inventory chart for inventory control purposes.

• Recycling of Packaging Materials

Cardboard boxes, cardboards, and plastic bags produced in the parts packaging process have been assessed for environmental impact and found to have no significant impact. However, we are committed to continuous improvement. Hotai Motor has designated reusable packaging materials and requires all dealers to uniformly collect and send these materials to the logistics center for reuse. In the past three years, the weights of recycled packaging materials were 251.7 metric tons, 323.8 metric tons, and 332.3 metric tons, respectively.

• No Car 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 eco-friendly gifts and TOYOTA loyalty points. Starting in July 2021, in response to the pandemic, the promotional gifts were updated to include high-protection masks, fragrant hand sanitizing sprays, moist towelettes, and car hooks. By 2024, over 4.99 million vehicles have participated in this campaign, resulting in water savings of over 750,000 cubic meters.

2021		2022	
Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)
1,019,805	152,971	1,027,505	154,127

2023		2024	
Vehicles Participated	Water Use Reduced (Cubic Meters)	Vehicles Participated	Water Use Reduced (Cubic Meters)
1,081,892	162,203	1,166,384	174,958

## 6.5 Dealership Environmental Performance

As the general agent for Toyota Motor Corporation in Taiwan, Hotai Motor actively manages the environmental performance of its dealerships, working together to mitigate operational environmental risks. Therefore, audits and guidance are conducted semi-annually for all eight dealership partners nationwide, which include creating an environmental evaluation guide for dealers. This comprises listing evaluation objectives and items to clearly communicate sustainable environmental practices and their importance to dealerships. Through these assessments, we supervise the dealers' self-reassessment of environmental risks to ensure that environmental management practices are integrated into their daily operations and included in their annual evaluations.

Each year, Hotai Motor demands that dealers adopt effective environmental management systems to reduce waste and energy use according to international standards. Since 2003, we have promoted ISO 14001 certification among dealers and affiliated companies, marking us as the first in the domestic automotive industry to have all dealer locations fully ISO 14001 certified. Currently, all locations in Taiwan, including Toyota, Lexus, and Hino service/dealer sites and bodywork centers, have obtained the updated ISO 14001:2015 international environmental management system certification.



### ∞ Energy Usage

To effectively manage energy consumption, Hotai Motor established an environmental management information system in 2018, serving as an information collection platform for managing sources of greenhouse gas emissions, water usage, and waste data. Currently, the system's utilization and data logging rates among dealerships have reached 100%. Through environmental management and inspection processes, we have encouraged dealers, starting in 2018, to phase out the combustion of heavy oil and lubricating oil in paint ovens, replacing them with diesel and natural gas. Since 2019, heavy oil and lubricating oil are no longer in use. In 2024, the total electricity and fossil fuel consumption by our top eight dealers amounted to 316,638 billion joules.

#### Energy Resource Consumption of Top Eight Dealers

Types of Energy	Energy Unit	2021	2022	2023	2024
Gas	Liters	834,169	824,450	756,663	762,680
Diesel	Liters	620,588	638,657	609,462	580,701
Heavy Oil	Liters	0	0	0	0
Lubricating Oil	Liters	0	0	0	0
Natural Gas	Cubic Meters	696,414	764,872	658,299	590,082
LPG	Liters	0	0	0	17.72
Electricity	kWh	65,689,568	66,230,404	66,566,974	69,170,172

#### Energy Resource Consumption of Top Eight Dealers

Types of Energy	Unit	2021	2022	2023	2024
Gas	GJ	27,235	26,907	24,694	24,908
Diesel	GJ	21,821	22,447	21,420	20,424
Heavy Oil	GJ	0	0	0	0
Lubricating Oil	GJ	0	0	0	0
Natural Gas	GJ	26,243	28,823	24,807	22,236
LPG	GJ	0	0	0	0.9
Electricity	GJ	236,482	238,319	239,530	249,069
Total	GJ	311,781	316,496	310,451	316,638

Note 1: Conversion factors are based on the 2023 Energy Statistics Handbook of the Republic of China, with corrected natural gas consumption for 2021–2023.  
 Note 2: Environmental management information system is maintained by dealers who report monthly (quarterly audits of documents such as electricity bills). Electricity is reported based on meter readings; gasoline is estimated by dividing monthly purchase volume by average monthly fuel price; natural gas, LPG, and diesel are reported based on actual billing data.

## ∞ Carbon Dioxide Emission Reduction

Among the carbon dioxide (CO<sub>2</sub>) emissions produced from various energy uses by our top eight dealers, electricity is the highest in volume, which accounts for 88.6% of the CO<sub>2</sub> emissions. Dealers reduce CO<sub>2</sub> 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

Energy Type	Unit	2021	2022	2023	2024
Gas	Metric tons CO <sub>2</sub> equivalent (CO <sub>2</sub> e)	1,888	1,866	1,712	1,726
Diesel		1,617	1,664	1,588	1,513
Heavy Oil		0	0	0	0
Lubricating Oil		0	0	0	0
Natural Gas		1,309	1,437	1,237	1,109
LPG		0	0	0	50
Electricity		32,976	33,711	32,951	32,787
Total		37,790	38,678	37,488	37,185

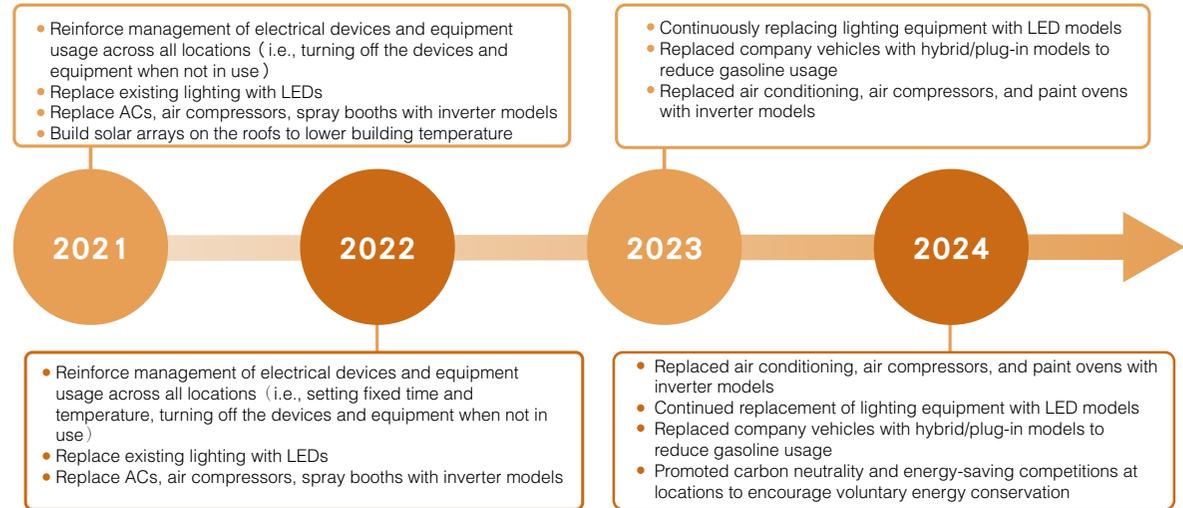
Note 1: Scope 2 emissions refer to electricity usage. The electricity emission factors are 0.509 (2021), 0.495 (2022), 0.494 (2023), and 0.474 (2024) kg CO<sub>2</sub>e/kWh. These factors are revised annually by the Bureau of Energy, so data may differ slightly from the previous year.

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 types of gases included in the statistics are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O).

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 Over the Years



## ∞ 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.

## Air Pollutant Emissions of Top Eight Dealers

Types of Energy	Units	2021	2022	2023	2024
Nitrogen Oxides (NOX)	Kg	2,603	2,756	2,515	2,337
Sulfur Oxides (SOX)	Kg	11,271	11,599	11,069	10,547

Note 1: 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.

Note 2: As the paint booth boilers in service centers should be classified as small boilers (previously identified as industrial medium boilers), this affects the calculation of emission factors. Therefore, the nitrogen oxide emission factor for natural gas from 2021 to 2023 has been recalculated this year.

## ∞ 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.

Hotai Motor's environmental management system provides a platform for each location to report monthly consumption figures. This system is applicable to all passenger vehicle dealerships, assisting dealers in addressing long-term waste disposal challenges through data management and analysis, and promoting waste recycling and reuse through a waste recovery system.

All service locations across Taiwan have established the necessary hardware and software for recycling operations, including waste recycling sites, waste oil tanks, oil pipelines, spill prevention equipment, firefighting facilities, environmental maintenance, and document control related to environmental management. Waste generated by dealerships and service centers is categorized into recyclable waste, general business waste, and hazardous business waste. Dealers are required to record these waste types in the waste classification form for statistical purposes. Additionally, dealers must audit waste removal service providers to ensure compliance with legal waste disposal practices and record the results in the "Business Waste Contractor Audit Form."

In compliance with the requirements from Toyota Motor Corporation in Japan, waste disposal is entrusted to qualified vendors, and currently, 100% of HV waste batteries are collected and sent overseas for processing. In 2024, a total of 4,909 HV batteries were recycled.

## ∞ 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 2024, the total expenditure amounted to approximately NT\$93.43 million. Among these, the cost of environmental equipment accounted for the highest proportion, followed by waste treatment, at 56.1% and 33.7% respectively.

### Environmental Expenditures of Eight Major Dealerships (NTD) and Proportion (%)

Item	2021		2022		2023		2024	
	Expenses	Proportion (%)						
ISO Certification	655,470	1%	546,551	1%	581,742	1%	1,201,539	1.3%
Environmental Training	699,927	1%	2,833,852	5%	3,070,003	5%	4,027,874	4.3%
Environmental Facilities	24,676,975	39%	9,495,564	18%	9,986,645	16%	52,400,454	56.1%
Environmental Regulatory Surcharges	3,666,492	6%	4,929,296	10%	7,046,987	11%	4,286,147	4.6%
Waste Disposal Fee	32,896,760	53%	34,023,115	66%	43,411,440	68%	31,523,809	33.7%
Total	62,595,624	100%	51,828,378	100%	64,096,817	100%	93,439,823	100%

### Waste Recycling 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 bio fabricated plastics and regenerated materials into the manufacturing of new products to put an end to environmental hazards. By only using a single type of plastic 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.

## 6.6 Environmental Performance of Supplier (Kuozui Motors)

### 6.6.1 Key Supplier – Kuozui Motors Official Website: [www.kuozui.com.tw](http://www.kuozui.com.tw)

Kuozui Motors is the manufacturing base of Toyota Motor Corporation in Taiwan, jointly established by Toyota Motor Corporation (65%), Hino Motors (5%), and Hotai Motor (30%). Kuozui operates two factories: Zhongli Plant and Guanyin Plant, with a maximum annual production capacity of 200,000 vehicles. Having produced vehicles in Taiwan for over 40 years, the cumulative production has reached 3.794 million units, making it the largest comprehensive automobile manufacturer in Taiwan.

Through Kuozui Motors' top-tier manufacturing technology, various TOYOTA and HINO vehicles are produced and sold by dealerships to meet consumer needs. From new vehicle planning, production preparation, parts procurement, manufacturing, quality control, to sales and after-sales service, Kuozui Motors, Hotai Motor, and parts suppliers form a close and efficient system to provide customers with the fastest, most reliable, and highest quality service.

Since 2009, Kuozui Motors has been exporting complete vehicles to the Middle East, with cumulative exports exceeding 718,000 units. The quality is not only recognized by domestic consumers but also makes "Made in Taiwan" a prominent brand in Toyota's global operations.

#### **[Kuozui's Corporate Sustainability Actions]**

To realize the concept of sustainable management and become an "excellent corporate citizen trusted by society," Kuozui Motors has undertaken the following key sustainability actions in recent years:

**Environmental Protection:** To enhance domestic battery production technology and promote energy conservation and carbon reduction, Kuozui Motors began producing and assembling hybrid vehicles in 2012, with a cumulative total of nearly 148,000 units produced by 2024. Between 2016 and 2018, the company received national-level corporate environmental awards, including silver and gold awards. In 2021, it was honored with the Taoyuan City Government's Outstanding Air Pollution Reduction Award and Green Procurement Excellence Award, and in 2022, it received the Ministry of Economic Affairs' Silver Energy Conservation Benchmark Award. Kuozui Motors will continue to align with the group's energy-saving and carbon-reduction efforts, actively responding to the "Toyota Environmental Challenge 2050," aiming to reduce emissions by 54% by 2025 and achieve carbon neutrality with zero CO<sub>2</sub> emissions at its factories by 2035, fulfilling its responsibility as a global citizen.



**AFC Smart Energy Storage Site Launch:** On August 5, 2022, Kuozui Motors officially joined Taiwan Power Company's frequency regulation ancillary service to help stabilize the power grid. The site is equipped with 4.2MW AFC energy storage devices using dReg0.25 first-level performance, capable of responding within one second. These devices actively detect grid frequency and cooperate with Taipower (台灣電力公司) in charging and discharging operations. As the government vigorously promotes renewable energy, energy storage equipment is essential for stabilizing power quality and enhancing grid resilience.

Since 2010, Kuozui Motors has actively promoted the installation of renewable energy and, in line with Toyota's goal of achieving carbon neutrality in factories by 2035, plans to invest over NT\$1 billion to install 25MWp of solar power generation equipment in its plants by 2030. By harnessing natural sunlight, the company aims to generate energy and reduce carbon emissions to combat global warming.

As Taiwan's largest automobile manufacturer and a major electricity consumer, Kuozui Motors has long collaborated with satellite factories and relevant industry, government, academic, and research institutions to promote daily energy-saving activities and introduce innovative low-energy production technologies to achieve energy conservation.

Kuozui Motors will continue to integrate efforts in energy conservation, energy generation, and energy storage to implement its management policies on energy security, resource recycling, and sustainable development, and to achieve Taiwan's 2050 net-zero carbon emission goal.

**Beach Cleanup Activities:** Since 1998, Kuozui Motors has collaborated with partner companies to support beach cleanup activities, inviting employees and their families to participate enthusiastically. A total of 12 events have been held, with over 3,075 participants. In 2024, the company continued organizing beach cleanups, collecting nearly 400 kilograms of single-use plastic waste (including PET bottles), contributing to a better environment in Taiwan.

Kuozui Motors hopes that by continuously promoting beach cleanups and raising environmental awareness, plastic waste — known as ocean killers — can not only be reduced but also given new environmental missions. Through improved product design and the development of recycling-based business models, the company aims to achieve sustainable resource recycling and eliminate man-made waste from marine ecosystems.



**Tree Planting Activities:** In celebration of its 40<sup>th</sup> anniversary in 2024, Kuozui Motors launched a ten-year "Kuozui Tree People" tree planting project to demonstrate its commitment to environmental sustainability, in response to the Forestry and Nature Conservation Agency's sustainability initiative. In the first year, 1,000 native tree species with windbreak and sand-fixation functions were planted along the Xinfeng coast (新豐海岸) to protect Taiwan's coastal ecology. The goal is to plant 10,000 trees by 2033. Each planted sapling is envisioned as a starting point for environmental change, gradually realizing a green and sustainable future.





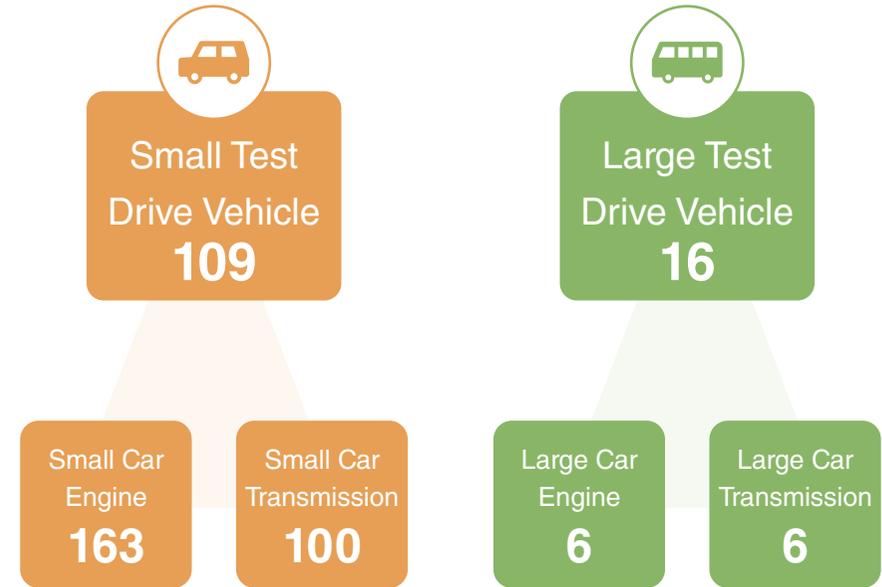
**Community Contribution:** Since 2002, Kuozui Motors has supported Neiding Elementary School, located near its Zhongli Plant, and since 2023, Shulin Elementary School near its Guanyin Plant. Through donations, the company has helped enhance school facilities, strengthen club activities with improved teaching resources, and provide graduation awards to encourage outstanding students, fostering good neighborly relations. Total donations have reached NT\$4.52 million. Starting in 2022, Kuozui Motors began collaborating with Neiding Elementary School by sharing its expertise in safety, production, and environmental practices to help teachers develop teaching materials, and opened its facilities for educational use. Since 2023, to help students focus on competitions, the company has sponsored transportation expenses for the Dayuan Junior (大園國中) High School baseball team, with total sponsorship reaching NT\$200,000.

**Education & Culture:**



- Traffic Safety Train Tour:** As a manufacturer of transportation vehicles, Kuozui Motors has been promoting traffic safety awareness among young children since 2007 by organizing traffic safety train tours for elementary schools in Taoyuan City. By 2024, the tour has reached 636 schools. In 2024, a traffic safety picture book competition was held, and 10,000 copies of the winning books were distributed to lower-grade elementary students for traffic safety education.
- Kuozui Scholarship:** Established in 2001 to reward outstanding students from underprivileged backgrounds, the Kuozui Scholarship added a special scholarship for indigenous students in need starting in 2023, in response to Hotai Group's indigenous care initiative. Over the past 24 years, scholarships have been awarded to 2,920 outstanding students, with a total donation amounting to NT\$27.41 million. The program also expanded the "Outstanding Student Award" quota for students in technical schools and automotive repair departments to encourage continued excellence.
- Vehicle Parts Donation:** To promote industry-academia collaboration and cultivate more skilled automotive technicians, Kuozui Motors periodically donates the latest vehicles and key components to domestic schools to enhance vocational school teaching facilities.

Cumulative Donation of Vehicles and Key Components:





# Appendix



## About the Report

Ho Tai Motor Co., Ltd. ("Hotai Motor" or "Hotai") published the 2024 Sustainability Report, our 13<sup>th</sup> year of sustainability reporting, in August 2025. 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 2024. By implementing management approaches and working with our partners, we are moving towards the goal of integrating our operational strategies with the United Nations Sustainable Development Goals (UNSDGs) and realizing our vision of sustainable operations.

## Reporting Boundary and Data

This report contains information disclosure of Hotai Motor's operations (including headquarters and sales locations in Xinzhuang and Yangmei) that may not be fully compatible with what has been disclosed in our financial reports (excluding group subsidiary companies). To give our stakeholders a complete understanding about Hotai's overall service as well as disclose Kuozui Motors' critical sustainable actions and dealer's sustainability-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, 2024, to December 31, 2024. 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.

## Report Management

### Reporting Guidelines

This report has been prepared according to GRI Universal Standards 2021 and SASB Standards. In adherence to the principles of disclosure and the content and quality requirements outlined in the Guidelines, the CSR Task Team gathers 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 2024 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 supervisors, 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. Going forward, the approval process will be progressively delegated to the Board of Directors.

### External Review

This report has been verified by the British Standards Institution Taiwan (BSI Taiwan), in accordance with AA1000 Type 1 moderate assurance level and all the financial figures are taken from the annual financial statements audited by PwC Taiwan for the reporting period, denominated in New Taiwan dollars. Non-financial information includes environmental management systems (ISO 14001), occupational health and safety management systems (ISO 45001), and information security management systems (ISO 27001), all of which have been verified by an impartial third party.

## Publication

Hotai Motor publishes sustainability reports annually, and the electronic version of which are available for download on our Corporate Social Responsibility website <http://pressroom.hotaimotor.com.tw/csr/article/EMIOLumvx>



## Contact Information

We welcome your feedback and questions regarding this report or the sustainability practices of Hotai Motor. Please contact us using the following contact information.

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## Sustainability Reporting Guidelines (GRI Standards) Comparison Table

DECLARATION	DECLARATION Hotai Motor has reported in accordance with GRI guidelines, and the reporting period is from January 1, 2024 to December 31, 2024
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	P4			
	2-2	"Entities included in Organizational Sustainability Reports"	About this report	P111			
	2-3	"Reporting period, frequency and contact person"	About this report	P111			
	2-4	Restatements of information	6.2.1 Energy and Resource Management 6.2.2 Reduction of GHG Emissions 6.5 Environmental Performance of Dealers The company has determined that the restatement of information does not have a material impact. For detailed reasons and methods of the restatement, please refer to the notes in the relevant section.	P95~96 P98 P106			
	2-5	External assurance	About this report Appendix	P111			
	2-6	Activities, value chain and other business relationships	About this report 3.5 Dealers Management 3.6 Suppliers Management	P4 P53~P60			
	2-7	Employees	5.2.1 Talent Recruitment and Retention	P80~P82			
	2-8	Non-employee workers	5.2.1 Talent Recruitment and Retention	P80~P82			
	2-9	Governance structure and composition	2.2.1 Board Structure and Functions	P19~P21			
	2-10	Nomination and selection of the highest governance body	2.2.1 Board Structure and Functions	P19~P21			



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	2-11	Chair of the highest governance body	2.2.1 Board Structure and Functions	P19~P21				
	2-12	Highest governance body's role in overseeing impact management	2.2.2 Sustainable Development Committee	P21~P22				
	2-13	Head of impact management	2.2.2 Sustainable Development Committee	P21~P22				
	2-14	Highest governance body's role in sustainability reporting	About this report	P111				
	2-15	Conflict of interests	2.5 Business Ethics and Compliance	P30~P35				
	2-16	Communication of critical concerns	2.2.2 Sustainable Development Committee	P21~P22				
	2-17	Collective knowledge of the highest governance body	2.2.1 Board Structure and Functions	P19~P21				
	2-18	Evaluating the highest governance body's performance	2.2.1 Board Structure and Functions	P19~P21				
	2-19	Remuneration policies	2.2.1 Board Structure and Functions	P19~P21				
	2-20	Process to determine remuneration	2.2.1 Board Structure and Functions	P19~P21				
	2-21	Annual total compensation ratio	-	-		Confidentiality limitations	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	1 About Us 1.1 Corporate Sustainability Policies	P4 P17~P18				
	2-23	Policy commitments	2.5 Business Ethics and Compliance	P30~P35				
	2-24	Embedding policy commitments	2.5 Business Ethics and Compliance 2.2.2 Sustainable Development Committee	P19~P21 P30~P35				
2-25	Processes to remediate negative impacts	2.5.1 Ethical Business Practices and Anti-Bribery Training	P31~P32					
2-26	Mechanisms for seeking advice and raising concerns	2.6 Information Disclosures 5.2.2 Upholding Human Rights	P33~P35 P82~P83					



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	2-27	Compliance	2.5 Business Ethics and Compliance	P30~P35				
	2-28	Membership associations	2.9 External Engagement	P38				
	2-29	Approach to stakeholder engagement	2.4 Materiality Assessment	P23~P30				
	2-30	Approach to stakeholder engagement	Our company has not entered into a collective agreement between labor and management; however, a labor-management committee has been established. Please refer to the relevant explanations in Chapter 5.	-				
Material Topics								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	2.4 Materiality Assessment	P23~P30				
	3-2	List of material topics	2.4 Materiality Assessment	P23~P30				
	3-3	Management of material topics	2.4 Materiality Assessment	P23~P30				
Customer Privacy Protection								
"GRI 418: Customer Privacy 2016"	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Customer Data Protection	P52				
Customer Safety								
"GRI 416: Customer Health and Safety 2016"	416-1	"Assessment of the health and safety impacts of product and service categories"	3.2.2 Improving Product Safety Performance 3.2.3 Risk Management in Implementing New Vehicle Models 3.2.4 Ensuring Efficiency and Quality of Parts Supply	P43~P45				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violation	-				
Product and Service Quality								
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.2.2 Improving Product Safety Performance 3.2.3 Risk Management in Implementing New Vehicle Models 3.2.4 Ensuring Efficiency and Quality of Parts Supply	P43~P45				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violation	-				



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	
Brand Management and Marketing							
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.2 Product Design and Manufacturing	P42~P45			
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.2 Product Design and Manufacturing	P42~P45			
	417-3	Incidents of non-compliance concerning marketing communications	3.2 Product Design and Manufacturing	P42~P45			
Climate Change Mitigation							
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	6.3 Climate Change Management	P99~P102			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	6.2.2 Reduction of GHG Emissions	P96~P97			
	305-2	Energy indirect (Scope 2) GHG emissions	6.2.3 Reduction of GHG Emissions	P96~P97			
	305-4	GHG emissions intensity	6.2.2 Reduction of GHG Emissions	P96~P97			
	305-5	Reduction of GHG emissions	6.2.3 Reduction of GHG Emissions	P96~P97			
Human Resources and Inclusion							
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.2.1 Talent Recruitment and Retention	P80~P82			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.3 Remuneration and Benefits Policy	P83~P84			
	401-3	Parental leave	5.2.3 Remuneration and Benefits Policy	P83~P84			
GRI 402: Labor / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.2.1 Talent Recruitment and Retention	P80~P82			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.2.1 Talent Recruitment and Retention	P19 P80~P82			
	405-2	Ratio of remuneration between women and men	5.2.3 Remuneration and Benefits Policy	P83~P84			



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	
Career Development and Education / Training								
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	5.1.2 A Multidisciplinary Talent Development Policy	P77~P78				
	404-2	Programs for upgrading employee skills and transition assistance programs	5.1.4 Performance Review and Competency Assessment	P79				
	404-3	Percentage of employees receiving regular performance and career development reviews.	5.1.4 Performance Review and Competency Assessment	P79				
Human Rights and Labor-Management Communication								
Customize themes	No control		5.2.2 Upholding Human Rights	P82~P83				
Occupational health and safety								
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.3.1 Promoting Safety Management	P85~P86				
	403-2	Hazard identification, risk assessment, and incident investigation	5.3.3 Risk Management and Prevention	P87~P88				
	403-3	Occupational health services	5.3.4 Preventing Occupational Accidents and Diseases	P89~P90				
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3.1 Promoting Safety Management	P85~P86				
	403-5	Worker training on occupational health and safety	5.3.4 Preventing Occupational Accidents and Diseases	P89~P90				
	403-6	Promotion of worker health	5.3.2 Fostering a Safe Workplace	P86~P87				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3.3 Risk Management and Prevention	P87~P88				
	403-8	Workers covered by an occupational health and safety management system	5.3.1 Promoting Safety Management	P85~P86				
	403-9	Work-related injuries	5.3.4 Preventing Occupational Accidents and Diseases	P89~P90				
	403-10	Work-related ill health	5.3.4 Preventing Occupational Accidents and Diseases	P89~P90				
Social Benefit Activities								
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4.1 Producing Happiness for All: Connecting Public Welfare and Traffic Safety 4.2 Rooted in Education: Empowering Youth 4.3 Working Together for a Better Taiwan	P63~P75				

## 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	6.2.1 Energy and Resource Management	P95
Data Security	CGMR 230a.1	Description of approach to identifying and addressing data security risks	4.5.1 Information Security Management System	P34~P35
	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	P33 P52
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	5.2.1 Recruitment and Retention	P82
	CGMR 310a.3	Total pecuniary losses result from legal action for labor law violations	5.2.2 Upholding Human Rights	P82
Workforce Diversity & Inclusion	CGMR 330a.1	Percentage of gender and racial / ethnic group representation for management and all other employees	5.2.1 Recruitment and Retention	P80
	CGMR 330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	5.2.1 Recruitment and Retention	P80
Product Sourcing, Packaging & Marketing	CGMR 410a.1	Revenue from products third-party certified to environmental or social sustainability standards	3.2.2 Improving Product Safety Performance	P43
	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	6.2.3 Pollutant Emissions and Waste Management	P98 P104

Index Code	Activity Indicator	Chapter	Page Number
CG MR 000.A	Total number of locations and distribution centers	About Hotai	P4
CG MR 000.B	Total floor area of locations and distribution centers	About Hotai	P4



## 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
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>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.).</li> <li>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.</li> </ul>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
3. Describe the financial impact of extreme weathers and transitional actions.	<ul style="list-style-type: none"> <li>(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 CO<sub>2</sub> 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.</li> <li>(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.</li> </ul>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<ul style="list-style-type: none"> <li>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.</li> </ul>
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.	<p>(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<sub>2</sub>e scheme, designing carbon taxes for three scenarios:</p> <ol style="list-style-type: none"> <li>NDC: 100 NTD / tCO<sub>2</sub>e</li> <li>SBT-WB2°C (IPCC AR6 · SSP1-2.6): 9-242 USD / tCO<sub>2</sub>e</li> <li>SBT-1.5°C (IPCC AR6 · SSP1-1.9): 7-708 USD / tCO<sub>2</sub>e</li> </ol> <p>Estimated Carbon Emissions Quotas Under Different Scenarios:</p> <ol style="list-style-type: none"> <li>NDC Target: Annual reduction of 1.46% in baseline year emissions until 2030, and 2.32% annually from 2031 to 2050.</li> <li>SBT-WB2DC (SBT): Linear annual reduction of 2.5% in baseline year emissions.</li> <li>SBT-1.5°C (SBT): Linear annual reduction of 4.2% in baseline year emissions.</li> </ol> <p>(Transition Risk - Cap and Carbon Penalties) Carbon penalties (NTD / kg CO<sub>2</sub>e) for excess emissions are analyzed under different cap scenarios. The cap scenarios are designed as follows:</p> <ol style="list-style-type: none"> <li>NDC: 300 NTD / tCO<sub>2</sub>e</li> <li>SBT-WB2°C : 750 NTD / tCO<sub>2</sub>e</li> <li>SBT-1.5°C : 1,500 NTD / tCO<sub>2</sub>e</li> </ol> <p>For detailed analysis of other scenarios, please refer to report section <a href="#">6.3.3</a></p>



Items	Status
<p>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.</p>	<ul style="list-style-type: none"> <li>• Hotai Motor is committed to achieving the vision of six major environmental sustainability challenges by 2050, including:               <ol style="list-style-type: none"> <li>1. Zero CO<sub>2</sub> emissions from new cars</li> <li>2. Zero CO<sub>2</sub> emissions throughout the vehicle lifecycle</li> <li>3. Zero CO<sub>2</sub> emissions from factories</li> <li>4. Minimal and optimized water usage</li> <li>5. Establishing a circular society and system</li> <li>6. Creating a future society in harmony with nature</li> </ol> </li> </ul> <p>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).</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>Internal carbon pricing is not used as a planning tool.</p>
<p>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.</p>	<p>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 midterm 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.</p>
<p>"9. Greenhouse Gas Inventory and Assurance Status, Reduction Targets, Strategies, and Concrete Action Plans 1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Years This section describes the company's greenhouse gas inventory and assurance status for the most recent two years, including the total greenhouse gas emissions (in metric tons of CO<sub>2</sub>e), emission intensity (in metric tons CO<sub>2</sub>e per million NTD), and the scope of data coverage for each year. It also provides an explanation of the assurance status for the past two years, including the scope of assurance, the assurance provider, the assurance standards applied, and the assurance opinion received. 1-2. Greenhouse Gas Reduction Targets, Strategies, and Concrete Action Plans This section outlines the company's greenhouse gas reduction base year and its corresponding data, as well as the reduction targets, strategies, and specific action plans. It also describes the progress made toward achieving the reduction targets.</p>	<p>"Please refer to Section 6.2.2 of the report</p> <p>For the year 2023, the total Scope 1 and Scope 2 greenhouse gas emissions for the individual company (including the head office, Xinzhuang operations site, and Yangmei operations site) amounted to 1,576.60 metric tons of CO<sub>2</sub>e. For the year 2024, the total Scope 1 and Scope 2 greenhouse gas emissions are 1,518.36 metric tons of CO<sub>2</sub>e. The greenhouse gas emission intensities for 2023 and 2024 are 0.0098 and 0.0095, respectively. Assurance for 2024 has not yet been conducted.</p> <p>The company falls within the category of companies with paid-in capital between NT\$5 billion and NT\$10 billion. In line with the Financial Supervisory Commission's promotion of the "Sustainable Development Roadmap for Listed Companies," the company is disclosing greenhouse gas inventory and assurance information in phases. The individual company (i.e., the parent company) is required to complete the greenhouse gas inventory in the second phase (by 2025) and obtain verification by 2027. Subsidiaries included in the consolidated financial statements are required to complete the inventory by 2026 and obtain verification by 2028. The company will comply with the requirements of the Financial Supervisory Commission and complete the greenhouse gas inventory and assurance no later than the corresponding deadlines."</p>

## Verification Opinion Statement



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### Hotai Motor Co., Ltd. 2024 Sustainability Report

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

This independent assurance opinion statement has been prepared for the stakeholders of Hotai Motor only for the 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 followings:

1. The assurance scope is consistent with the description of Hotai Motor Co., Ltd. 2024 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. 2024 Sustainability Report provides a fair view of the Hotai Motor sustainability programmes and performances during 2024. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Hotai Motor and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Hotai Motor's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Hotai Motor's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards 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.
- 8 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 with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Hotai Motor's sustainability topics. 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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2025-07-15

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