Apart from accomplishing the annual target for automotive sales with 45,867 units, we also earned numbers of recognition for our ESG performance in 2022, including the top 5% of listed companies at the Corporate Governance Evaluation by TWSE for nine consecutive years, the 17th (2nd in the automotive industry) at the Excellence in Corporate Social Responsibility by CommonWealth Magazine, the silver award at the 4th National Enterprise Environmental Protection Award, the silver award in the Corporate Sustainability Report Awards at the Taiwan Corporate Sustainability Awards (TCSA), the Work-Life Balance Award of the Ministry of Labor, the 2002 BSI Award for Sustainable Resilience, the gold award in Auto Part Store Category at the Taiwan Best Customer Center Award of the Commercial Times, and the constituent of the FTSE ESG Index and Taiwan ESG Index.

Creating product value and innovating business model for a smart, low-emission mobility era

The government announced the Net Zero 2050 policy in 2022, and the “EV for Zero Emission” strategy will drive the market and technology development of electric vehicles (EVs). We will combine the support of this favorable policy to accelerate deployment in independent technological capacity and local production and implement the new energy vehicle (NEV) transformation strategy so as to provide various low-emission mobility solutions for the green competitiveness of Taiwan’s businesses and net zero emissions target.

To support automotive product development, we are furthering cooperation with domestic suppliers to actively develop the platform and module technology for V2X and EV power systems. In the future, apart from continuously increasing domestic procurement and production through product range expansion and sales boost, we will also drive the upgrading and development of Taiwan’s automotive supply chain by integrating the automotive technological capacity so as to create the sustainable value of the industry in the smart NEV era.

Specifically, our 2022 progress included the launch of the independently developed CMC P350 Hybrid for the commercial vehicle (CV) range, the plug-in hybrid electrical vehicle (PHEV) model equipped with the advanced driver assistance systems (ADAS) of the HS series by MG for the passenger car range, and the mango sorbet color for the battery model EZ1 of our e-scooter brand eMOVING. In addition to attracting young motorists, we also sought cooperation with the public sector and local governments to accelerate the development of urban e-mobility. From 2017, Chunting Post, Taiwan Power Company, Taiwan Water Corporation, and local town and district offices have purchased over 4,000 units of eMOVING e-scooters.

Additionally, we have also extended to the autonomous mobile robot (AMR) sector based on our core technology and already successfully distributed products to leading domestic high-tech manufacturers. In the future, we will expand both the product and service ranges to provide more competitive solutions for Taiwan’s industries to enter smart manufacturing.

In business model innovation, in addition to investing money and resources in helping startups to develop new campus and tourism shared mobility services, we also promoted and developed the customer total journey service model under the digital transformation strategy to enhance resource efficiency and promote smart processes by exploiting digital technology so as to improve customer experience while reducing operating costs and expenses at the same time.

Integrating corporate events with continuous environmental sustainability actions for greater industrial and social influence

“Low-emissions and energy-saving smart manufacturing” has always been our goal for combining profit-making with environmental sustainability, and we have earned various representative citations for our investments and achievements over the year. In 2018 we began implementing “smart energy conservation”, “smart logistics”, and “smart factory” in collaboration with our contractors. In 2021 and 2022, apart from helping contractors reduce emissions by about 3,365tCO2e, we also invited contractors, dealers, and car owners to join global interest activities, such as coastal clean-ups and Earth Hour. In the future, we will continue to help contractors plan and progressively realize various action plans with our know-how in implementing energy conservation and carbon reduction over the years so as to build a green supply chain and demonstrate the “big brother” influence.

In 2017 we activated the 3-phase construction project “Ecological Sustainability Park”. It includes three pillars: the ecological pond for endemic Taiwanese animals and plants, the Fagaceae restoration area, and the eco-friendly farm. After six years of efforts and investments, the preliminary structures were completed in 2022 to accommodate a total of 44 endemic species so far. In the future, we will continue to cultivate Taiwanese endemic species in the park. Currently, traces of protected species such as the crested goshawk (Accipiter trivirgatus), the common kingfisher (Alcedo atthis), and the grey heron (Ardea cinerea) have been reported in the park. The aquaponic water recycling system and kitchen waste composting site have become the happy farm of Chunghua Preschool, which grows various organic (pesticide-free) vegetables in this edutaining setting. In the future, we will team up with local town and district offices, tourism operators, and agro-tech manufacturers. In the future, we will expand both the product and service ranges to provide more competitive solutions for Taiwan’s industries to enter smart manufacturing.
up with in-house volunteering groups and external environmental protection units to train professional park tour guides so as to progressively publicize our conservation concept and ingrain it in children’s education through the park guided tour service and interesting activities. Additionally, we began expanding the eMOVing e-scooter and charging services to Penghu, Green Island, Matsu, and Liuqiu Island in 2012 to provide low-emission vehicles for the residents and tourists of these offshore islands. On the 2022 World Sea Turtle Day (July 16), we provided 100 e-scooters on Liuqiu Island where the green sea turtle (Chelonia mydas) and other protected species were seen on that day to promote low-carbon travel, publicize the concept of marine conservation and biodiversity conservation, and safeguard the home of sea turtles together.

In the future, we will continue to expand and extend the social influence of environmental protection and conservation through various action plans.

Guarding happiness through undertaking corporate social responsibility

At CMC, we value the health, career development, growth, family care, and feedback of every employee. In addition to equipping plants with kindergartens (preschools), after-school care centers, dormitories, gyms, basketball courts, and badminton courts; and arranging health checkups, conducting employee satisfaction surveys, and optimizing the remuneration and performance system every year, we have activated a range of epidemic control measures, including offering the epidemic control tea and in-house COVID-19 vaccination service, organizing online physical exercise courses, and arranging online care talks for professional counselors to help employees relieve mental stress. Additionally, we establish a talent development committee in every department to implement various learning and growth plans by combining with the corporate resources. Employees are the source of corporate innovation and value creation. In a time of workforce shortages, employees are the Company’s exceptionally important assets. In the future, we will continue to build a healthy workplace environment for healthy working and work-life balance for every employee to demonstrate their self-worth!

As a local business, we have ingrained social responsibility in our corporate culture. Over the years we have been engaging in volunteerism and offering care to remote townships by combining with our care automotive business. In 2022 we supported the “Central Kitchen for Schools in Remote Townships” launched the Executive Yuan by forming a food distribution network to deliver tasty and nutritious lunch to 240,000 elementary schoolchildren in remote townships with 225 DELICA vans. Additionally, we persistently implement remote township transportation improvement, including:

During the 2022 “Vehicle Maintenance Service Tour”, apart from amassing 8 contractors to the tour, we also recruited students from Taipei City University of Science and Technology, Dah Yung Senior High School of Kaohsiung, and National Kuangfu Commercial and Industrial Vocational High School of Hualien through to join the service. In 2022 we made 24 maintenance service tours to service 856 vehicles in remote townships to fully integrate social contribution into young student practice education!

Since 2016 we have donated 12 DELICA vans to children’s welfare groups and schools in remote townships through the “Happiness Guardian Program”. The beneficiaries included Feng Tien Primary School and Hung Yeh Primary School in Taitung and Hualien County Tafalong Primary School, which have cultivated numbers of great baseball players. With such a program, we aim to contribute our part to children taking off for their dreams and Taiwan’s baseball development!

In 2022 we continued to implemented the “Bu Bu Sharing Program” with the Ministry of Transportation and Communication (MOTC) to provide regional shuttle services in Full Township and Zhuoxi Township of Hualien and Yanping Township of Taitung. The combined mileage of the service during 2021 and 2022 accumulated 54,800km. In the future we will expand the service scope to safeguard the transportation needs and safety in more remote townships.

Putting people first to achieve business sustainability through persistent pursuit of harmony with the environment

The post-COVID inflation and rapid interest rate rises of worldwide central banks have filled the macro environment with uncertainties in 2023. The increasing pressure from industry transformation and competitions have also brought various challenges in the future. In response to the new normal in the post-COVID era and the global ESG concerns, in addition to continuously improving the quality of corporate governance in terms of “maintaining the rights and interests of shareholders”, “strengthening the structure and operation of the board”, and “enhancing information transparency”, we will also uphold the “people-oriented” mindset in the interaction and relationship maintenance with all stakeholders to make sure steps towards a happy business and sustainable operations.
Thank you for reading the 2022 Corporate Sustainability Report published by China Motor Corporation (CMC, stock code 2204). Prepared by the CMC employees of relevant units, this report aims at enabling all stakeholders having concerns about CMC to comprehensively understand our theory and practice in sustainable operations, environmental protection, and social inclusion and our continuous efforts and determination in various issues relating to sustainable development.

As a company devoted to paperless operations for environmental protection, the whole report will be published on the CMC corporate website (http://www.china-motor.com.tw/) for download by the general public.

**Reporting Period**
This report discloses our environmental, social, and governance (ESG) performance and implementation status in 2022 (1 January 2022 to 31 December 2022). To ensure the integrity and comparability of the project and activity performance, some content involves the information of 2022 and the outlook of 2023.

- Previous release: June 2022
- Current issue: June 2023
- Next release: June 2024

**Scope of the Report**
The scope of this report mainly covers the activities as well as services of CMC (Yangmei Plant and Hsinchu Plant) and Sino Diamond Motors. The scope of the financial performance corresponds to Page 9 of the 2022 Consolidated Financial Statements, with all the financial figures calculated in NTD. If any affiliates are involved, such matter will be explicitly specified in this report.

What needs to be noted is that our Youth Plant as not become a dealing center of Shung Ye Motors and the talents training center of Brilliant Insight International Consultancy Service Co., Ltd. It is not operated for production and thus excluded from the scope of this report, except for the performance disclosures of its renewable energy installations.

**Principles for Compilation**
This report has been prepared in accordance with the GRI Standards (2021) published by Global Reporting Initiative (GRI), the Sustainability Accounting Standards for automobiles published by the Sustainability Accounting Standards Board (SASB), and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report contents cover various management approaches and material topics for sustainable operations and project performance.

**Contact Information**
Should you have any questions or suggestions regarding this report, please feel free to contact us with the following information:

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**Appendix**
2022 Environmental, Social & Governance
ESG Performance 2022

Highlights and Performances in the Aspect of Environment

Excellent Performance in “Taoyuan City Business River Adoption” for 7 consecutive years.

Apart from the long-term adoption of the Xiucaiwo Section of the Duzi River in Yangmei, the Yang Mei Plant also engages in regular environmental maintenance, organizes education and publicity activities, thus earning the Excellent Performance in “Taoyuan City Business River Adoption” for 7 consecutive years.

EV to offshore islands: Developing low-carbon tourism for the carbon-free island vision

Develop low-carbon tourism for offshore islands and realize the carbon-free island vision by combining NEVs with sustainability and tourism. Products including the e-VERYCA and eMOVING are seen everywhere on offshore islands including Lüliu, Kinmen, Penghu, and Matsu, and Lanyu and Green Island will be the next targets.

Investment in Green Bonds up to NTD 200 million

The Company invested in the green bonds issued by Evergreen and YAGEO, not only supporting them to move towards sustainable green development with the idle funds but also receiving stable income by increasing the asset allocation.

Highlights and Performances in the Aspect of Society

4th Work-Life Balance Award 2022 of the Ministry of Labor

We value the living quality of employees. Through the measures for building a friendly workplace, we improve the physical, mental, and spiritual sense of happiness for employees to balance work, family life, and health. In 2022 we were awarded the Employee Care Award at the 4th Work-Life Balance Award of the Ministry of Labor.

First Prize for Elder-Friendly Outstanding Solution at the 19th Annual Corporate Social Responsibility and ESG Award by Global Vision Monthly

Based on the themes of “zero workplace barriers, zero health burdens, and zero limit development”, we activated the “CMC Triple Zeros Evergreen Program” in our senior workforce development strategy to extend the work career of senior employees through the “job accommodation” and “second career” policies.

Excellent Performance in Occupational Safety and Health 2022

Hsinchu Plant makes continual workplace environment to improve workplace safety and health through “occupational accident prevention”, “workplace health management and health protection”, and “safety and health education, training, and activities” to promote labor safety and health.

Bu Bu Sharing for remote townships with 3 DELICA vans for a total service mileage equivalent to Traveling around Taiwan 51 Times

To assist the MOTC in promoting the Bu Bu Sharing, we provided Fuli Township and Zhuoli townships in Hualien and Yanping Township in Taitung with 3 DELICA vans for shuttling up to 19,608 persons over a total mileage of 54,800km (equivalent to traveling around Taiwan 51 times).
Highlights and Performances in the Aspect of Governance

Top 5% at the Corporate Governance Evaluation for 9 consecutive years

CMC has won the highest recognition of the Corporate Governance Evaluation for 9 consecutive years.

Independent director seats A Third of the Board

To strengthen Board competencies and increase the Company’s sustainable value, apart from setting up functional committees including the Audit Committee and Remuneration Committee, we increased the seats of independent directors to a third of the Board to improve Board operation from 2022.

Top 100 at the Excellence in Corporate Social Responsibility by Common Wealth Magazine

Through long-term engagement in sustainability, apart from the deep ESG involvement, we also combined with various work items, customers, suppliers, and local communities to build the CMC sustainable value chain and ecosystem.

Implementation of the ISO 27001 Information Security Management System

Implemented the ISO 27001 Information Security Management System and passed the certification.

Co-prosperity of Supply Chain

Co-prosperity and developing supply chain resilience with suppliers through the price adjustment mechanism and spot goods procurement funding mechanism.

To mitigate the stress of cost changes on CMC and suppliers, we have signed an agreement on the price adjustment mechanism of raw materials and exchange rate with suppliers and periodically check the changes and adjustments in prices. When there is a dramatic rise of materials prices due to global materials and chip shortages, we will assist suppliers in materials price adjustment or make up the price differences.

Excellence in Green Procurement from Hsinchu County Government

Hsinchu Plant actively uses and purchases green products for manufacturing, such as green construction materials and Green Mark parts, thus earning the Excellence in Green Procurement recognition from the Hsinchu County Government in 2021 and 2022.

Beach Clean-up with 37 Suppliers and 121 Participants

cleaning up 368kg of exotic plants and 276kg of marine debris

Teaming up with suppliers to practice CSR, we implement and encourage suppliers to participate in environmental sustainability activities. In 2022 we organized three clean-ups, including the Yangming Mountain Clean-up in Taipei, Xianxi Township Coastal Clean-up in Changhua, and Kezailiao Coastal Clean-up in Kaohsiung.

Guidance for 7 Suppliers on Intelligent Transformation, with improvement efficiency up to TWD49.08 million/year and emissions reduction up to 2,885 tCO₂e

Based on the themes of “smart energy conservation”, “smart logistics”, and “smart factory”, we arrange internal and external guidance by experts for selected suppliers and share the outcomes and benefits with all suppliers, hoping to spill over our knowhow in smart manufacturing, energy conservation, and carbon reduction to the supply chain.
Evolving Taiwan’s automotive industry: Corporate Value of CMC

Upholding CMC’s business philosophy of HITS (Harmony, Innovation, Top, Sustainability), we make continual innovation through harmony to pursue excellence. We also expand our business scope to the green energy industry to keep up with the trends to create value for employees, the Company, and society, achieve sustainable operations, and give back to society.

CMC’s Vision

Carrying happiness and delivering touching warmth with new forms of convenience and power, we endeavor to become the most reliable diversified mobile partner.

Company name
China Motor Corporation (stock code: 2204)

Headquarters address
No. 618, Xiaci Road, Yangmei District, Taoyuan City

Date of establishment
June 13, 1969

Paid-in capital
NTD 5.54 billion

Total Number of Employees
2,117 member

Major Products and Services
Production and sales of commercial vehicles, RVs, sedans, motor vehicles, and the related parts and components thereof

Business locations
Yangmei Plant, Hsinchu Plant

Main Products and Services

<table>
<thead>
<tr>
<th>Sedan</th>
<th>GRAND LANCER series COUTUS series</th>
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<tbody>
<tr>
<td>RV</td>
<td>OUTLANDER PH EV ECLIPSE CROSS series</td>
</tr>
<tr>
<td>Commercial vehicle</td>
<td>DEUCA series</td>
</tr>
<tr>
<td>Commercial vehicle</td>
<td>ZINGER series ZINGER PICK UP series</td>
</tr>
<tr>
<td>Commercial vehicle</td>
<td>Veryca Series CMC VERYCA series CMC e-VERYCA series</td>
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<tr>
<td>Commercial vehicle</td>
<td>FUSO Series CANTER series</td>
</tr>
<tr>
<td>Electric two-wheeler</td>
<td>e-Scooter series Micro e-Scooter series e-Bicycle series</td>
</tr>
<tr>
<td>Automated Guided Vehicle (AGV)</td>
<td>Heavy-duty AGV Magnetic tape guided AGV Mobile robot</td>
</tr>
<tr>
<td>Autonomous Mobile Robot (AMR)</td>
<td>Hi-Power Autonomous Mobile Robot</td>
</tr>
</tbody>
</table>

Note: CMC is a partner of MFTBC (Mitsubishi Fuso Truck and Bus Corporation) for the production of their domestic cars, and is responsible for the implementation testing and verification of the FUSO and CANTER series, procurement and development of locally manufactured parts, assembly and production of completed cars, sales of locally manufactured parts, etc.
Embracing the EV era with the NEV Promotion Strategy

In response to the government’s net-zero emissions pathway and the goal of 100% price-to-sales ratio of electric vehicles/scooters in Taiwan by 2040, the Company aggressively promotes the sales of new energy vehicles (NEVs) and motivates business and consumers to use EVs through multiple channels to enhance the market visibility of CMC electric vehicles/scooters.

Promotion of corporate procurement

To reduce carbon emissions from transportation, CMC has actively promoted corporate EV procurement. In 2022 Chunghwa Post purchased 500 units of eVERYCA for the post service.

Launch of diversified electric models

Diversified models including eVERYCA vehicles, OUTLANDER PHEV and MG HS PHEV, CMC P350 Hybrid, and eMOVING e-scooters have been provided for consumers to choose.

More opportunities for consumers to try the products

As EV is not yet popular in Taiwan, we increase the opportunities for EV use by enriching consumer experience. In 2022 we thus introduced the short-let service of eVERYCA in Kinmen.

Youth Dealer Franchise Program

eMOVING launched the “Youth Dealer Franchise Program” to increase 8 franchised stores in 2022.

Expansion of green transportation layout on campuses

Committed to providing campuses with a sustainable environment, eMOVING works for net-zero emissions by building charging stations or forming campus EV patrol fleet on campuses.

Enhancement of the ratio of electric company vehicles

We progressively increase the ratio to EV company car at CMC. In 2022 we used 3 EVs and 10 PHEVs for company cars. We also arranged 43 eVERYCAs as the company cars for Huifeng Plant to reduce carbon emissions.

Green Fleet by Government Sector

Realizing net-zero emissions with over 4,000 eMOVING e-scooters.

In social engagement, eMOVING has launched the “Youth Dealer Franchise Program” to provide multiple resources for young people to fulfill their entrepreneurial dreams so as to promote environmental sustainability together with young people and so to expand our social influence. Through the “Youth Dealer Franchise Program”, we have set up eight eMoving locations, including Dajia Branch in Taichung, Puul Branch in Nantou, Zhonghua Branch in Yongkang, Zhonghua North Branch in Gangshan, Tabao Branch in Chiayi, Daguan Branch in Banjiao, Fuan Branch in Xiáni, and Zhongsan West Branch in Fengshan.

Expanding Green Transportation Territory: Campus Charging Stations from eMOVING Practicing ESG Together with CYCU, NTHU, and NCKU for ESG

Committed to providing campuses with a sustainable environment, eMOVING has collaborated with Chung Yuan Christian University (CYCU), National Tsing Hua University (NTHU), and National Cheng Kung University (NCKU) to build campus charging stations or form campus patrol car fleets to contribute to net-zero emissions. In April 2022, eMOVING further cooperated with National Cheng Kung University for the practicing ESG by introducing the first batch of smart green e-scooters into the campus for campus patrol missions to maintain campus security.

Additionally, building charging stations is the priority to provide a thorough environment for using e-scooters in Taiwan. Setting out from “harmony with the environment and green campus”, eMOVING has invested in the infrastructure to build the campus green transportation territory and progressively built 8 charging stations (2 rapid charging stations and 6 slow-charging stations) in CYCU, 10 stations (2 rapid charging stations and 8 slow-charging stations) in NTHU, and 2 rapid charging stations in NCKU, making energy use more convenient.

To end petroleum car sales by 2040, the MOTC began forming the “green fleet” in the government sector from Chunghwa Post by continuously replacing its petroleum vehicles. From 2017 Chunghwa Post has been progressively purchasing e-scooters to deliver mails. So far, it has purchased over 3,200 eMOVING e-scooters for the mail service. By including Taiwan Power Company, Taiwan Water Corporation, and township and district offices, the public sector has purchased over 4,000 eMOVING e-scooters for office use to reduce emissions of up to 696 tCO2e, equivalent to the carbon adsorption of 1.8 Daan Parks, so as to reduce carbon together with a meticulous green transportation network.
To facing the future issues for sustainable development, implement ESG development, comply with the legal and regulatory requirements, and keep up with the green energy market trend, we will actively combine internal and external resources to launch various NEV products to fulfill the market demand and maintain harmony with the environment. Additionally, we undertake to set short-, medium-, and long-term targets for carbon reduction based on the “Taiwan Net-Zero Emissions 2050 Pathway”. Apart from achieving carbon neutrality throughout the production process by 2050, further set Net-Zero 2050 as our carbon emission target in terms of four aspects: energy conservation and carbon reduction, energy transformation, sustainable development, and low-emission transportation. Based on the “big brother” mindset, we will implement the “Carbon Reduction for the Common Good Advancement Program” to lead and help upstream and downstream suppliers to achieve the “Net-Zero 2050” target together with the whole center-satellite system.

CMC Sustainability 3 Arrows Towards Net-Zero 2050

CMC Net Zero Declaration
We undertake to set short-, medium-, and long-term targets for carbon reduction based on the “Taiwan Net-Zero Emissions 2050 Pathway”. We also undertake to achieve carbon neutrality or net-zero emissions throughout the production process by 2050.

Guidance for GHG inventory
Aiming to expand the scope of carbon reduction, we activated the “2050 Net-Zero Emissions Carbon Reduction for the Common Good Advancement Program” together with suppliers and dealers at the supplier conference on March 21, 2023.
To help suppliers complete GHG inventory, we offer onsite technical and practical guidance to promote the program, hoping to increase the number of suppliers conducting GHG inventory within five years.

Guidance and funding for energy conservation and carbon reduction
We began providing suppliers with guidance on smart energy conservation, smart logistics, and smart factory in 2018. Through 32 times of onsite guidance, we helped suppliers reduce emissions by 11,282tCO2e.
Additionally, through the mid-term and term case presentation and onsite improvement demonstration, we share the outcomes within the whole supply chain system.

Advocation of green power installations
We have long been promoting green energy at CMC. We also assist suppliers in building green power facilities to reduce emissions and costs and so to realize sustainable development. Assisting suppliers in building green power facilities is our one of social and environmental responsibilities, as well as our realization of the CMC Net Zero 2050 vision. We will continue to offer green power construction assistance for more suppliers to actively promote green energy use in the automotive industry and so to realize sustainable development.
Apart from committing to setting short-, medium-, and long-term targets for carbon reduction based on the “Taiwan Net-Zero Emissions 2050 Pathway” and achieving carbon neutrality throughout the production process by 2050, we further implement the Net-Zero 2050 target in terms of four aspects: energy conservation and carbon reduction, energy transformation, sustainable development, and low-emission transportation. We have also established the “Supply Chain Carbon Reduction 5-Year Plan” to progressively achieve Net-Zero 2050 through defined and quantified targets, starting from short-term goals.

**Supply Chain Carbon Reduction 5-Year Plan**

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<th>Work Projects</th>
<th>Targets</th>
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**Work Projects**

- GHG inventory
- Organized ESG-related courses
- Electricity conservation and smart factory guidance
- Supplier carbon reduction
- Suppliers with green power installations

**Targets**

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<th>Year</th>
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1.1 Mission and Vision of Sustainable Development

1.1.1 Incorporation of Sustainability into Business Philosophy

Bearing Taiwan’s automotive industry, following Taiwan’s economic development, we have shaped a solid brand image through close connection with “up- and downstream suppliers”, “customers”, “employees” and “society” over the past 53 years. In the course of operations, we deeply realize that on top of corporate governance and operational performance, we also need to value environmental and social resources and address the concerns and needs of stakeholders through actions and commitments.

The Company believes that harmony, innovation, top, and sustainability are interlinked. Continuous innovation in harmony, pursuit of top performance and sustainable operation jointly form the utmost philosophy of a company’s existence. By progressively implementing our sustainability strategy based on the “HITS” business philosophy, we make reforms in manufacture, corporate governance, and social welfare.
1.1.2 Sustainability Strategy Blueprint

To demonstrate our determination to promote sustainability goals, we have incorporated comprehensive industrial trends and explored the risks due to climate change and the opportunities for transformation in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In response to the 17 Sustainable Development Goals (SDGs) of the United Nations, we have established the “sustainable development strategy” and set the following five constructs for the reference of implementation and management: “steady governance,” “top innovation,” “harmony and co-prosperty,” “environmental sustainability,” and “social care”. The Company has employed the sustainability strategies in a progressive manner, innovating in the regards of corporate governance, manufacturing and social welfare. Meanwhile, we have actively responded to the needs of stakeholders, seeking to drive the development of the automotive industry chain and enhance the Company’s sustainable value through the connection of the ecosystem, and become the most reliable diversified mobile partner.
In 2015 the United Nations identified 17 sustainability issues of utmost global urgency, announced the Sustainable Development Goals (SDGs), and invited all walks of society to take actions to solve these global problems. Fulfilling the responsibility as a global citizen, CMC actively responds to 12 UN SDGs based on the corporate business philosophy of “HITS” and the commitment of becoming an “enterprise of well-being.” It is our hope to transform our internal ESG actions into global sustainability strategies, and relevant actions have been taken to make active contributions to the goal of global sustainable development.

Remote Townships and Rural Communities: Support the “Indigenous Production-Sales” partnership development program

With an offer better than that of the brokers, we have purchased up to 70,280kg of organic vegetables from indigenous smallholders since 2015 to help promote the indigenous smallholder economic development. Promote the “Indigenous Dream Project” to support indigenous peoples. Recruit materials and daily necessities and deliver them to remote indigenous townships to lessen the urban-rural resource inequalities. In 2022 we donated 300 COVID-19 rapid test kits and 250 children’s picture books, and the project has benefited up to 15,000 persons so far.

Take care of the physical, mental, and spiritual health of employees through multifaceted measures and equipment.

Use organic vegetables to ensure food safety for employees to provide employees with the best benefits. Arrange periodic health checkups, build multifaceted sports facilities, and organize weight loss activities to keep employees fit. We establish the plant health center and hire medical specialists to protect health for employees and provide medical consultation and first aid services.

Combine the core automotive industry to implement the “Anchor” education program.

Improve the practical competencies of students by donating test cars to vocational schools, inculcate knowledge relating to automotive tests, automotive design, and vehicle service in vocational schools through university-industry collaboration to develop professional automotive talents. We organize the Traffic Safety Camps to provide traffic safety education for children in remote townships. Through comprehensive career development plans and projects, we shape employees into multifaceted professional talents. Establish a learning organization and offer channels to help employees enhance professional competencies and develop lifelong learning capability. Enable employees to get the right jobs through education and training, value employee strengths, and develop competencies to maximize their potential.

Gender equality for employees

About 12% of management are women (including Sino Diamond Motors; excluding seconding and expatriate officers) and two women directors, no wage gap and benefit differences between women and men, establish the sexual harassment prevention mechanism to ensure women’s rights. Well-established parental benefit policy The parental benefit policy applies to both women and men. We prepare the pregnancy card for employees to take good care of them during pregnancy. We also plan priority parking spaces, lunch break areas, protective gowns, and parental magazines for pregnant employees.

We have adopted the Xiucai Village water area of Sheli River, Yangmei, maintaining the environment on a regular basis

Yangmei Plant has earned the Excellent Performance in "Taoyuan City Business River Adoption" for 7 consecutive years and launched 12 coastal clean-ups and 7 environmental outreaches in 2022. Building the in-house wastewater treatment system and improve the environment of the in-house ecological pond, Properly treat wastewater from the plant through source and process reduction, enhance effluent monitoring, and reduce water consumption. Make infrastructure improvement of the in-house ecological pond to reshape the environment for wetland species and build the aquaponics system.

Towards a business of excellent growth through robust corporate governance

Ranked the top 5% of listed companies at the Corporate Governance Evaluation for 9 consecutive years and maintain steady growth upon a robust corporate governance system and effectiveness. A remuneration and benefit policy with better offers in the industry Offer salaries and benefits better than the industry’s average for employees to enjoy better pay and benefits. Our multifaceted leave system includes up to 9 days of short summer breaks for employees to well relax themselves. With a 100% retention rate after parental leave, we ease the worries about career development of employees after they become parents.
Vision Blueprint for Corporate Sustainability

Sustainability Commitment from the Chairperson

Appendix

2022 Environmental, Social & Governance

THE GLOBAL GOALS
For Sustainable Development

Build a sustainable manufacturing ecosystem with intelligent and innovative production technologies.
- Establish a smart factory and a smart supply chain system towards Productivity 4.0. Implement AGV, the supplier management platform, the global logistics management system, an energy management system, and a smart energy conservation and carbon reduction system to build a sustainable supply chain system.
- Establish energy conservation and carbon reduction targets for effective emissions reduction. Continuously implement digital transformation to enhance production efficiency while maintaining environmental protection to contribute to sustainable development.

Implement the “Happiness Guardian Program” and donate vehicles to provide shuttle service for vulnerable children in remote townships.
- Over the past 8 years, we provide transportation resources for children in remote townships through the “Happiness Guardian Program” to shorten their distance from going home safe, knowledge and education, dreams, and development, carrying the happiness of vulnerable children. Through vehicle donation, we hope to broaden the horizons of children.

Implement the “Vehicle Maintenance Service Tour” to provide car owners in remote townships to access vehicle safety check and auto services.
- Continuously provide the vehicle maintenance and repair services in remote townships to expand the scope of the “Vehicle Maintenance Service Tour”; introduce the “Safety for Children Tire Safety Check Service” to provide maintenance services including “free replacement with Taiwan CPC engine oil” and “MAXXIS tire buy one get one free” to support the operations of children’s groups. Safeguard vehicle safety through continuous public care.
- Engage in the “Bu Bu Sharing” and “Central Kitchen for Schools in Remote Townships” programs to ensure transportation justice.

Promote eco-friendly farming and co-market eco-friendly crops to car owners through the Mitsubishi LINE official account. Purchase the organic vegetable ecolabel parts to enhance vehicle sustainability.
- The Company implements the recycling plan for “packaging materials of parts,” with a recycling rate up to 57.3%.

Develop NEVs and enhance vehicle efficiency
- Develop and actively market and promote electric four-wheelers, eMOVING e-scooters, and PHEVs to reduce the carbon emissions from transportation.
- Promote the circular economy to reduce resource consumption
- The Company implements the recycling plan for “packaging materials of parts,” with a recycling rate up to 57.3%

Purchase smallholder organic vegetable
- Promote eco-friendly farming and co-market eco-friendly crops to car owners through the Mitsubishi LINE official account. Purchase the organic vegetable from indigenous smallholders for the employee canteens and co-market their agricultural products through employee group purchase to protect local agricultural development.

Promote coastal and mountain clean-ups to deliver school lunch for 240,000 students in remote townships.
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1.2 Materiality Analysis

1.2.1 Process of Materiality Analysis
Based on the materiality definitions of the GRI Standards (2021), we analyzed the latest ESG trends and legal and regulatory changes at home and abroad and gathered the ESG issues that concern stakeholders. Through the questionnaire survey on the members of the ESG Committee and the ESG issues that concern stakeholders, we identified 22 sustainability topics according to the double materiality principle in terms of the “significance and likelihood of the positive and negative operational impacts” and the “significance of the positive and negative impacts on ESG” to understand the substantive impacts caused by CMC and the expectations of stakeholders.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Identification of Stakeholders</th>
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<tbody>
<tr>
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<th>Step 2</th>
<th>Collection of sustainability topics</th>
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<td>Based on the sustainability standards (e.g., GRI, TCFD, SASB), the characteristics of automotive products, the concerned issues at home and abroad, MSCI ESG rating, and the global material sustainability trends, we focused on the sustainability topics relating to CMC operations and eventually selected 22 sustainability issues for impact assessment.</td>
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<th>Step 3</th>
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<td>Based on the stakeholder tension and significance to CMC of topics, we made a visual representation (matrix) of topics based on the assessment results in three levels: high, medium, and low, for the reference of judging materially.</td>
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<th>Step 4</th>
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<tr>
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<td>Through staff and stakeholder questionnaire surveys, horizontal communication among all units, and recommendations by external experts, we verified the operational relevance and impact significance of material topics. After integrated consideration and further analysis, we determined 11 key material topics.</td>
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<th>Step 5</th>
<th>Establishment and Periodic Review of Management Approaches</th>
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<td></td>
<td>Review the results of identification of material topics, compare them with the material topics in the previous year, set management approaches and targets for material topics, review and manage every year, and ensure compliance with the sustainability context and completeness.</td>
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Identification of 8 stakeholder groups with 61 stakeholder responses.

Verification of 22 sustainability issues for impact assessment through 13 sustainability interviews across departments.

46 staff responses and 43 stakeholder responses to materiality questionnaire.

11 key material topics through ONE cross-department and external expert meeting.

100% compliance with the sustainability and completeness requirements of all material topics.

We started stakeholder identification with the stakeholders that each department engages in routine operations, and the scope of analysis did not include other CMC subsidiaries. Through analyzing various stakeholder groups, we determined the stakeholder groups with the greatest influence on CMC. Based on the assessment results of the ESG Committee, we identified 10 major stakeholder groups based on the five stakeholder attributes in AA1000SES: Responsibility, influence, tension, diverse perspectives, and dependency. After prioritizing stakeholder groups based on their significance to CMC, their priorities are: A. employees; B. suppliers; C. government agencies; D. dealers; E. customers; F. shareholders; G. industry associations and NGOs; and the media.

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Groups or individuals who need immediate attention from CMC with regard to financial, wider economic, social or environmental issues.

Groups or individuals who can have an impact on CMC’s strategic or operational decision-making.

Groups or individuals who are directly or indirectly dependent on CMC’s products, activities, or services.

Groups or individuals to whom CMC has legal, commercial, operational or ethical/moral responsibilities.

Groups or individuals whose diverse views can lead to a new understanding of the situation and the identification of opportunities or risks.
1.2.3 Dialogue with Stakeholders
We value the needs and opinions of stakeholders. Apart from providing unfettered communication channels for stakeholders, we also collaborate with key stakeholders to implement projects relating to social inclusion and environmental sustainability. Through continuous interaction, we set the performance indicators of material issues and review our performance in sustainability implementation from time to time. The table below shows the frequency and major contents of communication with stakeholders in 2022.

Significance and Value to CMC
- Employees are our most important stakeholder and core competitiveness for sustainable operations. Apart from building a no-discrimination friendly workplace environment, we keep thinking how to improve the work experience of employees and continuously enhance the capability of digital operations for cross-generation teams to work at CMC with agility and flexibility.
- Suppliers are the important partners that enable us to manufacture and supply quality products and the key of CMC carbon reduction and sustainability. Teaming up with suppliers, we progressively advance towards a sustainable supply chain for suppliers to provide services that comply with our business philosophy and satisfy customers.

Method and Frequency of Engagement
- Employees: (Regularly) • Labor-management meeting (monthly) • Employee Welfare Committee Meeting (quarterly) • Member representative conference (annually) • Training and development meeting (annually) • Occupational Safety and Health Committee meeting (quarterly/indirect units/enterprise-wide), monthly (direct units)
- Suppliers: (Regularly) • Supplier Conference (annually) • SCM Platform: Supplier activities (12 times/year)

Results and Actual Performance of Dialogue
- Employees: Putting health first and maintaining work-life balance Employees are our biggest asset, particularly during the pandemic when we introduced multifaceted epidemic control policies. In addition to the isolation leave and home recovery leave, we launched the “one-stop health service” for private trainers to lead employees to exercise regularly and capture their physical health. Employees with children can send their children to the kindergartens and after-school clubs run by the Company to match childcare with work so as to smoothly connect work with family and prevent burning the candle at both ends for two-paycheck families. Our quality employee benefits enable employees to balance work and life and to be proud of being a CMC employee.

Suppliers: Guidance for zero emissions towards a green future The rise of environmental protection awareness has been tightening the laws and regulations relating to environmental protection. Additionally, the continuous rise of material costs during the pandemic further made it more difficult for us to maintain steady supply and brought more pressure to quality management. Hence, it is not easy for suppliers to keep up with the low-carbon transformation trend. Fortunately, suppliers were willing to put themselves into our shoes in cooperation. Apart from helping them passing the certification of various ISO systems, we also held the supplier conference to explain the relevant laws and regulations to them. We even voluntarily guided them to progressively implement net-zero emissions as a “big brother” to maintain virtuous and positive competitiveness and sustainability.
Government agencies have significant influence on our development and competitiveness. In addition to abiding by the automotive safety laws and regulations, environmental protection laws and regulations, and trade laws and regulations, we also actively coordinate with the product and safety monitoring and assessment of the government and maintain a sound relationship with government agencies.

**Concerned Issues**
- Ethical management and legal compliance
- Product safety and quality management
- Customer privacy

(Regularly)
- Evaluation by government agencies (annually)
- Corporate Governance Evaluation (annually)

(Irrgularly)
- Policy seminar, forum, public hearing
- Official document and visit

• Ethical management and legal compliance
• Product safety and quality management
• Customer privacy

Shareholder investments are the major support of business expansion and development and bring direct influence to the corporate finance, decision-making, and future development. We value the rights and interests of shareholders and regularly disclose information relating to corporate governance for shareholders to understand our operations more conveniently.

**Concerned Issues**
- Product safety and quality management
- Economic performance and profit
- Recruitment and retention

(Regularly)
- Annual meeting of shareholders (AGM) (annually)
- Annual report (annually)
- Investor conference (quarterly)

(Irrgularly)
- Acceptance of corporate visit
- Shareholder inquiry by phone
- Announcement of management status and timely disclosure of material information on the corporate website and the Market Observation Post System (MOPS)

**Method and Frequency of Engagement**

Achieving the low-carbon policy with innovative technologies towards low-carbon tourism

We actively support government policies and legal compliance. Through green production and the excellent performance in energy conservation and carbon reduction of plants, we earned the National Enterprise Environmental Protection Award and were ranked the top 5% among listed companies in the Corporate Governance Evaluation. In response to industrial upgrading, the MOTC innovates the platform guidance by launching the “Smart Electric Scooter Development and Promotion Program”. We engage in the R&D of key technologies to help develop e-scooters and improve their functions. In response to the national green energy technology promotion policy, we also actively cooperate with local governments to build e-scooter charging stations and battery exchange stations, becoming one of the key promoters of green transportation promotion.

**Results and Actual Performance of Dialogue**

Shaping a benchmark for business sustainability with information transparency

Upholding the HITS business philosophy, we embrace integrity and practice it in corporate governance, legal compliance, and risk management. By establishing a robust corporate governance framework, we ensure that the Board and management can meet the best interest of both the company and shareholders and maintain steady operations to protect the assets of shareholders and customers. In addition to strengthening the core services, we continuously cultivate the market through innovative and comprehensive means to expand the scale of operations, create profit, and so to boost integrated growth.

Excerpts from the CMC Annual Report 2021
Customers are the major source of revenues and directly influence sales and market presence. Customer satisfaction and loyalty are key to the success in business operations. Customer needs and feedback are significant to us. Hence, we improve product and service quality and establish a steady customer relationship.

Concerned Issues
- Customer privacy
- Customer relationship management
- Product and service innovation

Industry associations and NGOs give us support and instructions, promote cooperation within the industry, and strive for policy support. We actively cooperate with the collaboration needs of industry associations to promote close collaboration within the industry. We also engage in long-term cooperation with NGOs to create the best future for the industry through reciprocity.

Concerned Issues
- Ethical management and legal compliance
- Product and service innovation
- Waste emission management

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Concerned Issues
- Ethical management and legal compliance
- Product and service innovation
- Waste emission management
As the coordinator between CMC and consumers, dealers can promote products to the more extensive consumer market to help us increase market share. Additionally, they also help consumers solve problems and ease doubts to enhance our brand reputation, bringing significant influence to our market presence and brand image.

**Concerned Issues**
- Economic performance and profit
- Ethical management and legal compliance
- Product safety and quality management

(Regularly)
- Dealer conference (monthly)
- Analysis of the board operation and financial statements of dealers (quarterly)
- Dealer e-learning courses with Microsoft Teams (monthly)
- Dealer technology education and training (every four months)

(Irregularly)
- Regional dealer conferences or online meetings
- Dealer education and training

--- Dealer Fortune Motors Co., Ltd.

As the tie between CMC and the public, the media helps shape our social image and reputation and influence our sales and market presence. We actively maintain a steady and sound relationship with the media to increase social trust through open and transparent communication and disclosure.

**Concerned Issues**
- Product safety and quality management
- Customer privacy

(Regularly)
- Corporate Governance Evaluation (annually)
- Test drives and gatherings with the media (annually)

(Irregularly)
- Product launch press conference
- Organize ESG events
- Publish press releases
- Media interviews

(Regularly)
- Test drives, innovation and R&D presentations, and product launch press conferences for the media
- Understand its latest products and operational directions with open and transparent information.
- It also holds investor conferences regularly to disclose the information regarding corporate governance and product innovation at CMC. All these reveals that CMC values the media and maintain a positive and steady relationship with the media.

--- The Media

--- Dealer Fortune Motors Co., Ltd.

The rapid development of sustainability issues has urged dealers to timely keep up with the latest legal and regulatory changes to respond to the related doubts of car owners. Through education and training, CMC outreaches the environmental sustainability concept and net-zero emission practice to management and sales representatives and ingrains the environmental sustainability concept in car owners through its service. In addition to creating a two-way learning situation for both CMC and car owners, this also enables car owners to understand Mitsubishi’s environmental concerns and helps boost sales. Every year it also leads dealers to join the “Earth Hour” event to substantively improve the emission reduction image of dealers.

--- Dealer Fortune Motors Co., Ltd.

Developing multifaceted and sustainable sales pathways by ingraining the green concept.
1.2.4 Identification of and Matrix Analysis of Material Topics

After locating the potential material issues based on the international sustainability standards and regulations, the SDGs, responsible investment, industry trends, and stakeholder interaction, we focused on 22 sustainability topics and further investigated their impacts caused.

Sources of sustainability issues

<table>
<thead>
<tr>
<th>International Sustainability Standards and Regulations</th>
<th>Sustainable Development Goals</th>
<th>Responsible Investment</th>
<th>Industry Development Trends</th>
<th>Issues that Concern Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>References are made to the GRI Standards, Responsible Business Alliance (RBA), Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP).</td>
<td>Screening actions to which we can contribute by assessing the 169 targets of the 17 SDGs.</td>
<td>References are made to the MSCI ESG Leaders Indexes and the standards of the Sustainability Accounting Standards Board (SASB).</td>
<td>Issues that concern industries, such as international sustainability leaders, business associate Hotai Motor Co., Ltd., and heterogeneous industries like Taiwan Cement and ASUSTek.</td>
<td>Issues that concern shareholders including employees, suppliers, government agencies, dealers, customers, shareholders, industry associations/NGOs, and the media.</td>
</tr>
</tbody>
</table>

Sustainability Topics

- Strengthening Corporate Governance
  - Economic performance and profit
  - Social responsibility
  - Customer privacy
  - Customer relationship management
  - Ethical management and legal compliance
  - Anti-corruption and anti-competition
  - Whistleblower system

- Resource Recycling and Management
  - Waste emission management
  - GHG management
  - Energy management
  - Climate change
  - Water resource management
  - Use of renewable energy

- Product Innovative Application
  - Product safety and quality management
  - Product and service innovation
  - Low-emission products and services

- Strengthening Value Chain Cooperation
  - Sustainable Supply Chain
  - Business continuity management

- Sustainability and Social Common Good
  - Recruitment and retention
  - Safe workplace
  - Collective bargaining
  - Labor right protection
  - Community engagement

Appendix

2022 CMC Corporate Sustainability Report
Calculation Process

Based on the definitions of the GRI Standards (2021), we assessed the significance of the impacts on CMC and the economy, environment, and people (including human rights) of 22 sustainability topics. Apart from setting the impact factor (IF) as the foundation for assessment, we have also considered the perspectives of stakeholders to facilitate the identification of the external impacts caused by our operational activities.

Stage 1

IF Calculation

In addition to assessing the routine operations, we have also identified the potential positive and negative impacts of the 11 sustainability topics with reference to the development trends of sustainability issues. Then, we assessed the significance of impact based on the severity and likelihood of impacts. Furthermore, we calculated the IF of individual topics in consideration of the scale, range, reversibility, and human rights impact of individual factor.

Stage 2

Stakeholder Questionnaire and Analysis

By setting the “significance of impact” as the criterion for topic materiality assessment, we screened key stakeholders having close interaction with CMC to ensure that the feedback is collected from stakeholders have a good understanding of CMC.

In 2022 we collected 61 stakeholder responses. After statistical analysis, we quantitatively assessed the materiality and impact significance of each issue to understand the potential sustainability issues and management strategies.

Quantitative Questionnaire Analysis

The table below shows the impact significance match of individual stakeholder groups and material issues with reference to the stakeholder responses and in consideration of the materiality of issues. “Product safety and quality management” and “talents recruitment and retention” were the material issues with higher impact in 2022.

<table>
<thead>
<tr>
<th>Significance of Impact</th>
<th>Employees</th>
<th>Suppliers</th>
<th>Government Agencies</th>
<th>Dealers</th>
<th>Customers</th>
<th>Shareholders</th>
<th>Industry Associations/ NGOs</th>
<th>The Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>• Recruitment and retention • Safe workplace • Product safety and quality management</td>
<td>• Product safety and quality management • Business continuity management • Product and service innovation</td>
<td>• Customer privacy • Ethical management and legal compliance • Product safety and quality management</td>
<td>• Economic performance and profit • Ethical management and legal compliance • Product safety and quality management</td>
<td>• Customer privacy • Customer relationship management • Product and service innovation</td>
<td>• Product safety and quality management • Economic performance and profit • Recruitment and retention</td>
<td>• Ethical management and legal compliance • Product and service innovation • Waste emission management</td>
<td>• Customer privacy • Product safety and quality management</td>
</tr>
<tr>
<td>Low</td>
<td>• Recruitment and retention • Safe workplace • Product safety and quality management</td>
<td>• Product safety and quality management • Business continuity management • Product and service innovation</td>
<td>• Customer privacy • Ethical management and legal compliance • Product safety and quality management</td>
<td>• Economic performance and profit • Ethical management and legal compliance • Product safety and quality management</td>
<td>• Customer privacy • Customer relationship management • Product and service innovation</td>
<td>• Product safety and quality management • Economic performance and profit • Recruitment and retention</td>
<td>• Ethical management and legal compliance • Product and service innovation • Waste emission management</td>
<td>• Customer privacy • Product safety and quality management</td>
</tr>
</tbody>
</table>

Description of Issue Changes

<table>
<thead>
<tr>
<th>No.</th>
<th>Material Issues 2022</th>
<th>Description of Issue Changes</th>
<th>Recommendation and Description of Issue Adjustment 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Low-emission products and services</td>
<td>Term adjustment</td>
<td>The term “product carbon footprint” was adjustment in line with the net-zero emissions and industry trends.</td>
</tr>
<tr>
<td>2</td>
<td>Sustainable Supply Chain</td>
<td>Term adjustment</td>
<td>The term “supply chain management” was adjustment in line with the net-zero emissions and industry trends.</td>
</tr>
<tr>
<td>3</td>
<td>Product safety and quality management</td>
<td>New issue</td>
<td>This is a new issue for disclosure in 2022 and was adjusted as a material issue in 2022 after comparing to the major issues of competitors.</td>
</tr>
</tbody>
</table>
Based on the GRI Standards (2021), the visual representation of the 22 sustainability issues is presented in the following matrix of material issues after cross-analysis of “their impact on the economy, society, and people (human rights)” and “the significance of their impact on CMC”. We establish the sustainable development strategic policy, periodically review its performance and target accomplishment, and enhance performance reliability through internal validation and third-party verification. Based on the management approaches of material topics, we set key performance indicators (KPIs), follow up on target accomplishment and progress, and verify the consistency between the KPI and sustainability principle. We define topics with significant impact on “operations” and “the economy, environment, and people” as “high-concerned material topics”.

Materiality Definitions and Management Strategies of Topics
- High-concerned material topic: Set targets with periodic follow-up and management.
  - Medium-concerned material topic: Establish management policies and assign responsible control units.
  - Low-concerned material topic: Insignificant short-term impact, continuous observation.

After consolidating IFs to calculate the results of stakeholder engagement, we selected and validated the 11 material topics of 2022. Although “climate change” was not considered as a material topic at the beginning, due to the net-zero emission trend and the effectuation of the Climate Change Response Act, after the discussion at the ESG Committee and cross-department meetings, we eventually decided to include “climate change” as a high-concerned material topic in consideration of its rising importance in line with global warming.

1.2.5 Material Topics and Automotive Value Chain
With the global rise of the climate change issue, automotive industries and supply chains around the globe actively engage in low-emission transformation. As the leader of Taiwan’s automotive industry, we have different value chains corresponding to our up-, mid-, and down-stream services, covering materials and part and component suppliers in the upstream, automotive manufacturing and assembly and technical service providers in the midstream, and branded suppliers and sales and service stations in the downstream. After assessing the environmental and social impacts and influences of the automotive value chain, we correspond it to the material topics and maintain close cooperation with upstream, midstream, and downstream suppliers to engage in sustainable development so as to enhance the sustainability competitiveness of Taiwan’s automotive industry.

Production Item
- Aluminum alloy steel wheel
- Tire
- Sheet metal
- Vehicle light
- Bumper
- Hood
- Others

Supply chain
- Materials and Component Manufacturers
- Low-emission products and services
- Safe workplace
- Waste emission management

Material topic
- Product safety and quality management
- Product and service innovation
- Waste emission management
- Branded Suppliers Service and Sales Locations
- Customer privacy

<table>
<thead>
<tr>
<th>Production Item</th>
<th>Supply chain</th>
<th>Material topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum alloy steel wheel</td>
<td>Materials and Component Manufacturers</td>
<td>Low-emission products and services</td>
</tr>
<tr>
<td>Tire</td>
<td>Low-emission products and services</td>
<td>Safe workplace</td>
</tr>
<tr>
<td>Sheet metal</td>
<td>Safe workplace</td>
<td>Waste emission management</td>
</tr>
<tr>
<td>Vehicle light</td>
<td>Manufacturing Center</td>
<td>Product quality and safety management</td>
</tr>
<tr>
<td>Bumper</td>
<td>Assembly and Technical Service Plants</td>
<td>Product and service innovation</td>
</tr>
<tr>
<td>Hood</td>
<td></td>
<td>Safe workplace</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>Waste emission management</td>
</tr>
<tr>
<td>Sales</td>
<td>Branded Suppliers Service and Sales Locations</td>
<td>Economic performance and profit</td>
</tr>
<tr>
<td>Import and Export</td>
<td>Customer relationship management</td>
<td>Customer privacy</td>
</tr>
</tbody>
</table>
### Impact hotspot on value chain and description

<table>
<thead>
<tr>
<th>Material topic</th>
<th>Business operations</th>
<th>Upstream</th>
<th>Downstream</th>
<th>Downstream</th>
<th>Description</th>
<th>Contribution to SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product safety and quality management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We have established a well-planned product quality management system to reduce hazards in product use with stable product quality, safety, and reliability and so to ensure compliance with the laws, regulations, and standards and fulfill customer expectations for all products.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Product and service innovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We engage in continual product improvement and R&amp;D and continuously introduce NEVs in response to the market changes and energy conservation trend to fulfill customer demands with innovative technologies and services.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Recruitment and retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>As employees are our biggest asset, we offer a well-established promotion and transfer system and good salaries and benefits, attract outstanding talents to join CMC, and cohere organizational commitment to create a better future with employees.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Customer privacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We periodically maintain the information security system at high standards to ensure no leakage of customer privacy and ensure all protective measures are in place to safeguard the customer trust on CMC with absolute rigor.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Economic performance and profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We engage in active business expansion and development through operations diversification, maintain steady profit and a robust corporate structure, and boost automotive sales every year to enhance competitiveness and improve operational performance.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Customer relationship management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We listen to customer feedback and periodically gather customer opinions. We value each piece of customer advice and maintain sound two-way interaction with customers.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Ethical management and legal compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Integrity is the guiding principle of business operations at CMC. We treat customers with sincerity, run the business with diligence, and comply with applicable laws and regulations to ensure sustainable development.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Low-emission products and services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We actively develop low-emission technology and NEVs and enter the green market with low-emission products to provide customers with more automotive options and contribute to environmental protection at the same time.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Safe workplace</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We emphasize occupational safety and health and protect employee health, believing that only the best care for employee health can productivity, efficiency, and organizational commitment be enhanced.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Waste emission management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reduce environmental production through proper waste recycling and energy efficiency enhancement. By complying with various waste reduction laws and regulations, we promote environmental protection and reduce negative impacts to practice out commitment to environmental sustainable development.</td>
<td>![Image]</td>
</tr>
<tr>
<td>Climate change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>While GHGs from product production and manufacture will accelerate global warming, we establish the internal climate response policy and engage in low carbon transformation with suppliers to provide customers with more options for green products.</td>
<td>![Image]</td>
</tr>
</tbody>
</table>
## 1.2.6 Management Approaches and Visionary Targets

<table>
<thead>
<tr>
<th>Product safety and quality management</th>
<th>Our Management Commitment</th>
<th>Target Term</th>
<th>Action Performance</th>
<th>Management and Improvement Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term</strong> Product safety and quality management</td>
<td><strong>Our Management Commitment</strong></td>
<td><strong>Target Term</strong></td>
<td><strong>Action Performance</strong></td>
<td><strong>Management and Improvement Mechanisms</strong></td>
</tr>
<tr>
<td>Replace paperwork with the tablet PC in QC inspections and extend to materials incoming QC inspection and vehicle OQC inspection.</td>
<td>• MG car implementation: All three models of the HS range met various quality requirements.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
</tr>
<tr>
<td>Ensure unaffected part quality and continuously maintain zero error with computer check.</td>
<td>• QC information digitization system: Enhanced work efficiency, quality big data application, and graph visualization.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
</tr>
<tr>
<td><strong>Product and service innovation</strong></td>
<td><strong>Our Management Commitment</strong></td>
<td><strong>Target Term</strong></td>
<td><strong>Action Performance</strong></td>
<td><strong>Management and Improvement Mechanisms</strong></td>
</tr>
<tr>
<td>In response to the environmental protection regulations at home and abroad and the international changes, we actively engage in transformation, continuously develop the “commercial vehicle sector” and innovate the “NEV sector” to providing quality products that carry happiness and deliver warmth with new forms of convenience and power.</td>
<td>• Smart management: Optimized timely and preventive management through real-time quality monitoring and big data analysis and application.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
</tr>
<tr>
<td><strong>Short-term</strong></td>
<td><strong>Our Management Commitment</strong></td>
<td><strong>Target Term</strong></td>
<td><strong>Action Performance</strong></td>
<td><strong>Management and Improvement Mechanisms</strong></td>
</tr>
<tr>
<td>Announce the EZ2 e-scooter to implement HEV to raise the CAFE standard of the whole plant.</td>
<td>• New technology application: Used 3D visualization devices for automatic tests and calibration, VR devices for education and training, and I/O devices for simulation and quality instructions to make quality more reliable.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
</tr>
<tr>
<td><strong>Medium to long-term</strong></td>
<td><strong>Our Management Commitment</strong></td>
<td><strong>Target Term</strong></td>
<td><strong>Action Performance</strong></td>
<td><strong>Management and Improvement Mechanisms</strong></td>
</tr>
<tr>
<td>Continuously introduce NEVs and enhance the fuel efficiency of commercial vehicles by 20%.</td>
<td>• Mistake-proofing (poka-yoke) quality system: With the error prevention (fool-proofing) equipment and tools, 100% quality was assured at the first time to deliver trustworthy quality for customers.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• The Business Partners Conference is held periodically to present the energy vehicle programs to the suppliers and actively look for collaboration opportunities.</td>
<td>• The Business Partners Conference is held periodically to present the energy vehicle programs to the suppliers and actively look for collaboration opportunities.</td>
</tr>
<tr>
<td></td>
<td><strong>Our Management Commitment</strong></td>
<td><strong>Target Term</strong></td>
<td><strong>Action Performance</strong></td>
<td><strong>Management and Improvement Mechanisms</strong></td>
</tr>
<tr>
<td></td>
<td>Implement the eHRD system, uploaded new courses every month, and all 22 dealers completed the training.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
</tr>
<tr>
<td></td>
<td>E22 e-scooter R&amp;D and EZ3 e-scooter pilot research.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
</tr>
<tr>
<td></td>
<td>Continuously implemented the “Youth Dealer Franchise Program”, and 3 dealers and 8 franchised stores were opened in 2022.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
</tr>
<tr>
<td></td>
<td>Launched the brand-new battery plan “Save More with eMOVING” to lessen the monthly battery rate burden (exceeding the petroleum rate) of light users. In 2022 about 64.3% of owners subscribed this new plan.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
</tr>
<tr>
<td></td>
<td>Developed the emergency steering assist system with the National Taipei University of Technology.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
<td>• We determine the results and come up with improvement measures according to the CMC model development system.</td>
</tr>
<tr>
<td></td>
<td>Completed the facelift development of the eVeryca van/truck and certification of energy efficiency enhancement.</td>
<td>• Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
<td>• We actively support the suppliers to pass the ISO 14001 certification.</td>
</tr>
<tr>
<td>Management approaches</td>
<td>Our Management Commitment</td>
<td>Target Term</td>
<td>Action Performance</td>
<td>Management and Improvement Mechanisms</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------</td>
<td>-------------</td>
<td>--------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td><strong>Recruitment and retention</strong></td>
<td>Employees are the most important asset to CMC. We value the development diversity of employees, enhance the employee retention rate, recruit outstanding talents in the industry, and ensure production efficiency.</td>
<td><strong>Short-term</strong> Establish comprehensive channels to recruit appropriate talents and enhance the retention rate of new employees.</td>
<td>• In 2022 a total of 75 employees recommended 84 talents to CMC. Based on the duty reporting rate of recommended talents, a total of NT$335,000 was distributed as the talents recommendation bonus. • In 2022 we introduced the departmental talents recommendation point collection plan and distributed a total of NT$190,000 as the talents recommendation bonus.</td>
<td>• Comprehensive benefits for employees, e.g., gatherings, LOHAS exercise, diversified employee clubs. • Well-laid pension system. • Promotion of the “Zero Limit on Development” program to extend the career of senior workers. • Development of a multifaceted leave system, e.g., short summer break, volunteerism leave, extended paternity leave, COVID-19 leave.</td>
</tr>
<tr>
<td><strong>Customer privacy</strong></td>
<td>To enhance management against personal data leakage, we inventory and validate various program using personal data, implement management at the source, and establish the “CMC Personal Information Security Committee” to implement the measures for security management of personal data.</td>
<td><strong>Short-term</strong> Request dealers to incorporate personal data protection in the standard operating procedures (SOP) of car delivery.</td>
<td>• Before vehicle delivery, the customers are required to sign the agreement that they authorize the Company to use their personal information. • In each department, the access to the customer information is limited to the approved sales-related personnel only • Periodic deletion of customer data after use.</td>
<td>• Through new car training, we educate the dealers about how to explain our key personal information protection policies to car buyers and require them to stick to the procedures. • We arrange personal information security education and training led by our in-house instructors on an annual basis, and periodically require all employees to take the online courses on Personal Data Protection Act.</td>
</tr>
<tr>
<td><strong>Economic performance and profit</strong></td>
<td>Maintaining the steadiness and growth of economic performance is our fundamental commitment to the shareholders. Through diversified operation and innovative R&amp;D, we expand the market, increase the sales, and pursue the sustainable development of the Company.</td>
<td><strong>Short-term</strong> Progressively launch various facelift and special education models and integrate/enhance the retail system to meet the consumer needs.</td>
<td>• No. 1 market share for micro electric two-wheelers in 2022. • Accumulative sales of eMOVING during 2018-2022 were over 18,000 units. • The 2022 sales of four-wheelers were up to 44,437 units or NT$21.37 billion.</td>
<td>• Hold the AGM and publish the annual report every year. • Hold the investor conference quarterly and accept corporate visits from time to time. • Hold regular meetings to keep track on exchange rate changes and adopt steady heading policies. • Maintain close interaction and sound relationships with various banks to strive for the best interest rate for financing and savings. • Periodically assess the capital adequacy for operations and turnover and apply for financing credits from various banks to ensure no liquidity risks. • Assign responsible personnel to keep track on tax regulation changes and study and draw up counteractions for such changes to ensure tax compliance, enjoy tax incentives, and mitigate tax.</td>
</tr>
</tbody>
</table>

**2022 CMC Corporate Sustainability Report**
We keep ourselves aware of what motivates consumers to buy vehicles or how they use them to fully understand the consumer needs so as to protect their rights and interests and enhance customer satisfaction.

**Customer relationship management**

**Short-term**
- Added the online questionnaire survey to increase the population for the new vehicle sales satisfaction survey.
- For the problems that the customers have, the responsible service stations are appointed to repair the vehicles and deal with customer dissatisfaction.

**Medium to long-term**
- Improve service quality and maintain sound and positive interaction with customers.

**Ethical management and legal compliance**

**Short-term**
- Zero non-compliance of parts and top 5% in the Corporate Governance Evaluation.

**Medium to long-term**
- Continuous improvement of the corporate governance culture, with sustainable operations as the ultimate goal.
- We conduct an external board performance evaluation every three years (the most recent one was in 2021).
- Annual meetings have been convened for different divisions related to the teams to present the implementation status of the year.
- Education and training courses are arranged.
- We have established operating regulations regarding trade secrets management.
- Appointment of dedicated personnel for legal affairs to keep up with changes in laws, inform relevant units of such changes and the risks thereof, and request the units to make immediate responses.

**Low-emission products and services**

**Short-term**
- Implement the Design BOM system and the PLM+DFMEA KM module and develop the topology optimization analysis capability.
- Coaching and gluing automation enhancement: Enhanced gluing automation from 25% to 45%.
- Reduce power consumption with the 3-in-1 motor and enhance battery capacity to increase travel mileage.
- Facilitate for the Veroys and Zinger reduced fuel consumption and ensure market share.
- Developed integrated starter-generator (IG) for 3.5T models.
- Introduced the HS ranges of MG cars and passed the certification for the HS 1.5T, 2.0T, and PHEV models.
- Improved the carving quality and reduced ambient noise with laser VH carving for the quietness and flexibility of laser carving.
- Set franchised stores in regions without stores or vulnerable regions to build a complete retail network for eMOVING.

**Medium to long-term**
- Set Net-Zero 2050 as the emission reduction target to practice energy conservation and energy transformation and actively develop low-emission transportation.
- Planning Line 1 ASU modification: Reduced natural gas consumption by 20% in winter after direct heating modification.
- Coating and gluing automation enhancement: Enhanced gluing automation from 25% to 45%.
- Reduce power consumption with the 3-in-1 motor and enhance battery capacity to increase travel mileage.
- Develop a complete set of eMOVING charging stations, accounting for 52% of all two-wheeler charging stations across Taiwan.

**Management and improvement mechanisms**

**Short-term**
- Run emission and fuel consumption tests of all vehicles.
- Set franchised stores in regions without stores or vulnerable regions to build a complete retail network for eMOVING.
- Introduced the Delmia simulation software to improve productivity.
- Appropriate part of the amount for the customer satisfaction evaluation bonus to incentivize sales consultants to optimize sales service.
- Conduct a customer satisfaction survey after warranty repair every week, review the CS score of all service centers across Taiwan every month, and request centers in the last two places to present an improvement report at CMC HQ.
- 0800 Customer Care Center: Handle customer inquiries and complaints.
- Customer satisfaction survey: Conduct the maintenance satisfaction survey on customers at service centers each week.

**Medium to long-term**
- Improve service quality and maintain sound and positive interaction with customers.
- In accordance with the “Unethical Behavior Report Handling SOP”, after producing the report every six months, the Audit Office will present the report to the president, directors, and independent directors to explain the handling status of each unethical behavior report.
- Incorporation of ethical management into the employee performance evaluation and human resource policies, and establishment of specific and effective systems for rewarding, punishment and reporting.
- The functional units make self-evaluation under internal control every year.
- Extend the procurement module of the e-procurement platform to the suppliers to simplify the paperwork process and reduce paperwork lead time.
- Run emission and fuel consumption tests of all products before shipping.
- Reasonably and automatically improve production line periodically.
- Extend the procurement module of the e-procurement platform to the suppliers to simplify the paperwork process and reduce paperwork lead time.
- Introduce the Delmia simulation software to realize engineering synchronization to shorten development time and enhance equipment planning accuracy.
- Continuously implement more advanced IG technology and engage in EV and e-scooter R&D to develop low-emission and low-energy consumption NEVs.
NHI-covered outpatient services are provided in the plants harvested and reused rainwater up to 1,136t. The CMC after-school club has accepted 168 children of.

Increase the testing and solution costs for.

Equipped inspection lines with the drainage system to.

A total of 25 coastal clean-ups were organized individually.

The implementation and achievement status will.

The effluent recycling equipment is installed.

The Occupational Safety and Health Committee meetings and management review meetings are organized to review and improve the execution of measures for a safe workplace.

Hold the epidemic control meeting periodically to review and improve the epidemic control measures.

Gift for maternity: Pregnant employees were given a gift.

Our Management Commitment

Provide product repair services or new car.

Yangmei Plant passed the certification for the ISO 46001.

The CMC kindergarten has accepted 827 children of.

Gift for birth: Mothers were given a cash gift of NT$1,600 for each baby.

The CMC after-school club has accepted 168 children of employees since its establishment.

We actively practice workplace safety and health management and protect the health and safety of employees to cohere organizational commitment.

Short-term Implement the Occupational Safety and Health Policy to provide a safe and healthy workplace for employees.

Medium to long-term Pass the certification of ISO 45001.

CMC proactively complies with environmental regulations such as the Air Pollution Control Act, Water Pollution Control Act, and Waste Disposal Act, and implements waste management in accordance with the ISO 14001 environmental management systems to lower environmental impact.

Short-term Reduce wastewater discharge by 10% in two years, coating VOCs emission by 2% in two years, and waste paint by 6% in two years.

Medium to long-term Reduce wastewater discharge by 25% in five years, coating VOCs emission by 5% in five years, and waste paint by 15% in five years.

Climate change will affect the stability and quality of product manufacture. Hence, we actively engage in carbon reduction and plant safety protection to reduce disasters due to climate change.

Short-term Implement self-generation of solar power and the ISO 50001 energy management systems and continuously expand the scope of product carbon footprint calculation.

Medium to long-term Complete the construction of the independent PV system and transition to green power according to the net zero emissions planning.

• NH covered outpatient services are provided in the plants to take care of the employees’ health. The employees can get free diagnosis services during work time whenever they don’t feel well.

• Contracted dietitians are appointed to offer free nutrition consultation service for the employees in the plants, so that the employees can have a better diet when dining out.

• Purchased the InBody Composition Analyzer for employers to understand their body composition: muscle, fat, and bone. Arranged dietitian consultation services for employee to tailor personal diet and exercise plans.

• Gift for birth: Mothers were given a cash gift of NT$1,600 for each baby.

• Gift for maternity: Pregnant employees were given a gift for maternity of NT$2,000 for each baby.

• The CMC kindergarten has accepted 827 children of employees since its establishment.

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Medium to long-term Complete the construction of the independent PV system and transition to green power according to the net zero emissions planning.
Through identification including internal and external impact assessment and integrating the perspectives of stakeholder groups, the 11 material topics were finalized after validation with the CMC ESG Committee. In the future, we will maintain contacts with CMC stakeholders from time to time to validate if there are changes in the negative and positive impacts on CMC of the material issues and the stakeholder expectations on CMC.

Apart from planning corresponding management approaches and countermeasures to address material issues, we have also established action plans based on the short-, medium-, and long-term targets and follow up on the results periodically. For immaterial issues, we planned and implemented relevant counteractions based on the existing management processes and disclosed the relevant indicators for stakeholders to get the whole picture of our operations.

<table>
<thead>
<tr>
<th>Category</th>
<th>CMC Material topic</th>
<th>Significance to Operations</th>
<th>Internal</th>
<th>Suppliers</th>
<th>Government Agencies</th>
<th>Dealers</th>
<th>Customers</th>
<th>Shareholders</th>
<th>Industry Associations/NGOs</th>
<th>The Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Industry</td>
<td>Product safety and quality management</td>
<td>Ensure compliance with product health and safety regulations through protect safety tests and quality management and optimization to provide customers with high-quality products.</td>
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<tr>
<td></td>
<td>Product and service innovation</td>
<td>Enhance core competitiveness through continual product R&amp;D and innovation, produce high-quality products with professional technologies, diversity service pathways, make continual service improvement, and enhance customer satisfaction.</td>
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<td></td>
<td>Customer privacy</td>
<td>Customer privacy protection is our due responsibility. By raising the level of information security management through a well-planned customer privacy protection policy, we provide customers with safe and secure services.</td>
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<td></td>
<td>Customer relationship management</td>
<td>We value customer demands and feedback. Through customer satisfaction surveys and grievance handling, we make continual improvement in product and service design to maintain a sound customer relationship.</td>
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<tr>
<td></td>
<td>Low-emission products and services</td>
<td>Maximize economic value while addressing environmental sustainability through the carbon reduction and optimization of manufacturing processes, products, and services and provide customers with data relating to the product carbon footprint.</td>
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<tr>
<td>Governance</td>
<td>Economic performance and profit</td>
<td>Develop complete strategies and management mechanisms to facilitate the steady growth of operational performance and increase profit for sustainable operations.</td>
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<tr>
<td></td>
<td>Ethical management and legal compliance</td>
<td>Incorporate business ethics and integrity into the operational strategy and prevent operational and financial impacts due to non-compliance through legal compliance and ethical management.</td>
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<tr>
<td></td>
<td>Waste emission management</td>
<td>Reduce environmental impact through waste disposal, reduction, recycling, and reuse.</td>
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<tr>
<td>Environment</td>
<td>Climate change</td>
<td>Enhance product R&amp;D and production safety to address the risk of natural disasters at the rise of the demand for energy-efficient transportation in consumers in response to the tightening emission control due to climate change.</td>
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<tr>
<td>Society</td>
<td>Recruitment and retention</td>
<td>Employees are the most important asset to CMC. We offer complete and industry-better employee benefits and develop positive labor-management relations through unfettered communication channels to attract talents.</td>
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<tr>
<td></td>
<td>Safe workplace</td>
<td>Labor safety always comes first at CMC. To promote employee health and safety, we continuously improve safety and health management measures and proactively prevent occupational accidents.</td>
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</tbody>
</table>
Outcomes and Performance in 2022

- Launched the CMC P350 Hybrid to reduced emissions by 0.34 kg CO2e/liter of diesel
- Up to 90% of suppliers passed the ISO 14001 EMS certification
- Monthly average score of new car owner satisfaction in 2022 up to 996 marks (out of 1,000)
- eMOVING and Yst launched 100 units of iE125 to Liuqiu Island
- 30 car models passed the Green Mark certification of EPA.
- License plate collection of 2,735 micro e-bike with market shares up to 13.4%, ranking at market No. 1
- Investment in actual vehicle testing totaled NTD 93,760,000
- eMOVING and Yst launched 100 units of iE125 to Liuqiu Island
- License plate collection of 2,735 micro e-bike with market shares up to 13.4%, ranking at market No. 1
- Investment in actual vehicle testing totaled NTD 93,760,000

Core Vision and Commitment

To keep up with the market trends and green energy development, apart from continuously investing resources in technology optimization, we launch low-emission and green-energy products and optimize service experience through quality management improvement, sustainable development and co-prosperity with the supply chain, and internal and external development and innovation collaboration. By fulfilling the market demands through continual product and technology R&D and innovation, we aim to build a sustainable value chain for the mutual prosperity with suppliers and dealers in a top-down manner so as to contribute to the progress of Taiwan’s electric vehicles.

Material topic

- Product and service innovation
- Product safety and quality management
- Low-emission products and services
- Customer relationship management
- Customer Privacy

Strategic Goal

- Continuously develop new energy vehicles to boost the technologies and expand the market
- Set up the Part Development Management System (PDMS) to digitally manage the important development processes
- Keep on introducing NEVs, increase the fuel efficiency of commercial vehicles, and aggressively develop new models
- Expand the scope of supply chain management, with the supplier information from up- and downstream supply chain combined for early detection of the controllable and uncontrollable factors

Short-term

Medium-term

Long-term
2.1 Visionary Technology: Making safe and comfortable products

The global automotive industry entered a new era in 2022 towards vehicle-to-everything (V2X) characterized by intelligent, sharing, and electric features. CMC is devoted to meet the consumer demands and the market trends, and since the full electrification of vehicles for carbon emission reduction has been the current trend, the Company has been pursuing the goal of NEV development. Hence, we set "transformation from inside out" as the operational goal. In the future, we will foster the "diversified brand business", develop the "commercial vehicle business", and innovate the "new energy vehicle business". Additionally, apart from deploying an innovative business model through designing and developing products with excellent quality and meeting the market demands, we will also develop control processes based on the new models to progressively achieve the QG (quality gate) objectives at different stages.
2.1.1 Advanced Technology and Process Innovation

Provision of Products that Satisfy the Market Demands

New product innovation and development matter continuous profit-making and sustainable operations. We invest resources in innovation and R&D and produce high-quality products with professional technology. Apart from engaging in body, interior/exterior, chassis, and part development, the R&D team also review the development progress and trial parts together with customers. Every year the R&D department sets the annual targets for new product and process development. Through the stringent innovation and development processes, it continuously launches new products and technologies to maintain steady development in the increasingly competitive market.

Before product development and implementation, we investigate the car buying motivation of consumers or listen to the car use experience of owners through new car buyers study (NCBS), focus group interview (FGI) and dealer interview to develop products that meet the market trends.

In response to the rising global awareness of environmental protection in recent years and the government’s green energy policy, apart from actively importing the PHEV from MG, we will launch the ECLIPSE CROSS PHEV from Mitsubishi after researching and analyzing the customer demands so as to fulfill the green energy demand of businesses and car owners.

To fulfill the comprehensive leisure demands of consumers, we license manufacturers to launch the caravan range for the VERYCA to provide drivers and passengers to more convenient driving experience.

We launch the CMC P350 HYBRID equipped with the independently developed ISG power system, the smart cruise control (SCC) safety system, and the maximum load of 1,610kg (highest in class) to meet customer expectations more closely.

In 2022 we maintained leadership in safety regulation compliance for all CMC cars and enhanced the safety protection for all series to improve vehicle safety and convenience with various additional features.

2022 innovation and R&D investments up to NT$1.558 billion
Development Goals of Product and Technology Innovation

To follow the market trend of green energy and the Corporate Average Fuel Economy Standards (CAFE) enforced in Taiwan in 2022, the Company has independently developed electric vehicles and hybrid models. Aside from launching new products that lead us into the market of ordinary heavy-duty electric motorcycles to boost our competitiveness therein, we also plan to introduce hybrid electric trucks this year to enhance the competitiveness of our truck products.

NEV Development and Technology Advancement

- R&D of lithium-ion power battery applicable to commercial use
  • Successfully mass-produced the eMOVING iE125 e-scooter. Apart from the increasing the battery capacity, we also shortened the quick charge time to 80% from 48 minutes to 18 minutes.
  • Accepted for use by Chunghwa Post.

- Enhancement of electric two-wheeler power system
  • Developed the 7.2KV air-cooled power system
  • Improved performance with high-torque motor (28Nm)
  • Completed quality validation and design validation before mass production in 2022

- Fast charging system with a common charging specification
  • With the fast-charging battery, we are the first company in the electric scooter industry to simultaneously realize the three features: high-speed charging, long endurance, and long service life
  • We facilitate the fast charging operation and set up demonstration operation for compatible charging

- Cooling system with cooling chips
  • Quickly inhibited temperature rises due to battery charging and discharging on e-scooters.
  • The small volume of cooling system is an advantage in terms of the space for use
  • Passed the battery life test and the ECE R100 test to ensure durability of over 300km.

Vehicle Safety System Upgrade

- ADAS
  Independently developed the relevant parts and components in response to the ADAS trend. Started Level 2 specification adjustment and road test preparation in 2022 for use on independently developed CMC models in 2023 to enhance technical capacity as well as progressively raise the level of advanced driving and safety systems towards autonomous driving.
New Energy Laboratory

To develop competitive NEVs that meet the market demands through the independent development and validation of new-typed batteries, in consideration of energy conservation, carbon reduction, and energy recovery, we built and inaugurated the new energy laboratory in 2021. In 2022 we actively contact worldwide excellent suppliers to make continual improvement to develop lightweight batteries at a lower cost with higher safety. In response to the in-house EV and hybrid CV development, we completed the modification of the new module testing equipment at the end of 2022 to accelerate the performance validation of battery packs. In addition to running the continuous test on battery pack durability with the programmable battery automatic charging and discharging system, the lab is equipped with the fire system using smoke detectors and submersible pumps and the energy storage cabinet to recover the electrical energy discharged in the battery test to achieve environmental protection and energy conservation. In recent years, climate change has led to more and more extreme weathers, particularly the extreme cold and extreme heat events. CMC has invested NTD 72.50 million to set up the high temperature and cryogenics laboratory for product testing, thereby ensuring the stability of products sold and reducing the failure rate. Also, by establishing the actual vehicle laboratory, we have enhanced the vehicle quality and increased export opportunities.

Testing Items in Cryogenics Laboratory and the Results thereof

<table>
<thead>
<tr>
<th>Testing Items in Cryogenics Laboratory</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heater performance testing in the cryogenics laboratory</td>
<td>Validate compliance with the vehicle development targets of the vehicle heating system performance and fulfill the use demands of customers.</td>
</tr>
<tr>
<td>Defrost testing in the cryogenics laboratory</td>
<td>Validate defrost performance of the vehicle heating system to ensure clear vision for driving safety.</td>
</tr>
<tr>
<td>Defog testing in the cryogenics laboratory</td>
<td>Validate defrost performance of the vehicle heating system to ensure clear vision for driving safety.</td>
</tr>
<tr>
<td>Power margin test (winter)</td>
<td>Validate generator power supply meeting the winter demand to ensure driving safety.</td>
</tr>
<tr>
<td>Placement and freezing test in the cryogenics laboratory</td>
<td>Make sure of the frozen status of parts when the vehicle is placed outdoor after being driven on the road of melted ice and washed to ensure that the frozen status does not impact the normal use of vehicle. Validate the frozen status of parts when the vehicle is placed outdoor after being driven on the road of melted ice and washed to ensure that the frozen status does not impact the normal use of vehicle.</td>
</tr>
<tr>
<td>Cold resistance testing of resin parts of actual vehicle</td>
<td>Validate the low-temperature tolerance of resin parts to prevent deformation and breakage.</td>
</tr>
<tr>
<td>Low-temperature cold startup test</td>
<td>Validate compliance with the development targets of low-temperature cold startup to meet customer needs.</td>
</tr>
<tr>
<td>Low temperature-related function testing</td>
<td>Validate the low-temperature performance of relevant functions to meet the use needs and vehicle safety demand of customers.</td>
</tr>
</tbody>
</table>

Innovative Laboratory Equipment

Laboratory Battery Recycling and Reuse

All spent batteries from experiments are discharged to reduce activity before scrapping by government-accredited contractors. After we replace the lithium iron phosphate battery with the ternary lithium battery, contractors sell the cathode materials with commercial value recovered from the batteries to cathode materials manufacturers for recycling into cathode materials with commercial value for reuse. In 2022 a total of 10,400kg of batteries were recovered.

Energy Storage Cabinet

By matching the operation of the high energy consumption equipment, including battery charge and discharge equipment and immersion cooling equipment, we regenerate electricity from battery discharge, charge batteries in the night time (lower electricity rate), and regenerate electricity at peak hours in the daytime to save electricity by 120 kWh/day or reduce the contract capacity by a maximum of 37 kW each month.
2.1.2 Low-Emission Products and Development Diversification

**NEV Development Roadmap**
As the environmental protection policies are becoming stricter around the world, some of the international car manufacturers have announced full electrification as their future product plan. The Taiwan government has brought in several regulations to accelerate the EV business development. Due to the fact that new energy vehicles are going to be the next trend, seizing the opportunities of NEV development and business has become one of the most important business plans to CMC. NEV business development plans have thus been devised corresponding to the Company’s three main future development strategies.

### Increasingly stricter energy policies in Taiwan
In 2022 the National Development Council (NDC) announced the “Taiwan’s Pathway to Net-Zero Emissions in 2050”. In 2023 the Climate Change Response Act took effect to lead all businesses in Taiwan towards net-zero emissions by 2050.

### NEV: Reduce energy consumption without limiting travel
In 2022 we launched the CMC P350 HYBRID and HS PHEV through technological improvement to enhance the efficiency of oil-using cars. In the future, we will continue to develop hybrid cars. In 2023 we will launch the ECLIPSE CROSS PHEV to enhance the competitiveness of truck products.

#### Three main NEV business development plans

- **Launch the PHEV from MG and imported the OUTLANDER PHEV from Mitsubishi from Japan to provide consumers in Taiwan with more options.**
- **Developed mini and small electric commercial vehicles (ECVs) and electric two-wheelers with diversified energy refilling methods.**
- **Independently developed electric four-wheelers, launched the e-VERYCA in 2021 and the e-VERYCA E300 in 2023.**
- **Launched the CMC P350 Hybrid in 2022.**
- **In 2022 the National Development Council (NDC) announced the “Taiwan’s Pathway to Net-Zero Emissions in 2050”. In 2023 the Climate Change Response Act took effect to lead all businesses in Taiwan towards net-zero emissions by 2050.**

#### EV for multiple brands
- **CMC e-VERYCA**
  - Pure ECV equipped with the 42.6kWh lithium battery for durability over 300km.
- **CMC P350 Hybrid in 3.5.**
  - Equipped with the independently developed ISG hybrid system, the CMC P350 Hybrid is the only petroleum model in class, all using diesel engines.
- **HS/PHEV/HYBRID from MG**
  - A passenger PHEV equipped with the 16.6kWh lithium battery for a pure e-trip mileage up to 72km.
- **OUTLANDER PHEV**
  - As a plug-in hybrid passenger vehicle equipped with 13.8kWh lithium battery, it can offer a range of 52km with only electricity, and the pure EV top speed can even reach 135km/h.

#### Independent R&D
- **NEV Development Roadmap**
- **Increasingly stricter energy policies in Taiwan**
- **NEV: Reduce energy consumption without limiting travel**

#### Development and modification of technologies and parts
- **NEV Development Roadmap**
- **Increasingly stricter energy policies in Taiwan**
- **NEV: Reduce energy consumption without limiting travel**

### Model Modification

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### Energy-saving Performance

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### Conclusion
In 2022 we launched the CMC P350 HYBRID and HS PHEV through technological improvement to enhance the efficiency of oil-using cars. In the future, we will continue to develop hybrid cars. In 2023 we will launch the ECLIPSE CROSS PHEV to enhance the competitiveness of truck products.
2.2 **Sustainable Manufacture: Towards digital management of production lines**

As a full-range automotive maker, CMC’s value chain covers the manufacturers of raw materials, parts and components in the upstream, car manufacturers and assembly and technical service vendors in the midstream, and brands and sales service stations in the downstream. We closely review the impact that the product value chain has on the environment and society, and move towards sustainable development with the suppliers via constant improvement. It is our hope to provide quality vehicle products that meet the market demands through continuous R&D and innovation of products and technologies, and integrate the guidance and collaboration of up- and downstream value chain partners to facilitate the sustainable competitiveness of Taiwan’s automotive industrial chain.


**CMC Action Plan**

- The R&D of green energy vehicles is based on the customer-oriented principle. With the existing technology capacities and system processes, CMC develops products that correspond to the needs of the time and provides consumers with quality products and services.
- As the first mover in ECV development in Taiwan, we capture the government policy in using EVs for office duty and EV market trend, meet the energy consumption requirements of Taiwan’s CAFE standards with HEVs, develop the e-VERYCA ECV for large logistics companies and government agencies, and continuously cultivate new customers with airport vehicle demands.
- In terms of electric two-wheelers, 3 models have been developed to meet the demands of different customer groups: 1) young males, 2) corporations and logistic industry, and 3) females. Instead of simply choosing from fuel vehicles and battery-swapping ones, consumers are now provided with more options.
- We conducted a market survey for electric two-wheelers on 1,800 respondents. As the major customer groups of eMOVING are aged 24-45 years old, the survey included male and female users using both petrol and electric scooters aged 24-45 years old. We also used the results in the development of the EZ2 for young male consumers.

### Life Cycle Planning of Sustainable Products

**Life Cycle**

- **Product concept development**
- **Research and development**
- **Certification**
- **Manufacturing and production**
- **Marketing and promotion**
- **Usage and services**
- **Storage, transportation and supply**
- **Disposal, reuse or recycling**

**CMC Action Plan**

- By the end of 2022, up to 30 CMC vehicles have passed EPA’s Green Mark certification.
- Additionally, 9 electric two-wheelers passed the EPA’s Green Mark certification and 11 models passed ISO certification.
- The brake shoe does not contain asbestos as we avoid using such a carcinogen as vehicle filler. Meanwhile, we use environmental protection refrigerant.
- To prevent abandoned vehicles from polluting the environment, CMC has signed the voluntary standards and concluded a letter of intent with each supplier, committing to reduce or ban the use of the following four hazardous substances: lead, mercury, cadmium, and hexavalent chromium in automotive parts. Currently, this policy has been applied to all models under development and production.
- By transporting the products during off-peak hours (18:00 to 08:00 of the next day), we not only enhance the transportation effectiveness but also cut the carbon emissions with less driving time for product delivery.
- The sales consultant delivers the vehicle to customer based on the vehicle delivery confirmation form which includes certificate checking and handover, interior and exterior vehicle inspection, accessory checking, matters to be noticed, etc. After the above items have been confirmed one by one with the customer and the vehicle delivery has been completed, the customer will sign their name as confirmation.
- As the only manufacturer in Taiwan to recover used brake discs, we recovered 551 brake discs in 2022. Since 2009 a total of 16,411 brake discs have been recycled.
- Full-scale optimization of the “Ride with Fun” app. Modification of the online billing function was completed in 2022 for e-scooter owners to immediately select and adjust the required plans to enhance user convenience and enable consumers to enjoy the scooting fun.
- Added the maintenance booking service on the corporate website in 2022 for owners to book maintenance service online to reduce the onsite waiting time and reduce the labor dispatch workload of dealers.

**2.2.1 Sustainable Supply Chain**

**Life Cycle Planning of Sustainable Products**

It is indicated in the Global Risks Report 2022 published by the World Economic Forum that climate change has ranked first among the top 10 global risks for many years. With a view to mitigating the impact of global warming, CMC keeps finding ways to reduce the impact of products on the environment and safety during the manufacturing, the production, and the use by consumers. We make health and safety assessment of product life cycle based on the phases of product concept development, R&D, certification, manufacturing and production, marketing and promotion, storage, transportation and supply, usage, and disposal, reuse or recycling, and boost the health and safety properties of products by improving the plans.

- The design and development of HEV (hybrid electric vehicle) trucks is incorporated with improvement technologies that effectively help reduce pollutant emissions. Using motors on HEVs enables the power system to make agile control based on the actual driving condition to reduce fuel consumption and emissions.
- The exclusive smart protection system, safety control center (SCC), for commercial vehicles enhances safety and detects car skids with the dynamic body stabilization system to timely protect the safety of drivers and passengers. The computer engine control enables the vehicle to advance along the original track when being braked. The active anti-rolling program (ARP) advances accident prevention. All are developed towards ADAS and net-zero emissions.
- Apart from continuously promoting models passing the certification of Green Mark and Energy Label and eMOVING e-scooters to consumers and introducing eco-friendly and energy-efficient CVs, we also advertise products on different media based on the target customer groups of each model to increase reach and the chances of sales.
- In addition to the PHV from MG, we will introduce the ECLIPSE CROSS PHV to promote plug-in hybrid EV and continuously distribute the e-VERYCA to promote pure electric driving.
- The brake shoe does not contain asbestos as we avoid using such a carcinogen as vehicle filler. Meanwhile, we use environmental protection refrigerant.
- To prevent abandoned vehicles from polluting the environment, CMC has signed the voluntary standards and concluded a letter of intent with each supplier, committing to reduce or ban the use of the following four hazardous substances: lead, mercury, cadmium, and hexavalent chromium in automotive parts. Currently, this policy has been applied to all models under development and production.
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- As the only manufacturer in Taiwan to recover used brake discs, we recovered 551 brake discs in 2022. Since 2009 a total of 16,411 brake discs have been recycled.
- In order to promote the reuse and recycling of vehicle parts, we have joined the voluntary standards set by the Taiwan Transportation Vehicle Manufacturers Association in response to the Resource Recycling Act, making a commitment that since January 1, 2008, the vehicle recyclable rate of the partners’ models should reach more than 80% and the reusable rate should be more than 85%.
- Detachable part and component design with clear indication of recycling symbols to facilitate the identification of part reusability and recyclability and recycling after vehicle scrapping.
Product Quality Management

Product quality and safety are essential to automotive manufacturers. Through various design and innovation practices, we aim to maintain high product quality to impress customers with quality services beyond imagination. Upholding "observance and continual improvement", through "double quality control" featuring the autonomous guarantee of upstream materials suppliers and our full product inspection, we maintain rigorous quality control on every detail to ensure the comfort and safety of every CMC car owner.

In 2022 there was no non-compliance with safety and health regulations in products and services. We establish stringent QC policies and processes for product monitoring and measurement and data analysis. By conducting internal and external audits, preventive action, and management review, we improve product quality to practice our product quality commitment.

Methods of Quality Management

<table>
<thead>
<tr>
<th>Category</th>
<th>Methods of Quality Management</th>
<th>Monitoring Method</th>
<th>Inspection Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials</td>
<td>• Secondary Materials IQC Criteria</td>
<td>Divided into &quot;Regular Secondary Materials&quot; and &quot;General Secondary Materials&quot;</td>
<td>• Subject to the inspection criteria. Prevent brake fluid leakage or spattering on the human body to cause bodily injury.</td>
</tr>
<tr>
<td></td>
<td>• Brake Fluid Check SOP</td>
<td></td>
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</tr>
<tr>
<td>Part</td>
<td>• Regulations for Supplier Quality Assurance</td>
<td>Subject to the 'inspection SOP'</td>
<td>• Arrange periodic training for personnel involving the manufacture of safety parts and components of suppliers.</td>
</tr>
<tr>
<td></td>
<td>• During part development, the development department obtain &quot;QC Passed&quot; parts through the &quot;Mass-Produced Part Approval Procedure&quot; to ensure the quality consistency of part mass production. QC personnel will take over the quality management and assurance of part delivery.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass-Produced Products</td>
<td>• Vehicle emissions and exhaust regulations and QC SOPs</td>
<td>Spot checks in accordance with the &quot;Directions for Application for Certification of Motor Vehicle Noise Control&quot; and &quot;Regulations Governing the Ratio to New Vehicle Sampling Check&quot;</td>
<td>• Stationary noise/acceleration noise</td>
</tr>
<tr>
<td></td>
<td>• Motor vehicle noise QC SOPs</td>
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</tbody>
</table>

We continuously implement the ISO 9001 and IATF 16949 quality management systems, and the status of internal and external implementation is as follows:

1. Internal management: Conduct personnel education and training, internal audits, and management reviews; and report the progress and results to the president.
2. External verification: External auditors audit Yangmei and Hsinchu plants, which smoothly passed the 3-year certificate renewal in 2020.

Outcomes of quality education and training 2022

- Process failure mode and effects analysis (PFMEA) supervision and quality control plan practice and education for suppliers: 45 persons/3 hours
- Eight Disciplines Methodology (8D): 42 persons/3 hours
- IATF 16949 internal auditor training: 38 persons/7 hours

To pursue quality excellence in work, life, and society, we seek perfection through quality control in terms of three aspects. We care for the environment, society, and partners and engage in sustainable development to optimize corporate governance. Apart from easing customer doubts in product quality, we also fulfill high-quality operation in all aspects.
2.3 Mutual Prosperity and Existence: Pursuing sustainability with suppliers

2.3.1 Sustainable Supply Chain

**Eco-friendly and Local Procurement**

To enhance the utilization rate and profitability of the local suppliers in Taiwan, we actively promote the part production localization by implementing the local procurement policy. In 2022, the ratio of amount invested in local procurement was 72%, among which the procurement of the parts for models with environmental labels accounted for 56%. To contribute to environmental protection, we actively promote “recyclable, low-pollution, and resource-efficient” models. In 2022, models including the OUTLANDER, LANCER, COLT PLUS, ZINGER, VERYCA and eMOVING earned recognition from the Environmental Protection Administration and passed the Green Mark certification.

**Supplier Evaluation and Sustainable Supply Chain**

We consider suppliers as an extension of the production line. Hence, through the stringent evaluation of new suppliers, and routine management and structure improvement evaluation of existing suppliers, we hope that suppliers can make continual improvement and development in quality, cost control, delivery punctuality, and product R&D to synchronize production, management, and operations together and so to develop long-term, steady partnerships. We also encourage suppliers to value and practice ESG through the relevant management regulations.

**Supplier Management Mechanism**

- **New Supplier Introduction**
  - New suppliers must pass the certification of either IATF 16949 or ISO 9001 and the evaluation of by the task force formed by the procurement, development, QC, and production control units. The evaluation covers five aspects: operational management, production/manufacturing management, product quality assurance, production plan and logistics management, and design and R&D. Additionally, the performance in ISO 14001, environmental protection, and CSR is also included in the evaluation. Suppliers will only become qualified CMC suppliers after passing the evaluation of the relevant units and obtaining the management approval.

- **Routine Management Mechanism**
  - To ensure that suppliers can maintain the level of quality, cost, delivery punctuality, and R&D, we conduct routine supplier evaluation. Apart from rewarding suppliers with outstanding performance, we also request suppliers with unfavorable performance to make improvement by a time limit. The description is as follows:
    a. Outstanding suppliers of the month: Suppliers are scored each month based on their performance in delivery punctuality, after-sales service, quality, and costs. The top ten suppliers will be rewarded with a trophy and free overseas travels. Suppliers will be disqualified from the reward when they are sanctioned for non-compliance with environmental protection and labor safety regulations.
    b. Outstanding suppliers of the year: Suppliers are scored each year based on their performance in delivery punctuality, after-sales service, quality, and costs. The top ten suppliers will be rewarded with advance receipt of payables. Suppliers will be disqualified from the reward when they are sanctioned for non-compliance with environmental protection and labor safety regulations.
    c. Focus suppliers of quality and delivery (including after-sales service) defects: The relevant units will draw up standards to screen focus suppliers with serious quality and delivery (including after-sales service) defects in the month and request them to report the status of improvement. Payables will be put off for repeat focus suppliers with defects.

- **Structure Improvement Evaluation**
  - To encourage suppliers to make continual improvement, eligible suppliers may apply for the Total Quality (TQ) Program in the middle of each year. Suppliers passing the evaluation will be rewarded with a trophy and enjoy advance receipt of payables for one year and free overseas travels.
  - Suppliers failing to pass the ISO 14001 certification or being sanctioned for non-compliance with environmental protection or labor safety regulations will be disqualified from the evaluation or reward.
**Key Points of CMC Sustainable Supply Chain**

- All CMC part and component suppliers are requested to sign the "Basic Contract". We reserve the right to revoke or terminate the contract after notification when suppliers violate any one of the following rules. In 2022 there was supplier non-compliance.
  a. Violation of our ESG policy and causing significant environmental and social impact to the local communities of their location.
  b. Violation or repetition of violation of any anti-bribery regulations, anti-competitive regulations, corporate governance regulations, and other laws and regulations.
- New suppliers violating the following will be disqualified from being a qualified CMC supplier in accordance with the "Regulations for New Supplier Evaluation".
  a. The supplier and its products have considerable impact on the community environment as well as the society.
  b. Violation or being charged of violation of any anti-bribery regulations, anti-competitive regulations, corporate governance regulations, and other laws and regulations.

**Encouragement to suppliers to achieve legal compliance**

- Suppliers are requested to comply with the environmental protection regulations of the local government; reduce emissions, water consumption, and waste; and comply with occupational safety regulations.
- Exceptions are included in the excellent supplier selection and the IQ program. Suppliers sanctioned by government units for non-compliance with the environmental protection regulations and labor safety regulations will be disqualified from the reward, including the advance receipt of payables and free travel.

**Request for Passing ISO 14001 Certification**

- We have encouraged suppliers to pass the certification of the ISO 14001 EMS both at the supplier conference and by correspondence. By the end of 2022, 90% of suppliers have passed the ISO 14001 certification.

**Recycling and reuse of packaging materials, waste motor and oil and repaired items with high unit prices**

- Packaging material recycling: The automotive parts are protected by packaging cartons during transportation. After the Company developed new operating process and SOP with the dealers and suppliers, specific packaging materials of parts are recycled and reused. According to the statistics for 2022, a total of 26,894 packaging materials were recycled, the recycling rate was 57.3%. This is a part of our efforts to support environmental protection, energy conservation and carbon reduction on this planet.
- Waste motor oil recycling: Legal contractors purchase and recycle motor oil from CMC and our dealers and suppliers. The circular economy not only matches the concept of environmental protection but also increases our revenues. In 2022, 9,674 drums of waste oil were recycled.
- Recovery of refurbished products with high unit prices: 916 gearboxes, 1,891 AC compressors, and 643 steering pumps were recovered.

**Enhancement of environmental protection and occupational safety and health management of suppliers**

- Plant fire usually causes casualty and tremendous loss of plant assets, and greatly impacts the supply chain and overall economy. In 2022 we helped suppliers to run quick fire safety inspection by providing them with the fire safety self-inspection checklist. The results show that 16 suppliers needed improvement, and all have completed their improvements.
- To build a center-satellite system with a safe workplace environment, we help suppliers pass the ISO 45001 certification to enhance the plant and employee safety of the center-satellite system. In 2022, 39 suppliers passed the certification.
- CMC invites the suppliers to participate in the Vehicle Maintenance Service Tour, takes care of the disadvantaged through the activities of the China Motor Corporation Association and Golf Association, and works with the suppliers for beach cleanup.

**Supplier risk assessment and management**

1. As the automotive industry was severely affected by COVID-19 during 2020-2022, the revenue of many suppliers reduced. To ensure the normal operation of the supply chain and provide suppliers with necessary assistance, we assessed the risk of 80 focus suppliers in 2022, and six low-risk suppliers were under control and resume normal operations and delivery in 2022. Additionally, we also audited 80 suppliers in terms of the following five aspects: labor and human rights, health and safety, environmental protection and green procurement, ethics and integrity, and social engagement, to understand their status of operations.
2. The production control department keep track on and coordinate the supply status of suppliers and review the supply in conjunction with the procurement, technology, QC, and development departments as necessary.
3. Both CMC and suppliers have established a price adjustment mechanism to address materials price fluctuations to effectively mitigate the cost pressure of suppliers through periodic price adjustments.

In these two years, various countries have adopted easy money policy to stimulate economic recovery due to the COVID-19 pandemic, which has led to global material and chip shortages and, subsequently, the dramatic rise in prices. We sign an agreement on the adjustment of raw material prices and exchange rates with suppliers, and periodically validate price changes. When there is a significant price change due to supply shortages of raw materials or electric parts, we will help suppliers to regulate supply or fund price differences to mitigate the cost changes of both CMC and suppliers so as to maintain the robust development of the center-satellite system.
2.3.2 Supplier Management

The Company has introduced the supply chain management (SCM) platform, global logistics management (GLM) system, order and delivery management system, electronic procurement management (EPM) platform, etc., to the supply chain management system, and incorporated the dealer management system (DMS), marketing and production balance system (MPBS), production data value chain (PDVC) and enterprise resource planning (ERP) to integrate the information network with the suppliers. We announce the forecast orders and production information through the SCM platform, making it easier for the suppliers to arrange their production and delivery accordingly. Meanwhile, to have an early grasp of the delivery information updates, we actively manage the delivery progress of the suppliers through the daily non-delivery management report; any abnormalities found will be followed up and handled in a prompt manner.
2.3.3 Sustainability and Mutual Prosperity with Suppliers

CMC believes that a company and its suppliers are not only connected by business relationships. In addition to “coexistence and co-prosperity,” “loyalty” is another factor even more critical to foster the partnership. In addition to implementing action plans related to environmental sustainability and sustainable development through partnership with suppliers, we also invite internal and external experts to provide suppliers with guidance on operations and transformation so as to create a positive, sustainable cycle. Due to high-mix low-volume (HMLV) manufacturing, a short product life cycle, and higher part design and development costs, the supply chain member change is small in Taiwan’s automotive industry. Hence, in addition to the supply-demand relationship, CMC and suppliers have become an interest community characterized by reciprocity.

Since the suppliers are the extension of production lines of vehicle manufacturers, we shall work in tandem to improve and develop in the aspects of quality, cost, delivery, R&D, environmental protection and safety, so that the objective of simultaneous production, work in tandem to improve and develop in the aspects of quality, cost, delivery, R&D, environmental protection and safety, so that the objective of simultaneous production, work in tandem to improve and develop in the aspects of quality, cost, delivery, R&D, environmental protection and safety, so that the objective of simultaneous production, work in tandem to improve and develop in the aspects of quality, cost, delivery, R&D, environmental protection and safety, so that the objective of simultaneous production, work in tandem to improve and develop in the aspects of quality, cost, delivery, R&D, environmental protection and safety, so that the objective of simultaneous production, work in tandem to improve and develop in 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meeting to allow all the units in the center-satellite system to reach an agreement. 3. Through the meeting, responses to the opinions of the suppliers are given, and the central plant is urged to make improvements; mutual encouragement and common growth can be achieved accordingly.

China Motor Corporation Association for Procurement

To strengthen the partnership with the suppliers, we formed the “China Motor Corporation Association” (CMCA) in 1990 to enhance “operational capacity” and “competitiveness” and secure the relationship with stakeholders so as to establish and enhance the competitiveness of the center-satellite system. Up to 2022, a total of 115 suppliers of parts and components including electrical ones, machined ones, sheet metal ones, plastic and rubber ones, etc., have been engaged. Based on the assistance of the Company’s technical experts, we have worked with demonstration manufacturers to create feasible improvement cases and processes, share experience and provide on-site observation, and laterally expand the scope to help the partners of China Motor Corporation Association boost competitiveness.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
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<tbody>
<tr>
<td>Director/supervisor meeting</td>
<td>1. The operation of China Motor Corporation Association and the rationality of the way the membership fees are used are supervised through the meeting. 2. The prior communication about the relevant requirements set by the central plant is performed at the meeting to allow all the units in the center-satellite system to reach an agreement. 3. Through the meeting, responses to the opinions of the suppliers are given, and the central plant is urged to make improvements; mutual encouragement and common growth can be achieved accordingly.</td>
</tr>
<tr>
<td>Supplier convention</td>
<td>This is held annually (unless suspended due to any significant reason; in this case, the suppliers would be informed of through the announcement of written information), with all the suppliers invited. In addition to the reporting of meeting affairs, CMC provides information about the automobile market status, operation status and vision, reaching mutual agreement and increasing cohesion.</td>
</tr>
<tr>
<td>Courses and lectures</td>
<td>Education, training or observation activities are provided for each level of employees of the suppliers based on their position and profession.</td>
</tr>
<tr>
<td>Themed activities</td>
<td>1. Themed activities of the China Motor Corporation Association are organized to enhance the competitiveness of the CMC center-satellite system: the themes include smart production lines, smart energy saving and smart logistics, etc. 2. CMC selects internal or external experts in different fields to make implementation with the vendors, and arranges presentation and observation activities to increase the influence of activities by laterally extending the improvement results to all suppliers.</td>
</tr>
</tbody>
</table>

Based on the theme of “activities for sustainable operations”, in 2022 we

Organized 11 education and training and environmental protection activities
Accumulated the participation of 237 suppliers
Attracted up to 451 persons

▲Onsite visit of the energy improvement of Kenda Rubber on November 1 (Tue)
▲CMCA achievement presentation on December 27 (Tue)
In 2022, themed improvement activities have continually taken place. With “smart energy saving,” “smart logistics” and “smart plants” as the main topics, we selected a vendor and arranged internal and external guidance by experts, developed the know-how, improvement methods, processes and cases for each topic, and organized seminars on energy saving technology, mid-term and final presentation, on-site observation events, etc., to share with all the suppliers.

### Guidance Structure of China Motor Corporation

#### Development of Consensus
- Determination of the goals, objectives and schedule of guidance

#### KICK OFF meeting
- Determination of the organization, and announcement by the management

#### Implementation of education
- Concept education for all

#### Optical diagnosis
- Understanding of the current problems, and provision of directions for primary improvement

#### Improvements
- Detailed diagnosis, provision of improvement strategies, and presentation of energy saving achievements

#### Horizontal implementation
- Horizontal implementation of plans

### Problems Found

1. Problems are easily overlooked and past experience is difficult to apply and pass down for diagnosis based on the rule of thumb.
2. Proposals with major benefits cannot be established due to the failure to explain the practice and benefits to decision-makers.
3. Time-consuming and inefficient proposal assessment.

### Approach Optimization

1. Gather and utilize past improvement examples.
   - Establish an energy conservation case platform
2. Gather big data and apply it to important energy conservation equipment: gather, assess, and file data before, during, and after improvement.
3. Establish an “improvement proposal assessment” procedure for decision-makers to shorten decision-making time and enhance proposal implementation efficiency.
4. Provide assistance for efficiency analysis and reporting of proposals with major benefits.
2.4 Valued Service: Providing safe and quality services

2.4.1 Listen to Customers’ Voices

CMC Mitsubishi offers complete frontline interaction and consultation services, optimizes every process and detail from new vehicle sales to after-sales services, listens to customers’ voices, and makes efforts to protect the rights and interests of customers and enhance their satisfaction.

In order to provide better services to every CMC car owner, CMC has a comprehensive customer service management mechanism, regularly conducts improvement work, information updates and staff training for the customer services hotline, and connects with the 0800 free service hotline of our dealerships across the country to provide consumers with more diversified and holistic services and channels for inquiry about their rights.

2.4.2 Customer Satisfaction Management

CMC has a 0800 free service hotline in place for car owners seeking towing assistance, inquiries about the business and service locations of our dealers as well as new cars, and customers requesting assistance. We also take in suggestions from customers and handle complaints to improve their satisfaction with our services. To effectively pass on customers’ requests and views to internal management units, all customer satisfaction surveys, including “items with Unsatisfied ratings” and “complaints taken in via the 0800 hotline”, are submitted to the concerned units to come up with improvement plans. We also actively confirm with the customers what improvements have been made.

Continuous Improvement of Customer Satisfaction with Bowing Philosophy

We have developed the “SSI SOP” together with dealers. In addition to the unscheduled audits for business lines, we also hire external market survey companies to conduct mystery shopping and new car owner satisfaction surveys based on the SSI (Sales Satisfaction Index), with the aim of meeting and surpassing customers’ expectations. In the automotive sales industry, customer satisfaction surveys mainly involve the SSI and the CSI (Customer Service Index). We have long valued the quality and performance of our services. After data analysis customer satisfaction can be adopted as an important reference for the continual improvement of products and service procedures to meet customer requirements more closely.

Targets

- Make Regular Reports on A Monthly Basis
  - Report all complaints received from the 0800 hotline to management each month and request dealers to make improvement for major customer complaints at the monthly sales meeting.

- Make Responses Within the Target Time of 1.5h
  - Contact customers filing complaints over the 0800 hotline in 1.5 hours, and all targets for 2022 were accomplished.

- Close A Customer Complaint Within Five Days
  - Customer complaints include inquiries, complaints, or compliments, and 91% of complaints were settled within five days in 2022.

Management Mechanism

- We carry out electronic questionnaire or telephone satisfaction surveys for customers buying new cars from the Company every month and for customers taking their cars in for repair and maintenance every week to understand their satisfaction with the Company’s service procedures, personnel services, and environments and facilities.
- Regular meetings are held with our dealers to review any problems with respect to the promotion of customer satisfaction matters or the units or sections with lower scores and explain corresponding countermeasures for improvement.
- An telephone interview is performed for individual customers giving low satisfaction ratings in market surveys, and then the sales supervisor repairs relationships with the customers. A market survey is conducted again afterward to ensure that the customers’ problems are resolved. The survey result is used as a basis for reviewing and optimizing sales service procedures subsequently.

About CMC
After surveying customer satisfaction through various channels (including text message and telephone interview), we forward the results to the customer service center for processing and request dealers and frontline personnel to take counteraction and make improvement to enhance customer satisfaction. Additionally, every month the service quality unit audits the major areas of service, carry out the implementation plans, review the effectiveness of operation, and take corrective and preventive action for the effective management of service quality. We set the following quality KPIs for customer service.

<table>
<thead>
<tr>
<th>Management approaches</th>
<th>Accomplishment rate in 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>The monthly average score of new car owner satisfaction in 2022 was 996 marks</td>
<td>99%</td>
</tr>
<tr>
<td>The pass rate of mystery shopping test: 90%</td>
<td>98%</td>
</tr>
<tr>
<td>The pass rate of sales representative certification: 90%</td>
<td>94%</td>
</tr>
</tbody>
</table>

The 2022 accomplishment rate and 2023 targets for after-sales service quality are as follows:

**Targets in 2022**
- The scores for proactive telephone CSI surveys were used as KPIs in 2022.
  - Target telephone satisfaction survey score: 970 points
  - Target online satisfaction survey score: 920 points

**Outcomes in 2022**
- Telephone survey score: 980
- Online survey score: 928

**Targets in 2023**
- Conduct a customer satisfaction survey after warranty repair every week, review the CSI score of all service centers across Taiwan every month, and request centers in the last two places to present an improvement report at CMC HQ. Review the survey questionnaire items every year and adjust the item weight based on the system performance.
  - Target telephone satisfaction survey score: 970 points
  - Target online satisfaction survey score: 920 points

Statistics on customer satisfaction with new car sales and after-sales services in the past three years are as follows:

In addition to the use of all statistical customer satisfaction indexes as a reference for the Company’s business plans, we promote the optimization of customer service procedures and quality-related mechanisms, hoping to create service value that cannot be replaced through good sales services, after-sales care, and timely satisfaction of customers’ needs.
2.4.3 Customer Complaint Management and Service Optimization

Customer Complaint Management Procedures and Approaches
Through the SOP for handling customer complaints, including inquiries, complaints, and compliments, we categorize complaints based on the feedback contents before referring them to the relevant units to contact with customers, handling the complaints, and follow up on the results before closing the case. Every month we review major customer complaints, including in-house quality and service delivery. Goals related to customer complaint handling are set to continue enhancing service quality and customer experience. The customer complaint handling flow chart is shown below.

Customer Complaint Management Outcomes in 2022
There were mainly inquiries, complaints and compliments from customers. Most of the inquiries were immediately closed after being received and answered by customer service personnel online. All the complaints were placed on file for investigation. The Service Division submitted a list of employees praised by customers every quarter to the headquarters as a basis for selecting the best personnel. Once a customer complaint was received, the customer service division immediately took proactive actions to understand all the details of the complaint, communicated with the handling unit of the dealer several times, and tracked the handling progress on a day-to-day basis. In a joint effort to value and quickly respond to customers’ voice, the division also gathered and submitted customer complaints to related internal units every month. This led to both the response rate and the complaint closure rate in 2022 significantly exceeding the target 1.5-hour customer complaint response rate and the target five-day customer complaint closure rate, respectively.

Customer Complaint-related Targets and Achievement Rates in 2022

2.6.4 Improvement of Service Quality and Customer Experience
Ensure part supply stability
We have a well-managed part supply system with 121 suppliers across Taiwan. Parts are delivered two times a day based on the ordering quantity of service centers. In case of emergency, service centers can collect parts directly from the warehouse to meet customer demands in real time.
3 Excellent Governance

Proactive Action

Outcomes and Performance in 2022

- **Top 5%**
  - Ranked at the top 5% of listed companies at the 9th Corporate Governance Evaluation, holding this place for 9 consecutive years (announced on April 30).

- **Award for Sustainable Resilience**
  - Awarded the 2002 BSI Award for sustainable resilience.

- **100%, 1,225 hours in total**
  - 100% participation in ethical management outreachs and legal affairs talks for a total of 1,225 hours.

- **Zero personal data leakage**
  - There was no personal data leakage or significant internally and externally audited defect in 2022.

- **Implemented ISO 27001, with 104 persons**
  - Implemented the ISO 27001 Information Security Management System and organized education and training to enhance the awareness of and responsiveness to information security risk for a total of 104 persons in 2022.

- **Excellent Supplier Section**
  - Encouraged suppliers selected as excellent suppliers and approved under the TQ program to implement environmental sustainability and CSR.

CMC upholds the “integrity, care and responsibility” as the code of conduct to treat all the internal and external stakeholders. While pursuing stable growth, we keep in mind the corporate purpose of “taking from the society and contributing to the society” and continue to maintain harmonious interaction with all stakeholders, aiming to become a friendly and CSR-based outstanding company in all respects. We have established the “Ethical Corporate Management Best Practice Principles”, correctly and timely disclosed financial and non-financial performance information, and continuously enhanced the awareness and performance of legal compliance of employees to reduce the risk legal non-compliance. In addition to continuously enhancing operational performance of the Company over the years, we also connect with the ESG trend towards sustainable governance.

Core Vision and Commitment

CMC upholds the “integrity, care and responsibility” as the code of conduct to treat all the internal and external stakeholders. While pursuing stable growth, we keep in mind the corporate purpose of “taking from the society and contributing to the society” and continue to maintain harmonious interaction with all stakeholders, aiming to become a friendly and CSR-based outstanding company in all respects. We have established the “Ethical Corporate Management Best Practice Principles”, correctly and timely disclosed financial and non-financial performance information, and continuously enhanced the awareness and performance of legal compliance of employees to reduce the risk legal non-compliance. In addition to continuously enhancing operational performance of the Company over the years, we also connect with the ESG trend towards sustainable governance.

Outcomes and Performance in 2022

- **Material topic**
  - Ethical management and legal compliance
  - Business continuity management
  - Anti-corruption and anti-competition
  - Economic performance and profit

- **Top 5% of Corporate Governance Evaluation**
  - Zero case of major violation

Strategic Goal

- **Top 5% of Corporate Governance Evaluation**
- **Zero case of major violation**
- **Uncasing follow-up and identification of the risks to the Company, and discussion on the implementation results of risk control**
- **Deployment in the domestic and foreign markets through diversified operation to achieve steady operation and profit growth**
3.1 Sustainable Governance: Robust governance for a sure foundation

Upholding “ethical management”, we set CSR as the ultimate development goal and establish a complete corporate governance mechanism. Being ranked among the top 5% of all listed company at the Corporate Governance Evaluation by the TWSE for 9 consecutive years is our performance in protecting the rights and interests of shareholders and maintaining the interest of stakeholders, treating them as the “value co-builder”. Through well-planned communication channels and methods, we create sustainable value through collaboration with stakeholders. We also commit ourselves to building a comprehensive governance structure for the Board and management to accomplish the operational targets in the best interest of the company and shareholders, enhance the performance of corporate governance, and ensure the outcomes and competitiveness of ethical corporate management so as to improve social well-being.

3.1.1 Organization and Operation of the Board of Directors

We place importance on shareholders’ equity and continue enhancing the operation of the corporate governance. The Board of Directors is comprised of nine directors (including three independent directors) who have a professional background and are experienced in techniques. All the directors perform their duties in accordance with the Compact Act, CMC’s Articles of Incorporation, and other relevant laws and regulations. With impartiality the Board offers professional operational, legal, and financial consultation services and takes charge of the Company’s strategy planning, operations, and supervision. Each year the Board holds 1-2 board meetings on average to review CMC’s operational performance, discuss important ESG strategies and issues and key events, including financial, environmental, and social impacts, risks, and opportunities. After verification in the board meeting, the responsible units present the follow-up reports in the next board meeting. Every year we arrange continuing education courses for directors to enrich the collective knowledge of the highest governance body in legal, economic, environmental, and social issues. The self-organized courses in 2022 covered “legal knowledge building” and “ESG issues” for department heads, senior officers, and employees engaging in the relevant services.

Formation of the Board of Directors

We select and review board members in terms of various criteria, including education attainment, work experience, gender, independence, professional experience, and nationality. We also consider their roles and performance in the board so as to maximize their contribution of the corporate interest. For example, a Japanese national with international attainment, work experience, gender, independence, professional experience, and social impacts, risks, and opportunities. After verification in the board meeting, the responsible units present the follow-up reports in the next board meeting. Every year we arrange continuing education courses for directors to enrich the collective knowledge of the highest governance body in legal, economic, environmental, and social issues. The self-organized courses in 2022 covered “legal knowledge building” and “ESG issues” for department heads, senior officers, and employees engaging in the relevant services.

Please visit the CMC website for more information regarding the CMC board.
3.1.2 Sustainable Governance Structure and Functional Committee

CMC Sustainable Governance Structure

- Shareholders’ Meeting
- Board of Directors Chairperson
- Audit Division
- ESG Committee
- Risk Management Committee
- Ethical Management Committee
- Remuneration Committee
- Project Management GR
- Audit Committee

3.1.3 ESG Committee

We have been actively promoting corporate governance, developing environmental sustainability, and maintaining social welfare over time. To promote ESG more efficiently, we established the “CSR Management Committee” (renamed ESG Committee in 2022) in 2014, with President Chao-Wen CHEN chairing the committee and the President’s Office being the executive secretary. Other related departments are shown in the ESG Committee organization chart below. Apart from promoting sustainable development and editing the ESG report, the ESG Committee also reports to the Board periodically.

Structure of Sustainable Development (ESG) Committee

- Executive secretary
- Team leader
- Executive Vice President of Financial & Management GR.
- President Chao-Wen CHEN
- Executive Secretary Corporate Planning Division
- Sustainable Development (ESG) Committee
- Board of Directors
- President

Operation of ESG Committee

- Two meetings are held annually with each team explaining the implementation status and establishing three-year implementation goals.
- The Committee reports to the Board of Directors regularly (every six months) and explains the annual ESG implementation outcomes and the key tasks for the future.
- The preparation and upload (to the official website and MOPS) of the ESG report for the previous year must be completed by the end of June every year.
- The Committee discloses the ESG implementation in the Company’s annual report every year.
3.2 Ethical Management: Uncorrupted management for legal compliance

With the principles of fairness, honesty, trustworthiness, and transparency, we established the "CMC Ethical Corporate Management Best Practice Principle" in 2014 to improve the efficiency in the implementation of the ethical corporate management. Four pillars are established for all the commercial activities and the operations of the Company in order to cultivate the corporate culture of ethical management and build an environment for the sustainability of the business operation. By taking multiple management strategies, we request employees to observe the code of conduct with the ethics and integrity as the core value, enhance the norm of professional ethics from internal practices to external implementations, and cultivate a culture emphasizing legal compliance.

3.2.1 Ethical Management and Compliance Management Committee

- **Pillar 1**
  - CMC shall document the above policies, statements, commitments, and implementation of the ethical corporate management and incorporate the requirement that the employees shall abide by the ethical management policies into the conditions of employment.
  - The ethical management policies shall be stated in the Company’s internal regulations, external correspondence and on the official website, adhered to by the Board of Directors and senior management in an active manner based on their commitments, and appropriately implemented in the internal management and commercial activities.
  - CMC should document the above policies, statements, commitments, and implementation for ethical corporate management and properly retain the relevant documents.

- **Pillar 2**
  - The Committee holds at least one committee meeting each year for all teams and departments to report their performance in ethical corporate management (extraordinary meetings are held from time to time as necessary).
  - Every year the Committee report the results of ethical corporate management to the Board.
  - The Committee shall disclose the implementation status of ethical management in the annual report.

3.2.2 Ethical Corporate Management Policy and Implementation

- **Establishment of Regulations**
  - We establish an ethical corporate management culture and conduct business upon fairness, honesty, integrity, and transparency. By presenting periodic reports and establishing the management committee, we outreach the ethical corporate management policy internally and externally and ensure legal compliance.

- **Dissemination and Implementation**
  - Ensure compliance with a consistent code of business conduct and ethics within CMC through implementing the relevant laws and regulations and internal regulations, continuous employee education and training, and supplier management.

**Policy Planning Team**
- Corporate Planning Division
- Human Resource Management Division
- Financial & Accounting Division

**Promotion Team**
- Sales Division
- Procurement Division
- Electric Scooter Sales Division

**Monitoring and Audit Team**
- Audit Division
- Financial & Accounting Division

Responsibility
1. The Secretariat operates the Ethical Corporate Management and Compliance Management Committee and reports to the Board periodically.
2. The Policy Planning Team establishes and revises policies, guidelines, and related systems.
3. The Promotion Team outreaches and implements policies and guidelines within the company (employees and officers) and outside of the company (DRLs and suppliers).
4. The Supervision and Audit Team audits related policies, regulations, and systems.

Regular Review and Amendment
The "Ethical Corporate Management and Compliance Management Committee" holds at least one committee meeting every year for related departments to present and review the status of ethical corporate management, report the achievements to the Board periodically, and discloses the results in the annual report.

Whistleblowing Mechanism
- Establish the "Unethical Behavior Report" section on the corporate website for stakeholders to report unethical behavior.
- Incorporation of ethical management into the employee performance evaluation and human resource policies, and establishment of specific and effective systems for rewarding, punishment and reporting.
Excellent Governance  
Proactive Action

The Status of Participation in the Ethical Management Courses from 2020 to 2022

<table>
<thead>
<tr>
<th>Course</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>100%</td>
<td>263</td>
<td>100%</td>
</tr>
<tr>
<td>Employee</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>New Employees</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total hours</td>
<td>31</td>
<td>34</td>
<td>128</td>
</tr>
<tr>
<td>Percentage of participation</td>
<td>31</td>
<td>34</td>
<td>128</td>
</tr>
</tbody>
</table>

CMC’s Implementation of Ethical Management and Compliance Management

One new director and three new officers signed the three sets of “best-practice principles”: Corporate Governance Best Practice Principles, ESG Best Practice Principles, and Ethical Corporate Management Best Practice Principles.

In 2022 we organized education and training related to ethical corporate management (including compliance with ethical corporate management regulations, orientations of ethical corporate management, and case study of ethical corporate management) for 463 persons with a total of 158 hours.

In 2022 we donated about NT$1.04 million to 8 units in accordance with the “Charitable Donation and Sponsorship Management Regulations”.

To promote the establishment of the Ethical Corporate Management Risk Scale, we selected the department-based assessment because a department included more personnel than a location. The assessment helps high-risk departments to review unethical behavior through self-assessment. By October 2022 the data of 11 departments was collected. Data will be reported to management individually. Currently, 46% of all 23 CMC departments have completed the self-assessment of risk.

Report System
1. Anonymous report to the report email on the corruption of the purchasing personnel of an investee. After an internal review, the Audit Office verified the report and referred the report to the management of that investee and its “legal compliance department”. Additionally, as no CMC expertise was involved in the report, and part of the content overlapped with another anonymous report in 2021, we closed the case for non-compliance with our report handling SOP.
2. A supplier report on non-compliance with the corporate regulations of CMC staff. The Audit Office and administration unit audited the report together and reported the results to the senior management. That staff member offended the business ethics for apparent non-compliance with the administrative procedures and failure to confess to the superior. However, as there was no evidence proving an intent of claiming bribes, he was disciplined for violation of the CMC Work Rules.

Stakeholder Communication Channels
A customer complaint to the media about an embezzlement of the sales representative of a dealer. Investigation verified that the complainant was not the buyer but a lower-level seller of the involved sales representative. Additionally, as it was the private behavior of that sales representative, the report was referred to the involved dealer. Eventually, that sales representative returned the sum and reached a settlement with the complainant.
Suppliers in Ethical Management

We treat suppliers as a major stakeholder group in ethical corporate management. In addition to outreaching ethical corporate management to them through the supplier conference or correspondence, we have also added the ethical corporate management clause to the contracts. Additionally, we also publicize ethical corporate management of the supplier conference to enhance the awareness of the importance of ethical corporate management in suppliers. We incorporate the “Integrity and Compliance Pledge” in the “Fundamental Contract” entered into between the CMC and parts suppliers as well as in the “Equipment/Engineering Contract” entered into between the CMC and the suppliers contracting an equipment/engineering project over NTD 1 million. If any supplier acts in violation of the ethical contract, CMC has the right to terminate or withdraw the contract.

3.2.3 Tax Governance and Transparent Information Disclosure

Tax Governance

In addition to paying tax by law, we also mitigate tax through legal means. To keep up with the international trend in tax governance, we control tax risk effectively, implement sustainable operations thoroughly, and improve the shareholder value. With the international trend in tax governance, we control tax risk effectively, implement sustainable operations thoroughly, and improve the shareholder value.

In addition to paying tax by law, we also mitigate tax through legal means. To keep up with the international trend in tax governance, we control tax risk effectively, implement sustainable operations thoroughly, and improve the shareholder value. With the international trend in tax governance, we control tax risk effectively, implement sustainable operations thoroughly, and improve the shareholder value.

We undertake that all the business transactions and activities are lawful without acceptance or offering of bribes or any other unethical conduct. We will never offer or pay any improper advantages to any employees of CMC for the purpose of any deals.

Any person who finds any employee of the company for which the person works or the other company accepting or offering bribes or engaging in unethical conduct shall report it to the audit department or designate person of the other company as soon as possible CMC provides the following whistleblowing channels. The identity of the whistleblower and the contents of the whistleblowing will be kept confidential.

We have established the spokesperson mechanism and appointed spokespersons. Apart from disclosing CMC’s stage achievements and future prospects to worldwide investors through the periodic live investor conferences, we also publish the bilingual conference contents over MOPS.

We disclose our financial and non-financial information to stakeholders and timely publish information that concerned stakeholders over the corporate website. In addition to publishing the annual report, we also began publishing the CSR report (now ESG report) in 2014 every year to state explain the directions and goals of our efforts in promoting sustainable development.
3.2.4 Legal Compliance

We keep paying attention to the regulations and policies related to the industry, assessing the potential risk and effect arising from the changes of the regulations on the Company, and reviewing if we have established corresponding internal rules according to these regulations to ensure compliance with them to the extent of the highest standards. The legal affairs unit of the President’s Office and responsible legal units review high-risks regulations and general regulations and documents. Additionally, each department establishes clear and appropriate action plans for periodic legal updates, self-assessment, education and training, and audits. In addition to laws and regulations, all the employees of the Company shall make sure their business activities comply with the policies and rules of the Company to implement the ethical management. We provide education and training to improve the effectiveness of the dissemination on laws and regulations. 171 employees participated in the training in 2022. Through progressive promoting various concepts of the rule of law, there was no fine for legal non-compliance by the end of 2022.

3.3 Risk Management: Preventive action for business continuity

We an automotive and auto part manufacturer and do not engage in high-leverage, high-risk investments. With the rise of emerging risks around the globe, such as the deteriorating climate change, legal and policy change, and viruses and epidemics, we get ourselves prepared by engaging in risk management, planning loss controls, and building relevant equipment, hoping to optimize risk management mechanism and enhance corporate resilience through elevating alerts and taking precautionary actions.

3.3.1 Risk Management Committee

To enhance corporate governance and improve the risk management operation, the Company has established the Risk Management Committee, focusing on the standards that board members and senior management should observe, to review, control related risks, and update response strategies from time to time.

### Risk Management Procedure

Our risk management process covers identification, assessment, control, handling, monitoring, and report. Through these steps we can proactively identify and assess potential risk incidents, establish corresponding measures and make rapid response in risk occurrence, and lower or prevent the impact of risk incidents. Additionally, through risk review and improvement, we continuously enhance the efficiency of the risk management process to ensure business continuity toward sustainable development.

<table>
<thead>
<tr>
<th>Risk identification</th>
<th>Please scan the QR Code to find out the result of the identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk assessment</td>
<td>Assessment of the occurrence frequency and probability of the risk and its impact</td>
</tr>
<tr>
<td>Risk control</td>
<td>Establishment of cost-effective risk plans and countermeasures</td>
</tr>
</tbody>
</table>
| Risk treatment      | Simulation drill of risk incidents 
|                     | Implementation of risk control plans and countermeasures |
| Risk monitoring and reporting | The risk management team holds at least two team meetings every year to capture risks and the effectiveness of risk control. Report the performance of risk management to the Board every year |

HRD receives documents → Legal Affairs reviews documents → Discussed by responsible units → Discussed at management meeting to raise improvement plan

Handling Process of Cases In Violation of Laws

| Course: Understanding the Copyright Act | Participants: 65 persons |
| Course: Understanding Trade Secrets and Management | Participants: 64 persons |
| Course: Basic Understanding of Patent Specifications | Participants: 42 persons |
The Three Lines of Defense Model

Self-evaluation of functional unit under internal control
- The functional units make self-evaluation under internal control every year. They fill out the checklist and submit it to the Audit Division for review.

Sound legal compliance and risk management systems
- Appoint dedicated personnel for legal affairs to keep up with changes in laws, inform relevant units of such changes and the risks thereof, and request the units to make immediate responses.
- Enhanced promotion of risk control targeting the Heads of Finance or Accounting of subsidiaries and educating that any unusual matters related to legal compliance shall be reported within two days of occurrence.

Independent audit mechanism
- Setup of an audit unit under the Board of Directors to monitor the internal control system, carry out the annual audit plan, report to the Audit Committee and Board of Directors regularly, and follow up improvement status.
- Assistance to the Board of Directors and management to achieve given goals by performing the aforesaid evaluation, improving risk management, and controlling and monitoring the effectiveness of the process.

Three Internal Control Frontlines

We have established the Audit Division directly under the Board of Directors. It is the designated audit unit in charge of internal audit affairs and whistleblowing matters. The responsibility of the Audit Division covers all the units of the Company and the subsidiaries. The Audit Division performs the audit in accordance with the annual audit plan that has been approved by the Board of Directors. In case of deficiencies and unlawful acts, the Audit Division summarizes the improvement statuses of the divisions involved into a report and submit it to the Audit Committee, Board of Directors, operation meeting, or management review meeting. In addition, the Audit Division follows up the problems identified during the audit every quarter and prepares the “Follow-up Report on Identified Problems and Abnormalities” containing a description of the effectiveness. The follow-up actions are taken until all the improvements have been completed, so that the Board of Directors and the management can understand the deficiencies and the effectiveness of the corrective and preventive measures that the audited divisions have taken.

Items and Achievements of Routine Audits

<table>
<thead>
<tr>
<th>Routine Audit</th>
<th>Audit Focus</th>
<th>ESG Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Cycle: Procurement, inspection, and acceptance, payment (including legal compliance)</td>
<td>Ensure that all operations with in the procurement and payment cycles are implemented in accordance with the internal controls to lower internal control risks.</td>
<td>Green procurement</td>
</tr>
<tr>
<td>Information Security Check</td>
<td>Ensure that information security is managed in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Business management</td>
</tr>
<tr>
<td>Acquisition and Disposition of Assets</td>
<td>Ensure that assets are acquired and disposed in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Green Bond Procurement</td>
</tr>
<tr>
<td>Management of Board Operation</td>
<td>Ensure that the Board is operated in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Legal compliance</td>
</tr>
<tr>
<td>Subsidiary Supervision and Management Audit</td>
<td>Ensure that subsidiaries are invested in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Ethical management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Targeted Audit</th>
<th>Audit Focus</th>
<th>ESG Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of the Rules of Procedure and Operation of the Ethical Management and Compliance Management Committee</td>
<td>Ensure that the Ethical Management and Compliance Management Committee is operated in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Ethical corporate management and compliance management</td>
</tr>
<tr>
<td>Environmental Management Audit</td>
<td>Ensure that environmental management, including air pollution prevention, water pollution prevention, waste disposal, and toxic chemical management, is implemented in compliance with the relevant laws and regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Waste, emissions, and environmental sustainability audits</td>
</tr>
<tr>
<td>Payroll Cycle &amp; Occupational Safety Audit</td>
<td>Ensure that the payroll cycle and occupational safety (including legal compliance, labor conditions, education and training) are implemented in compliance with the internal controls to lower internal control risk and securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.</td>
<td>Safe workplace</td>
</tr>
</tbody>
</table>
3.3.3 Business Continuity Management (BCP)

In response to the escalating risks and hazards around the globe, we proactively establish the business continuity plan (BCP). Recognizing the need to provide strategic customers and important stakeholders with uninterrupted services and to make advance deployment for business continuity with a complete management mechanism so as to pursue sustainable operations, we make continual review and optimization and ensure the capability to maintain and restore optimal services to strive for and protect customers and stakeholders in their best interest.

Four Actions for Business Continuity Management

1. **Action 1**: Adjustment of production schedules to reduce inventory of completed vehicles.
   - **Description**: Follow-up of the upstream suppliers for their material preparation status.
   - **Details**: Six-month forecast of orders for long delivery time or crucial materials to help suppliers in preparation of materials.

2. **Action 2**: Continue to promote and use the past selection signaling system to shorten the training for new employees or contractors to effectively improve the processing difficulty after personnel suffered from COVID-19.
   - **Description**: Continue to provide strategic customers with uninterrupted services.
   - **Details**: The ISO 27001 Information Security Management System and the ISO 14001 Environmental Management System have been certified.

3. **Action 3**: The ISO 45001 Occupational Health and Safety Management System has been certified to encourage suppliers to establish and implement the occupational health and safety management systems.
   - **Description**: The ISO 45001 and ISO 50001 certifications to encourage suppliers to establish and implement the occupational health and safety management systems and energy management system.
   - **Details**: The ISO 50001 certification to encourage suppliers to establish the energy management system.

4. **Action 4**: The ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System have been certified.
   - **Description**: The ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System have been certified to encourage suppliers to establish and implement the occupational health and safety management systems.
   - **Details**: The ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System have been certified to encourage suppliers to establish and implement the occupational health and safety management systems and energy management system.

National Disaster Response Team

The climate change has been ranked as one of the Top 5 risks, including flood, drought, and severe typhoon. In the Global Risks Report 2021 published by World Economic Forum (WEF), it is a threat and has impact on the operation of the companies to a certain extent, and result in losses. To minimize the damage brought about by an emergency and the impact on the environment, the CMC Yangmei Plant has established the “Operating Standards for Emergency Responses” to specify the procedures for emergency contact, handling, treatment, and restoration in case an accident occurs. The responsible units are requested to implement emergency response procedures for different emergency circumstances within their respective authority and perform at least one drill every year to make sure the system involved functions effectively and make improvement for the deficiencies in the response procedures. Where a natural disaster occurs, the responsible unit, Environmental Management, Occupational Safety & Health Division, must be informed immediately. The response procedures are comprised of the following documents:

1. **Name of Organization and Process**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

2. **Responsibility List and Procedure**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

3. **Responsibility List**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

4. **Procedure**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

5. **Response Procedures**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

6. **Response**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

7. **Emergency Response**
   - **Responsibility List and Procedure for the Waste Water Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Boiler Natural Gas Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the ED Deionizer Tank Leakage Emergency Treatment and Response Organization**
   - **Responsibility List and Procedure for the Paint Mixing Room Leakage and Fire Alarm Emergency Response Organization**
   - **Responsibility List and Procedure for the Confined Space Emergency Response Organization**
   - **Responsibility List and Procedure for the Natural Disaster Emergency Response Organization**

In 2022 we passed the certification of the ISO 45001 (CNS 45001) Occupational Health and Safety Management System, and ISO 14001 Environmental Management System, and ISO 14061-1 GHG inventory and verification systems. We have implemented the ISO 27001 Information Security Management System and passed the certification on December 16, 2022. We audited the business visit plan of 75 suppliers and provided necessary support for them. We identified 5 high-risk items and 18 medium-risk items and completed the improvement of all high-risk items. The 5 high-risk items included service disruption due to system overload for sharing the same server and database between the corporate website and apps with other systems. Corrective action: separate database use, design load balance, and optimize SQL programming to solve the performance issue.
3.4 Financial Performance: Business diversification for overseas expansion

Our efforts in all aspects benefited the financial performance in 2022. For example, we emphasized enhancing operational efficiency and cost control, continuously increased the value and market competitiveness of products through marketing and product innovation, actively cultivated global business expansion, and carefully managed financial risks. Apart from improving financial performance, these efforts also set a solid foundation for CMC’s sustainable development.

### 3.4.1 Building A Solid Financial Foundation

#### Financial Performance

In 2022, CMC’s consolidated revenue was NTD29.554 billion, total assets were NTD48.490 billion, and equity was NTD36.047 billion.

#### Operation Performance in the Recent Three Years

<table>
<thead>
<tr>
<th>Item</th>
<th>Basic element</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic value generated-A</td>
<td>Revenue</td>
<td>30874600</td>
<td>31125399</td>
<td>29553870</td>
</tr>
<tr>
<td></td>
<td>Operating costs</td>
<td>29099362</td>
<td>29083946</td>
<td>2761103</td>
</tr>
<tr>
<td>Economic value distributed-B</td>
<td>Employee wages and benefits</td>
<td>2592905</td>
<td>2564318</td>
<td>2413329</td>
</tr>
<tr>
<td></td>
<td>Payments to providers of capital (cash dividend of the year)</td>
<td>3875342</td>
<td>3044912</td>
<td>2214481</td>
</tr>
<tr>
<td></td>
<td>Payments to government</td>
<td>211918</td>
<td>674792</td>
<td>495539</td>
</tr>
<tr>
<td></td>
<td>Investment in communities</td>
<td>3052</td>
<td>7206</td>
<td>2251</td>
</tr>
<tr>
<td>Economic value retained</td>
<td>Generated - Distributed (A - B)</td>
<td>4,907,979</td>
<td>1,678,251</td>
<td>767,253</td>
</tr>
</tbody>
</table>

Note: The data were based on CMC’s consolidated financial statements for 2020 to 2022.

### Consolidated Financial Information of CMC in the Recent Three Years

<table>
<thead>
<tr>
<th>Item</th>
<th>Basic element</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>5497693</td>
<td>5475114</td>
<td>4849639</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>4570644</td>
<td>4635028</td>
<td>3604648</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### CMC’s Dividend Policy for 2022

Due to the loss on the epidemic insurance policy sold by investee Tokio Marine Newa Insurance, we accounted for such a loss amounting to NT$1.2499 billion in 2022, causing a deficit in non-operating income and expense amounting to NT$9.049 billion, leading to a net income after tax of NT$7.604 billion and an EPS of NT$14.22. As this is a single non-operating loss caused by a single incident, EPS after eliminating the influence of Tokio Marine Newa Insurance increased from NT$7.05 of 2021 to NT$8.34 in 2022. Apart from the continuous growth in both operating and non-operating incomes, we have sufficient capacity to support medium- and long-term strategic development. After eliminating the influence of the epidemic insurance policy, we will regain normal profit growth.
3.5 Information Security: Impeccable defense for information security

3.5.1 Information Security Management Policy

Confidential data protection is a never-ending task at CMC. To protect the confidential data of both the Company and customers, we passed the certification of the ISO 27001 information security management system (ISMS) in 2022. Through the continuous awareness education of information security and use of information security tools, we establish ISO documents for confidential data protection and processing in collaboration with various departments so as to protect confidential data more comprehensively through systems and mechanisms.

Note: The production volume and value are based on the production of completed cars. Production capacity refers to the volume manufactured using existing production equipment operating under a normal single shift considering factors such as holidays or days when production ceases.

Sales Value in the Recent Three Years

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-wheeled diesel vehicles</td>
<td>Vehicle</td>
<td>49,163</td>
<td>50,390</td>
<td>43,656</td>
</tr>
<tr>
<td>(including domestic and export sale)</td>
<td>NTD 100 million</td>
<td>233.39</td>
<td>228</td>
<td>206.96</td>
</tr>
<tr>
<td>4-wheeled electric vehicles</td>
<td>Vehicle</td>
<td>21</td>
<td>79</td>
<td>87</td>
</tr>
<tr>
<td>(including domestic and export sale)</td>
<td>NTD 100 million</td>
<td>0.15</td>
<td>0.53</td>
<td>0.51</td>
</tr>
<tr>
<td>4-wheeled plug-in hybrid electric vehicles</td>
<td>Vehicle</td>
<td>NA</td>
<td>NA</td>
<td>694</td>
</tr>
<tr>
<td>(including domestic and export sale)</td>
<td>NTD 100 million</td>
<td>NA</td>
<td>NA</td>
<td>6.24</td>
</tr>
<tr>
<td>2-wheeled vehicles</td>
<td>Vehicle</td>
<td>5,964</td>
<td>5,365</td>
<td>6,483</td>
</tr>
<tr>
<td>(including domestic and export sale)</td>
<td>NTD 100 million</td>
<td>3.06</td>
<td>1.98</td>
<td>3.01</td>
</tr>
</tbody>
</table>

Note 1: Because the 4-wheeled electric vehicle is the new model was launched in 2022, it only has the data in 2022.
Note 2: These sales values are based on the number of vehicles that CMC took for delivery rather than those for which motor vehicles offices disclosed the license plates.
To lower the risk and reduce the damage caused by confidentiality breaches, we implement the confidential document encryption system in full scale and protect and manage confidential data including core technologies, IP rights, patents, and trade secrets with information technology to ensure the appropriate and effective protection of confidential data.

Additionally, to prevent the willful or unintended destruction, damage, or unauthorized operation of personal data, we protect the personal data of customers with technological and organizational measures.

**Short-, medium-, and long-term targets for information security and system management**

**Short-term (within one year)**
- CAFE Response
  - New model ECU diagnosis and battery test function development in response to the facelift of the eVERYCA and system management improvement
  - Expansion of the domestic two-wheeler business
- Two-Wheeler Dealer Management System Revision Phase II (warranty repair system)
- Two-Wheeler Dealer Management System Revision Phase II (extended applications, e.g., management preview)
- Warranty repair system and management preview extended application. Data is encrypted during transmission and database storage, and the useability of critical personal data operating processes.

**Medium to long-term**
- Cloud-based systems
  - Version revision and upgrade of the OA systems, including the e-document system and claim and reimbursement system.
  - System function expansion
  - Enhancement of IQC management systems. Create and manage key manufacturing data of parts and revise the version of the new product value monthly report.
  - Information security
    1. Implement the ISO 27001 ISMS
    2. Information security check of the production environment
  - Digital transformation
    1. Senior officers Information system MVP
    2. Data middle office
    3. New Model Development Cost Management System Phase II
    4. Network infrastructure upgrading

**Internally**
- Periodically arrange training and awareness education for high-risk employees of information security and show them the importance and best practice for confidential data protection.
- Establish the “CMC Trade Secret Management Regulations”
- Implement confidential data protection and physical security measures and controls.
- Deploy confidential data protection solutions with information technology.
- Conduct internal audits periodically.
- Impose punishment depending on the severity of the violation in the protection of confidential data: dismissal and litigation may be the result in case of serious violation.

**Externally**
- Give suppliers security management advice based on their needs and request them to comply with the relevant regulations, receive related training, and sign the non-disclosure agreement (NDA).
- Build the access control and CCTV surveillance systems at the main entrance and access to important business units to continuously control personnel and vehicle access.

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### 3.5.2 Achievements in Information Security Implementation

In 2022 we established a series of information security measures. They included establishing the CMC Trade Secret Management Regulations and implementing confidential data protection, passing the 27001 ISMS, building the endpoint protection system, activating a meticulous surveillance network, arranging periodic training and outreach for employees, and building the information security threat prevention mechanism. These measures have optimized personal data protection, enhanced cybersecurity management, fulfilled the information security demands of customers at home and abroad, enhanced corporate competitiveness, ensured corporate development and customer interest protection.

#### Major Achievements in Information Security Management 2022

- (1) Implement the ISO 27001 ISMS and establish ISMS documents.
- (2) Enhance the information security control and lower the information security risk of core systems.
- (3) Establish methods for information security management and enhance overall information security protection.
- (4) Improve the information security professional skills and awareness of personnel.

**Continual Information Security through PDCA**

- (1) Del Disaster recovery for critical systems.
- (2) Periodically run system vulnerability scan and system update.
- (3) Periodically run social engineering drills.
- (4) Periodically arrange education and training on information security.
- In 2022 we arranged education and training for a total of 2,151 persons, including 1,090 IDLs and 1,061 DLs.
- (5) Periodically arrange awareness education of information security for employees.
- (6) There was no significant information security defect found in the internal and external audits in the year.
4 Circular Reduction Safeguarding Environment

Outcomes and Performance in 2022

Energy Conservation Investment
Reduced effluent discharge by 5.6% over 2021 compared with 2022
Awarded the BSI Award for sustainable resilience Silver Award at the 4th National Enterprise Environmental Protection Award
Air Pollution Reduction and Improvement Project
Invested NT$3.785 million in building the environmental and ecological education park in 2022.
Passenger Car Leakage Test Site Water Conservation Improvement System Reduced water consumption by 5,500/t/year Water conservation rate: 2.78%
Built self-use PV installations at 536.5 kW to generate electricity of about 608,928kWh/year and reduce emissions by about 309.9tCO2e/year.

Material topic Waste emission management Climate change

Core Vision and Commitment

The bearing is one of the key components for vehicles. It bears the weight and gives directions to the wheels. We input the same idea in the sustainability concepts of the Company based on the inter-connected harmony, innovation, excellence and sustainability. We continue innovating harmoniously and pursuing excellence for sustainable operations like a bearing that bears the weight and gives the directions. These help us manifest our core advantages and demonstrate the value of sustainability through actions. Aiming to lower the environmental impact of production activities, we establish stringent SOPs for the disposal and treatment of pollutants, promote the continuous construction of self-use PV installations, establish and implement energy and water conservation targets and projects, conduct periodic audits every year, maintain the environmental quality within the plant boundaries, and build an environmental and ecological education park to contribute to biodiversity maintenance for ecological education to bud in more venues. We also actively engage in the low-carbon economy to develop towards green transportation. We also introduce the electric commercial vehicle ahead of competitors to contribute to carbon reduction.

Strategic Goal

• All CMC plants continuously promote energy conservation, carbon reduction, water conservation, and gas conservation and implement various projects for process energy conservation and carbon reduction to enhance energy efficiency.
• Continue to comply with pollution control regulations for air, water, and noise.
• By 2030 the PV installed capacity will reach 5,993.5 kW, with a renewables percentage of 25%.
• Promote the annual reduction targets for different types of pollution. In wastewater discharge, 2020 has been set as the base year, and the reduction during 2021-2025 will be 15% over 2020.
• All five phases of PV installations will be completed by 2040 with a total capacity of 13,282.5 kW, with a renewables percentage of 55%.
• We will keep watching the long-term trend of the climate change issues and define relevant goals for management.

Short-term Medium-term Long-term
4.1 Climate Change: Climate-related financial disclosures

4.1.1 Implementation of TCFD-Recommended Climate-Related Financial Disclosures and Management Guidelines

The era of “Climate Emergency” is coming. The Company has gradually realized the operational crisis that may be brought about by the extreme weather and global warming. The traditional Automotive industry will face more fiercer challenges and rapidly changing markets due to the climate change. Hence, we establish measurement indicators and target management based on the results of risk identification to effectively grasp the progress and results of responsive actions, thereby reducing the financial impact of climate risks on operations.

The Company has been concerned about climate change issues for many years and coped with the impact of the extreme climate on the business of the Company actively. In addition to implementing different environmental management projects, we identify the opportunities in the risk in accordance with the Task Force on Climate-related Financial Disclosure (TCFD) and establish and enhance relevant mechanisms in a proactive manner. We have developed the management strategies and action plans for the climate change risks and opportunities with reference to the four TCFD facets of “Governance”, “Strategy”, “Risk Management”, and “Metrics and Targets”, in the hope to reduce the impact of the climate risks and find new prospects and business opportunities for the Company.

Summary of 4 Core Elements for Climate-Related Financial Disclosures

- **Governance**
  - The Risk Management Committee coordinates and gathers the climate change risks identified by each department. The ESG Committee follows up and manages the performance of the adaptation programs through the periodic committee meetings.
  - The Board supervises climate change management, and member of the ESG Committee take charge of the climate change issues. Together they help CMC address and propose solutions for climate change issues, aiming to develop corporate resilience against the threats of climate change risks.

- **Strategy**
  - We identify short-term, medium-term and long-term climate risks and opportunities and their impact on the operations, strategies, and financial plans of the organization through the TCFD framework, and assess the development potential of the market.
  - Based on TCFD recommendations and internal assessment methodology, we conduct scenario analysis of financial impact according to different climatic scenario roadmaps with respect to the impact of the transition, physical and other risks on the business.

- **Risk management**
  - For the identified risks, the relevant departments are invited to discuss the impact of climate change risks on the Company’s finances, and discuss as much as possible the countermeasures for each risk and link to the annual management guidelines.
  - The impact and occurrence rate are used for assessment of the severity of the climate change risks. The result of the scenario analysis is used as a reference for the formulation of related solutions.

- **Metrics and Targets**
  - Establish assessment and management metrics for water consumption, energy consumption, GHG emissions, and waste generation; and actively develop the NEV business.
  - To support the government’s “Net-Zero Emissions 2050” policy, we establish the “Environmental Sustainability Policy” and “Net-Zero Declaration” in the organization and undertake to set short-, medium-, and long-term targets for carbon reduction and achieve carbon neutrality for all processes based on the “Taiwan Net-Zero Emissions 2050 Pathway”. We further set net-zero emissions by 2050 as the corporate emission reduction target and implement it in terms of four aspects: energy conservation and carbon reduction, energy transformation, sustainable development, and low-emission transportation.

Climate Management Procedure

- We identify and manage the risks and opportunities involved in the climate and formulate relevant policies with the TCFD guidance, international standards and benchmarking companies as a reference.
- **Measurement of Impact**
  - Assess the significance of impact of risks and opportunities through external consultation and research and intensive discussion in cross-department meetings.
  - The scenario analysis of financial impact is performed for critical risks.
- **Development of Climate Action Guidelines**
  - Establish actions and approaches to address identified climate risks and opportunities based on the significance of impact.
  - The results of scenario analysis of financial impacts, and the characteristics of the automotive industry.
  - The Company establishes the resilience and looks forward to the opportunities in the future by formulating policies.
- **Formulation of Climate Goals**
  - Continuously implement relevant projects based on the climate change policy and analysis results in combination with the corporate energy conservation and carbon reduction targets.
  - Follow-up actions are taken and review is performed for the goals on a regular basis to ensure the direction toward sustainable operations.
4.1.2 Identification of Climate Change Risks and Opportunities

The Company formulates detailed procedures for identification of climate related risks and opportunities in accordance with the TCFD recommendations. In addition to collecting the information on the climate change and the practices of benchmarking companies, we conduct interviews with internal responsible units within the TCFD framework. In addition, we design assessment questionnaires with reference to these internal and external researches and discussions to ensure more accurate identification of the risks and opportunities related to CMC. Besides, the Company has established action guidelines and management indicators for energy conservation and carbon reduction based on the identified critical risks and opportunities, in the hope to make a contribution to the mitigation of the global warming and environmental degradation by making effort for the climate and environment.

**Process for Identification of Risks and Opportunities and Formulation of Action Guidelines and Goals**

1. **Collection of Data Relating to Climate Change**
   - Collect the information on the physical and transition risks in all respects related to the TCFD guidance.
   - Collect the background information on the incidents occurring in other countries or other companies in the industry from new reports and networks with the characteristics of the CMC’s business and the risks and opportunities on key markets as the core.

2. **Interview with responsible divisions**
   - Conduct regular interview with responsible divisions within the TCFD framework to understand the status quo of their operations and the plants, and help them understand more about TCFD.
   - Help individual divisions focus on the critical tasks for the climate and environment to facilitate the subsequent formulation of the goals.

3. **Distribution of TCFD risk and opportunity questionnaire**
   - Design the TCFD risk and opportunity questionnaire with reference to the characteristics of the automotive industry and distribute it to relevant responsible units in order to assess the impact that climate risks and opportunities may bring about and the frequency of the impact.

4. **Matrix analysis of material topics**
   - Analyze the critical climate change risks and opportunities that CMC faces currently based on the collected responses from the questionnaire survey, and assess their impact, benefit and occurrence rate to facilitate the subsequent formulation of the action guidelines and goals.

5. **Establishment of the 2022 CMC climate and environment indicators**
   - Propose actions and approaches based on the key risks and opportunities identified and discuss the climate-related metrics and targets for 2022 together with all responsible departments.
CMC’s Corresponding Measures against Climate Risks

Climate change risks of “low impact and high occurrence rate”: risk control and safety measures
Such risks were not assessed in 2022.

Climate change risks of “high impact and high occurrence rate”: avoidance of risk
1. Damage to operational equipment
2. Injury to personnel
3. Business discontinuity
4. Supply chain interruption
5. Draught and water shortage
6. Shortage in materials
7. Employee’s health
8. Punishment for incompliance
9. Collection of carbon fee/energy tax
10. Punishment for incompliance
11. Cap and trade
12. Product efficiency regulations and standards
13. Demand for low-carbon products and services
14. Changes in consumer behavior and preference

CMC’s Response to Climate-related Opportunities

Climate change opportunities of “low benefit and high occurrence rate”: development after assessment
1. Planning of energy conservation equipment
2. Planning of energy conservation equipment
3. Statutory subsidies to new energy vehicles
4. Development of new energy vehicles
5. Digital transformation and service experience
6. Development in line with consumer preference
7. Creation of corporate resilience
8. Deployment and development of renewable energy
9. Deployment and development of renewable energy
10. Punishment for incompliance
11. Cap and trade
12. Product efficiency regulations and standards
13. Demand for low-carbon products and services
14. Changes in consumer behavior and preference

Note: As we have appropriate management measures for the supply chain and the supply of materials and have established response strategies for extreme situations (e.g., chip shortage due to port congestion), and our production and delivery of products have proceeded smoothly over the past two years, we have adequate resilience to cope with the aforementioned two risks of “supply chain interruption” and “shortage in materials”. So, they are not the risks of “high impact and high likelihood”.

Appendix

Environmental, Social & Governance

Sustainability Commitment from the Chairperson

ESG Highlights

About CMC

Vision Blueprint for Corporate Sustainability

Innovative Technology Sustainable Value

Excellent Governance Proactive Action

Circular Reduction Safeguarding Environment

Safe Work Place Excellent Development

Give Back to Society In Every Way Possible

2022 CMC Corporate Sustainability Report
Description of Climate-Related Risks and Opportunities

Climate-Related Risks

<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Risk</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Physical Risks</td>
<td>Damage to Operational Equipment</td>
<td>Direct impact on sales locations from damage of buildings, operational, and information equipment due to anomalies (e.g., floods due to extreme rainfall) caused by extreme weather events, such as typhoons and intense rainfall.</td>
</tr>
<tr>
<td>2</td>
<td>Physical Risks</td>
<td>Injury to Personnel</td>
<td>Injury of personnel during commuting, in workplaces, or when verifying damage caused by disasters due to extreme weather events, such as typhoons, floods, and intense rainfall.</td>
</tr>
<tr>
<td>3</td>
<td>Operational Interruption</td>
<td>Operational Interruption</td>
<td>Operational interruption caused by production halts due to extreme weather events, such as typhoons, floods, and intense rainfall.</td>
</tr>
<tr>
<td>4</td>
<td>Supply Chain Interruption</td>
<td>Supply Chain Interruption</td>
<td>Production or operational disturbance caused by supply chain disruption due to the production halt or operational interruption of suppliers as a result of unstable materials and energy supply due to frequent extreme weather events.</td>
</tr>
<tr>
<td>5</td>
<td>Physical Risks</td>
<td>Draught and Water Shortage</td>
<td>Potential risk of fires due to extreme droughts, increased operating costs due to water scarcity, leading to the crisis of operational interruptions.</td>
</tr>
<tr>
<td>6</td>
<td>Physical Risks</td>
<td>Power Shortage</td>
<td>Frequent extreme temperatures, electricity is indispensable to both operations and production. Reduced revenues due to operational interruptions as a result of reduction halts caused by frequent electricity shortages of TPC, particularly in frequent extreme temperatures, because electricity is indispensable to our operations and production.</td>
</tr>
<tr>
<td>7</td>
<td>Physical Risks</td>
<td>Employee Health</td>
<td>Increased risk on employee health and then operational interruption caused by increased possibility of heat exhaustion of employees due to rising mean temperatures as a result of a long-term climate change.</td>
</tr>
<tr>
<td>8</td>
<td>Physical Risks</td>
<td>Materials Shortage</td>
<td>Operational interruptions or production halts due to materials supply shortages caused by drastic environmental changes as a result of long-term climate change.</td>
</tr>
<tr>
<td>9</td>
<td>Transition Risk: Policy and Legal</td>
<td>Carbon tax/energy tax collection</td>
<td>Increased operating costs, e.g., energy prices and carbon tax and energy tax collection in the future, due to the tightening GHG reduction requirements or energy conservation and consumption policies or regulations to ensure compliance with the carbon neutrality target by 2050 in the Paris Agreement by the government as a result of the deteriorating climate change.</td>
</tr>
<tr>
<td>10</td>
<td>Transition Risk: Policy and Legal</td>
<td>Sanction for Non-compliance</td>
<td>Sanctions for non-compliance with the tightening GHG reduction requirements or energy conservation and consumption policies or regulations or exposure to litigation due to inadequate disclosures of climate-related risks.</td>
</tr>
<tr>
<td>11</td>
<td>Transition Risk: Policy and Legal</td>
<td>Cap and Trade</td>
<td>Increased operating costs due to emissions control or carbon credit purchase as a result of the government’s incorporation of mandatory reduction in the Climate Change Response Act and implementation of GHG cap and trade.</td>
</tr>
<tr>
<td>12</td>
<td>Transition Risk: Market</td>
<td>Product Efficiency Regulations and Standards</td>
<td>Mandates on products with lower emissions, based on either the Euro 6 emission standard or CAFE standard, due to the tightening government emission standards for cars and motorcycles.</td>
</tr>
<tr>
<td>13</td>
<td>Transition Risk: Market</td>
<td>Demand for Low-carbon Products and Services</td>
<td>Increased management costs due to the increasingly demanding low-emission requirements of products in Taiwan and worldwide on either product emission efficiency or energy consumption, water consumption, or air pollution control during production.</td>
</tr>
<tr>
<td>14</td>
<td>Transition Risk: Market</td>
<td>Changes in Consumer Behavior and Preference</td>
<td>Shift in consumer preferences towards NEVs aroused by the interest in NEV at the rise of environmental protection awareness.</td>
</tr>
<tr>
<td>15</td>
<td>Transition Risk: Reputation</td>
<td>Adverse Environmental Incident</td>
<td>Indirect impact on goodwill and revenues due to negative media reports on environmental pollution, and potential impact on corporate image and reputation for failure to actively engage in the climate change issues that concern stakeholders.</td>
</tr>
</tbody>
</table>

Climate-Related Opportunities

<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Opportunity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Resource Efficiency</td>
<td>Planning of energy-efficient equipment</td>
<td>Enhanced energy efficiency and reduced operating costs due to the purchase of the latest energy-efficient production equipment with higher production efficiency.</td>
</tr>
<tr>
<td>2</td>
<td>Resource Efficiency</td>
<td>Green process and environment-friendly manufacture</td>
<td>Reduced electricity and power consumption due to the use of eco-friendly technologies in the manufacturing process and production line to keep up with the environmental protection and energy conservation trends. Reduced cost for energy consumption through energy conservation measures.</td>
</tr>
<tr>
<td>3</td>
<td>Environmental Protection Regulations</td>
<td>Government subsidization for NEVs</td>
<td>Increased government subsidies for NEVs due to environmental protection regulations. New product announcement due to the NEV and environmental protection trends and intensified NEV buying motivation in consumers due to government subsidization.</td>
</tr>
<tr>
<td>4</td>
<td>NEV Development</td>
<td>NEV Development</td>
<td>Launch new models when developing low-emission, energy-efficient NEVs due to the tightening energy consumption standard.</td>
</tr>
<tr>
<td>5</td>
<td>Digital Transformation and Experience</td>
<td>Digital transformation and service experience</td>
<td>Optimize consumer experience and integrate technology into management, e.g., online car watching and app service integration, by launching digital service experience for consumers in the past-COVID era.</td>
</tr>
<tr>
<td>6</td>
<td>Market Development and ESG Trends</td>
<td>Development in line with consumer preferences</td>
<td>Meeting the environmental protection concept of present-day consumers by launching related services and selling eco-friendlier vehicles to keep up with the ESG trend.</td>
</tr>
<tr>
<td>7</td>
<td>Resilience</td>
<td>Creation of corporate resilience</td>
<td>Establish a more resilient CMC by building the disaster prevention mechanism and introducing the climate change risk management mechanism into CMC’s existing system.</td>
</tr>
<tr>
<td>8</td>
<td>Renewables Development</td>
<td>Renewables installation and development</td>
<td>Increased revenues due to green power retailing through installing independent solar panels and other renewables installations by following the future amendments to renewables-related regulations and the development of lower-emission sources of energy.</td>
</tr>
</tbody>
</table>
4.1.3 Scenario Analysis of Climate Change Risks

The climate change has impact on the daily operation of the CMC to a great extent. The terrains of high mountains and steep slopes and the drastic changes of the climate lead to uneven distribution of rainwater and seasonal water shortage in different regions. The floods occur frequently in the typhoon and plum rain season. The stricter environmental regulations may lead to carbon-related fees and emission control someday in the future. These will bring a heavy burden of costs to us. Hence, no matter whether the “physical risk” or “transition risk”, we have assessed their impact carefully and taken management measures in a serious manner.

Analysis of Flood Risk at Business Locations

For the operational and production bases (Yangmei Plant and Hsinchu Plant), we adopt the “Representative Concentration Pathways (RCPs) in the Fifth Assessment Report of the “Intergovernmental Panel on Climate Change” (IPCC) and use the difference in the radiative forcing between 2100 and 1750 as the metrics. Additionally, we infer the mid-century climate (2036-2065) based on the RCPs 8.5 scenario and the information on the Disaster Risk Adaptation platform of the National Science and Technology Center for Disaster Reduction.

As the analysis result of the graphic information shows, Yangmei Plant is located in the region of Level-3 risk (moderate risk). Hsinchu Plant is located in the region of Level-4 risk where the flood risk is high. As the result indicates, both production bases of the CMC are exposed to flood risk to a certain extent. More hazards to these bases are expectedly in consideration of the more frequent extreme weather conditions. To avoid floods at the plants as a result of extreme climate incidents in the future, prevent the business from discontinuation, and protect the employees from being affected when coming to work, we will formulate response policies based on the result of the analysis, assess potential hazards carefully, and propose management and action guidelines.

Note 1: The flood risk is the analysis result of the hazard, vulnerability and exposure. It reflects the level of disaster risk presented in most GCM models (2036-2065) under the base period (1976~2005) and RCP 8.5 scenario.

Note 2: The disaster risk is classified with the base period as the criterium. The estimated disaster risk graphic reflects a modal analysis based on the results of 33 prediction models.

Note 3: The Level-5 flood risk indicates that the regions has the “relatively” highest disaster risk; the Level-1 flood risk indicates that the disaster risk is relative low but does not mean there is no disaster risk or no disaster incidents would happen.

Note 4: RCP 8.5 high emission scenario - The radiative forcing will rise to 8.5 watts per square meter in 2100. If the carbon reduction policy and the increase of the greenhouse gas emissions remain unchanged, the concentration of the greenhouse gas in the atmosphere will increase continuously and the temperature will rise by nearly 4°C, leading to unavoidable damage to the environment in the world.
Analysis of Power Shortage
As the global warming becomes fiercer, the temperature rises drastically, the economic and industrial activities remain growing, and the energy transformation plan in Taiwan remains unclear, the supply of electricity in Taiwan becomes more unstable and the power shortage incidents have occurred frequently in recent period as a result. Electricity is indispensable to every stage of operations and production at CMC, an electricity shortage will bring tremendous impact to business operations. Hence, apart from treating the power shortage as one of the critical risks, we also conduct statistical regression simulation analysis on power shortage with different environmental and economic factors and use the data of the RCP 8.5 temperature scenario on the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) of the National Science and Technology Council (NSTC) to obtain the probability of power shortage in a year and assess the potential loss of CMC under this power shortage probability.

Based on the simulation and scenario analysis results of power shortage risk, the revenue loss falls between NTD251 million and NTD289 million, accounting for 0.85-0.98% of our total revenue in 2022. This suggests that the significance of impact is below 1%. Hence, we believe that the exposure to the risk of power shortage due to climate issues is insignificant, and the risk will not bring significant financial impact. Nevertheless, we face this risk seriously because electricity is one of the required energies for our production. To reduce the potential impact of the power shortage risk to the operation of the Company, we implement damage prevention measures proactively by deploying emergency power generation equipment and renewable energy power units in the hope to enhance our crisis awareness in advance to nip power shortage in the bud.

Parameter | Description | Source
--- | --- | ---
Percent Reserve Margin Bak | This is the indicator used to measure the power supply reliability on the power generation side of the system. | Taiwan Power Company
Installed Capacity of Conventional Power Unit Vol | This includes the installed capacity of thermal power generation, pumped hydro power generation, coal-fired power generation, oil-fired power generation, gas-fired power generation, nuclear power generation, and conventional hydro power generation, but does not include the installed capacity of new energy power units, such as wind power, solar power, and biomass energy power generation. | Estimated by CMC
Gross Domestic Product GDP | The higher GDP indicates that the economic activities in Taiwan are more prosperous and more electricity is needed and consumed to support the economic performance. Thus, the higher the GDP, the higher the occurrence rate of the power shortage risk. | IMF (International Monetary Fund)
Annual Total Population | The increase of the population in Taiwan means a rising demand for electricity. Hence, the more the number of the population, the higher the occurrence rate of the power shortage risk. | Directorate General of Budget, Accounting and Statistics, Executive Yuan
Average Cooling Degree Day CDD | 1. \( \text{CDD} = \frac{1}{2} \left( T_{\text{avg}} - 26 \right) \) if \( T_{\text{avg}} > 28 \), \( T_{\text{avg}} = \) Daily Average Temperature. This value reflects the sum of temperatures. The higher the value, the more the days on which air conditioners are turned on, and the higher the occurrence rate of the power shortage risk. 2. The value is obtained with reference to the RCP 8.5 scenario to estimate the temperature for 2022-2025 and calculate the CDD value. | RCPs 8.5 scenario data and estimated by CMC

$ \text{Power Shortage Probability (RCP 8.5 scenario)}$

$ \text{Assessment of Loss in Revenue Due to Power Shortage}$

*The power shortage probability decreases in 2024 in scenario RCP 8.5 as shown in the above table because the temperature in that year is slightly lower than the temperatures in other years. As the average cooling degree days (CDD) is lower, the power shortage probability in that year decreases after the statistical regression analysis.
Risk Analysis of Carbon Tax

To accomplish “Net Zero Emissions by 2050”, the Legislative Yuan passed the Climate Change Response Act in early 2023, suggesting that the carbon tax will be collected in the foreseeable future. Our 2022 GHG emissions (Scopes 1 and 2) were 20,711,441tCO2e. Although we are not a large emitter of GHG, our operating costs will soar to affect profitability when the government collect high carbon tax.

Hence, we assess different levels of exposure during 2022-2050 under the interaction of different scenarios in terms of the three emission scenarios proposed by IEA: stated policies scenario (SPS), announced pledges scenario (APS), and net zero emissions by 2050 scenario (NZE) in coordination with the five carbon pricing rates: recommended rates by the Environmental Protection Administration, predicted carbon tax rates of EU, recommended rates of Greenpeace, NGFS 2050 Net Zero, and NGFS Below 2DC.

Although the results show that the carbon cost is significant in all scenarios, NT$313,677,559 the highest, the amount accounts for only 1.06% of the total revenues in 2022. Despite the insignificant impact on operations, we highly concern ourselves with carbon-related issues. As an automotive manufacturer and dealer, it is highly likely that we will be unable to fulfill the market and customer expectation for high energy-efficient products in the future due to our failure to propose a transition plan and offer energy-efficient products to address climate and emission issues. Eventually, our market presence will be lowered, and we will be abandoned by the market. Hence, apart from actively building renewables installations, we will also optimize the manufacturing processes to reduce emissions throughout the product life cycle through technological advancements so as to offer customers eco-friendly and low-emission products.
CMC Carbon Tax Analysis (STEPS)

CMC Carbon Tax Analysis (APS)

CMC Carbon Tax Analysis (NZE)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Carbon Fee Scenario</th>
<th>Year</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEPS</td>
<td>Rate recommended by the Environmental Protection Administration</td>
<td>$2,254,587</td>
<td>$2,319,097</td>
<td>$2,479,814</td>
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<tr>
<td></td>
<td>Rate recommended by the Greenpeace</td>
<td>$15,823,099</td>
<td>$42,337,891</td>
<td>$107,211,243</td>
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<tr>
<td></td>
<td>Predicted carbon tax rate of EU</td>
<td>$32,793,987</td>
<td>$58,954,890</td>
<td>$107,211,243</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommended Rates NGFS 2050 Net Zero</td>
<td>$60,198,313</td>
<td>$103,618,133</td>
<td>$313,677,559</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommended Rates NGFS Below 2DC</td>
<td>$40,559,850</td>
<td>$70,585,688</td>
<td>$138,112,964</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Carbon Fee Scenario</th>
<th>Year</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS</td>
<td>Rate recommended by the Environmental Protection Administration</td>
<td>$1,891,351</td>
<td>$1,335,427</td>
<td>$912,773</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rate recommended by the Greenpeace</td>
<td>$13,273,846</td>
<td>$24,379,811</td>
<td>$39,462,420</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Predicted carbon tax rate of EU</td>
<td>$27,510,561</td>
<td>$33,948,528</td>
<td>$39,462,420</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommended Rates NGFS 2050 Net Zero</td>
<td>$50,499,787</td>
<td>$59,667,368</td>
<td>$115,458,746</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommended Rates NGFS Below 2DC</td>
<td>$34,025,268</td>
<td>$40,645,996</td>
<td>$50,836,756</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Carbon Fee Scenario</th>
<th>Year</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZE</td>
<td>Rate recommended by the Environmental Protection Administration</td>
<td>$1,497,139</td>
<td>$418,021</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rate recommended by the Greenpeace</td>
<td>$10,507,195</td>
<td>$7,631,469</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Predicted carbon tax rate of EU</td>
<td>$21,776,570</td>
<td>$10,626,708</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommended Rates NGFS 2050 Net Zero</td>
<td>$39,974,181</td>
<td>$18,677,325</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommended Rates NGFS Below 2DC</td>
<td>$26,933,425</td>
<td>$12,723,177</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>
### 4.1.4 CMC Climate Action Guidelines

Facing the menacing climate change risks, either the physical risks or the transition risks will bring tremendous potential impact to CMC. Particularly, as we are an automotive manufacturer, the carbon issues relating to NEV development and automotive manufacturing will become the focus and request of all stakeholder groups. Hence, we propose the CMC climate action guidelines to address climate change issues in terms of three major aspects: product energy efficiency enhancement, renewables installation, and loss control action enhancement. Apart from avoiding risk-related potential loss, we also assess the opportunities from the opposite side of climate issues to propose future targets.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corresponding Significant Risks</td>
<td>• Product Efficiency Regulations and Standards</td>
<td>• Collection of Carbon Fee/energy Tax</td>
<td>• Supply Chain Interruption</td>
</tr>
<tr>
<td></td>
<td>• Changes in Consumer Behavior and Preference</td>
<td>• Power Shortage</td>
<td>• Damage to Operational Equipment</td>
</tr>
<tr>
<td></td>
<td>• Demand for Low-carbon Products and Services</td>
<td>• Cap and Trade</td>
<td>• Draught and Water Shortage</td>
</tr>
<tr>
<td>Development Opportunity</td>
<td>• Actively develop electric two-wheelers, electric four-wheelers, PHEV, and their support measures to keep up with the global market trend and consumer preferences.</td>
<td>• Develop renewable energy plans ahead of the schedule in the legal requirements, promote energy diversify, reduce Scope 2 GHG emissions, and lower the risk of power shortages.</td>
<td>• Invest in part manufacturers, integrate the supply chain, and plan new supply chain risk strategies.</td>
</tr>
<tr>
<td></td>
<td>• Enhance vehicle energy efficiency and provide consumers with eco-friendly, low-emission vehicles.</td>
<td>• Strengthen energy management and enhance energy efficiency and implement new energy equipment to reduce operating costs.</td>
<td>• Enhance process water efficiency and water efficiency and reduce water costs.</td>
</tr>
<tr>
<td></td>
<td>• Reduce the energy consumption of vehicles during the life cycle and develop low-emission products and services.</td>
<td>• Implement energy conservation programs to address global warming and renewables issues.</td>
<td>• Review the opportunities for improving soil and water conservation and drainage capability of the plants to prevent floods and optimize loss control in advance.</td>
</tr>
<tr>
<td>Investments</td>
<td>• In 2023 we will invest about NT$1.28 billion in vehicle R&amp;D and technology innovation.</td>
<td>• In 2022 we invested NT$29.4 million in building PV installations to generate electricity of about 608,928kWh each year and reduce emissions by about 309.74t(CO2e) per year.</td>
<td>• In 2022 we invested NT$2.95 million in the wastewater effluent recycling project and NT$330,000 in the passenger car leakage test site water recycling.</td>
</tr>
<tr>
<td></td>
<td>• It is estimated that this can save carbon tax of about NT$22.09 million and reduce electricity bill by about NT$46.27 million over a 20-year period. Compared to the investment, the benefits are up to NT$38.96 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future Goal</td>
<td>• Continue to invest in the R&amp;D and launch of electric two-wheelers, electric four-wheelers, and PHEV to introduce products and services that meet the market demands.</td>
<td>• Promote transformation in power utilization pursuant to the schedule of net zero emissions by 2050</td>
<td>• Increase the recovery rate of process and domestic water</td>
</tr>
<tr>
<td></td>
<td>• Set the sales target for electric four-wheelers to 6,000 units by 2027.</td>
<td>• Continuously review constructible capacity and regions to accumulated capacity to 13,279KW in 2040, with a green power ratio of about 47.8% for Yangmei Plant, 99.7% for Hsinchu Plant, and 120% for Taoyuan Youth Industrial Park Plant.</td>
<td>• Continuously follow up on, manage, and request suppliers to improve fire and flood prevention capabilities to facilitate making the most timely response and handling in emergency.</td>
</tr>
</tbody>
</table>

*Carbon tax mitigation is calculated at NT$3.8/kWh based on the changes in carbon tax in the NGFS Net-Zero 2050 scenario during 2023-2042.*
4.2 Environmental Management: Energy conservation for carbon reduction

4.2.1 CMC’s Dedicated Environmental Protection Management

In the production and marketing process of both two-wheelers and four-wheelers, on top of considering various environmental impacts, we also make continual improvement in environmental performance in accordance with domestic legal and regulatory requirements. To ensure that all environmental issues are managed within the system, we passed many ISO management systems in 2022 and review the environmental performance and make improvements through internal and external audits and environmental management reviews. The issues managed are described below:

ISO 14001, Environmental Management System
- Establishment and amendment of environmental policies
- Review and identification of environmental laws and regulations: assessment of compliance
- Assessment of significant environmental considerations
- Follow-up and management of environmental improvement projects
- Implementation of the environmental management system
- Analysis and improvement of the environmental management performance

CMC’s Dedicated Environmental Protection Organization

Air Pollution Control
- Monitoring of the air pollution control facilities for their normal operation and management
- Application for the permit of stationary pollution sources
- Testing and declaration of pollutants in exhaust pipes

Water Pollution Control
- Operation and management of wastewater treatment plants
- Application for discharge of wastewater
- Testing and declaration of wastewater quality and quantity
- Formulation of wastewater collection, treatment and improvement measures

Waste Management
- Storage, clearance and disposal management of general and hazardous industrial wastes
- Declaration and tracking of industrial waste
- Promotion of waste reduction and recovery
- Recycle of waste

Toxic Chemical Substance and Noise Management
- Operation and management of toxic chemical substances
- Monitoring of noise around the plant and implementation of preventive measures

Indoor Air Quality
- Documentation of the indoor air quality management plan
- Inspection and measurement of indoor air quality at the plant
- Recommendations relating to indoor air quality improvement and management
- Declaration of tests

Declaration of Environmental Measures
- Monitoring and management of pollution control facilities
- Implementation and declaration of environmental protection activities
- Declaration of greenhouse gas inventories
- Implementation of green procurement
- Compilation of environmental sustainability under ESG

ISO Management System Certifications and Sustainability Awards Over the Years

2018/7
- Passed the ISO 50001 EMS certification
  - Established the energy policy and set energy efficiency targets in accordance with the ISO verification requirements to help enhance energy efficiency and reduce the waste of energy.
  - Optimize energy use and management and reduce energy costs.
  - Improved corporate image and reputation and enhance market competitiveness
  - Complied with the energy laws and regulations in accordance with the ISO verification requirements to lower the risk of fines.

2019
- MOEA Excellence in Energy Conservation Award

2020
- Silver Award, the 4th National Enterprise Environmental Protection Award (Hsinchu Plant)

2021
- Taoyuan City Subsidization for Low-Emission Technology

2022
- Gold Award, MOES Energy Conservation Benchmark Award

Passed the ISO 14001 EMS certification
- Updated the environmental sustainability policy and Net-Zero 2050 Declaration.
- Followed up on the improvement of the 2022 environmental protection projects.

EM25 Shine e-bike carbon footprint water footprint verification
- Assessed the carbon emissions and water consumption in product manufacturing and identified sections with negative environmental impacts through carbon footprint and water footprint verification and adopt improvement measures to reduce carbon emissions and water consumption to eventually enhance product sustainability.
- Enhanced consumer concern about environmental sustainability and improved corporate image and reputation through carbon footprint and water footprint verification to enhance market competitiveness.
- Enhanced consumer concern about environmental sustainability and improved corporate image and reputation through carbon footprint and water footprint verification to enhance market competitiveness.
- Complied with the water laws and regulations in accordance with the ISO verification requirements to lower the risk of fines.

Passed the certification of the ISO 46001 Water efficiency management systems.
- Enhanced water management efficiency to reduce water consumption costs.
- Improved corporate image and reputation and enhance market competitiveness.
- Complied with the water laws and regulations in accordance with the ISO verification requirements to lower the risk of fines.

Passed ISO 14064 GHG inventory
- Effectiveness of continuous GHG management
4.2.2 Energy Use and Conservation Management

Major energy conservation/water conservation items in 2022

- **Passenger Car Leakage Test Site Water Conservation Improvement**
- **Coating and spray finishing Direct Heating System**
- **Procurement of Effluent Recycling Equipment**
- **Self-construction of PV installations 536.5kW**
- **Reduced gas consumption by 44,056 m³/year**
- **Reduced effluent discharge by 10,516t/year**
- **Efficiency Improvement and Investment in 2022**
  - **Electricity saving efficiency: 843,097 kWh/year**
    - Amount Saved: NTD 2,950,840
    - Investment Amount: NTD 64,939,000
  - **Gas saving efficiency: 44.0546m³/year**
    - Amount Saved: NTD 378,900
    - Investment Amount: NTD 6,380,000
  - **Water saving efficiency: 6,636t/year**
    - Amount Saved: NTD 27,500
    - Investment Amount: NTD 330,000

Note: Basis for calculation of electricity bill saved: NT$3.5/kWh
### CMC’s Energy Use Status (excluding renewable energy)

#### Yangmei Plant

<table>
<thead>
<tr>
<th>Category of Energy</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase electricity</td>
<td>kWh</td>
<td>23404800</td>
<td>23529600</td>
<td>22402800</td>
</tr>
<tr>
<td>LPG thousand cubic meters</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>LNG thousand cubic meters</td>
<td>1578583</td>
<td>1721505</td>
<td>1532509</td>
<td></td>
</tr>
<tr>
<td>Diesel Liter</td>
<td>14007</td>
<td>7285</td>
<td>11543</td>
<td></td>
</tr>
<tr>
<td>Gasoline Liter</td>
<td>587506</td>
<td>570023</td>
<td>575087</td>
<td></td>
</tr>
<tr>
<td>Carbon emissions tCO$_2$e</td>
<td>16746</td>
<td>13634</td>
<td>15614</td>
<td></td>
</tr>
<tr>
<td>Total energy consumption GJ</td>
<td>161638</td>
<td>168349</td>
<td>157598</td>
<td></td>
</tr>
<tr>
<td>Number of vehicles produced Vehicle/year</td>
<td>47363</td>
<td>48971</td>
<td>43934</td>
<td></td>
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<tr>
<td>Power energy intensity MWh/vehicle</td>
<td>494.2</td>
<td>480.5</td>
<td>509.9</td>
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<tr>
<td>Energy use intensity GJ/vehicle</td>
<td>3.41</td>
<td>3.44</td>
<td>3.59</td>
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</table>

#### Hsinchu Plant

<table>
<thead>
<tr>
<th>Category of Energy</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase electricity</td>
<td>kWh</td>
<td>2868540</td>
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<tr>
<td>Gasoline Liter</td>
<td>95607</td>
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</tr>
<tr>
<td>Diesel Liter</td>
<td>119462</td>
<td>142145</td>
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<tr>
<td>LPG Liter</td>
<td>76930</td>
<td>100590</td>
<td>123270</td>
<td></td>
</tr>
<tr>
<td>Carbon emissions tCO$_2$e</td>
<td>1835</td>
<td>2124</td>
<td>2240</td>
<td></td>
</tr>
<tr>
<td>Total energy consumption GJ</td>
<td>16444.45</td>
<td>19413.32</td>
<td>18981.494</td>
<td></td>
</tr>
<tr>
<td>Number of vehicles produced Vehicle/year</td>
<td>97192</td>
<td>110335</td>
<td>93219</td>
<td></td>
</tr>
<tr>
<td>Power energy intensity MWh/vehicle</td>
<td>0.0295</td>
<td>0.0290</td>
<td>0.0415</td>
<td></td>
</tr>
<tr>
<td>Energy use intensity GJ/vehicle</td>
<td>0.1691</td>
<td>0.1795</td>
<td>0.2534</td>
<td></td>
</tr>
</tbody>
</table>

Note 1: The actual number of vehicles produced by Yangmei Plant in 2022 is based on the data provided by the production planning group (excluding FUSO).
Note 2: Conversion of energy units: kcal = Mcal*1000; 1 kcal = 0.0000041868 GJ.
Note 3: Diesel consumption is based on the “GHG Materials Use Investigation Form”. The carbon emissions of 92 and 95 petrols are calculated as the same category. The emission factor of natural gas is 1.879kgCO$_2$e.
Note 4: The gas consumption at the painting shop is based on the bills issued by the CPC Corporation, Taiwan, and the data provided by the canteen (including the kindergarten).
Note 5: The CO$_2$ emission factor is based on the “greenhouse gas emission factor management table” of the Environmental Protection Administration, Executive Yuan (ver. 6.0.4, June 2019).
Note 6: The 2021 electricity carbon emission factor announced by MOEA on 7/22/2022 is 0.509kgCO$_2$e/kWh.
Energy Conservation and Carbon Reduction Projects and Energy Conservation Efficiency

The five major projects for electricity efficiency enhancement included the A/C chiller replacement of the spray finishing line 2 of the coating shop and A/C modification of the office area on 2F of Yangmei Plant and the lighting improvement for energy conservation in block C, PV installation for self-generation and self-consumption, introduction of winter direct heating for the spray finishing line 1 of the coating shop, and ASU modification of Hsinchu Plant.

Office A/C modification on 2F of Yangmei Plant

- **Investment Amount**: NT$8,62 million
- **Benefits upon completion**: Emissions reduced: 15.25 tCO₂/year, Electricity saved: 69,540.48 kWh/year, Amount saved: NT$113,900

Lighting improvement for energy conservation in block C of Hsinchu Plant

- **Investment Amount**: NT$7,500,000
- **Benefits upon completion**: Emissions reduced: 10.61 tCO₂/year, Electricity saved: 20,831 kWh/year, Amount saved: NT$104,200

Replacement of the 900RT fixed-speed centrifugal chiller at spray finishing line 2 in the coating shop

- **Investment Amount**: NT$18,272 million
- **Benefits upon completion**: Emissions reduced: 46.96 tCO₂/year, Electricity saved: 228,096 kWh/year, Amount saved: NT$3,023,677

Introduction of winter direct heating on spray finishing line 1 of the coating shop and ASU modification

- **Investment Amount**: NT$6,38 million
- **Benefits upon completion**: Estimated generation: 608,928 kWh/year, Amount saved: NT$29.4 million

In 2022 we placed new investments amounting to NT$63,239 million and engaged in five new equipment improvement projects. Combining with other improvement projects in progress, in 2022 we saved electricity and electricity bills by 764,466 kWh and NT$2,905 respectively and gas and gas fees by 44,056 m³ and NT$379,000 respectively. Together we reduced emissions by 389.1 tCO₂e, with an annual average energy consumption by 3.3%, accomplishing the annual electricity conservation target of over 1.0%.
As CMC highly values the conservation of water resources, we have launched multiple water-saving equipment improvement projects to replace the equipment, enhance water efficiency, and ensure the recycling and reuse of the water resources in several areas with high water consumption. In addition to continuously publicizing process water reduction and domestic water reduction, we also promote the reclamation and reuse of boiler condensate and coating UF cleaning RO water and the recycling of die casting water to effectively reduce water consumption.

In 2022 we promoted water recycling and reuse through the passenger car leakage test site water conservation improvement system and the rainwater harvesting system. In 2022 the target and actual water consumption target was 214,667 t/year 198,156 t/year respectively. The actual unit water consumption reduced by 26% from 6.70t/vehicle in 2015 to 4.57t/vehicle. The target of both items was accomplished.

Key water-saving projects are introduced and described as follows:

### Yangmei Plant Passenger Car Leakage Test Site Water Conservation Improvement System

**Before Improvement**
- Water consumption is about 22t/day.

**Improvement Measure**
- We use an all-water separator (OWS) and filter to recycle the water used in the test after filtering and through regular pipeline CIP to reduce fresh well water consumption. Investment of N$350,000 plus water treatment operating cost (including filters and electricity) 4.2t.

**Benefits**
- Estimated water conservation efficiency
- Daily water conservation 22t.
- Water conservation by 5,500t/year (about 2.78% out of 198,155t/year consumed by Yangmei Plant)

### Hsinchu Plant Rainwater Harvesting System Ecological Circulation Project

**Implementation outcome**
- The artificial ecological pond is operated with rainwater harvest, forming part of the ecological circulation system. The ecological pond is built to restore endangered species and endemic fish, and rainwater can maintain pond water quality and ecosystem.

**Approach Optimization**
- In 2021 we built a rainwater harvesting system with capacity of 0.025ML. A total of 0.527ML of rainwater was harvested for use by toilet flush. Rainwater was harvested from discharge at the same level of 2021.

**Benefits**
- In 2022 accumulative rainwater harvest increased by 215% over 2021 to 1.136ML. It was used for in-house vegetation irrigation, ecological pond water replenishment, and toilet flush. Rainwater reuse maintained the 2022 domestic sewage discharge at the same level of 2021.
4.2.3 Management of GHG Emissions

In 2018 we began the annual GHG inventory with third-party verification. In 2022 we introduced the ISO 14064-1:2018 (new version) GHG inventory management system. In addition to Scopes 1 and 2, we also included Scope 3 for inventory. The base year for Scopes 1 and 2 is 2018, while the base year for Scope 3 is 2021.

In terms of emission management and information, the 2022 emissions of Scopes 1 and 2 were 20,711.4413 tCO2e and Scope 3 were 2,861,777.9204 tCO2e (with 92.79% of emissions from product use). In addition to the disclosure at the internal ISO 14001 Environmental Management System review meetings, we voluntarily disclosed the greenhouse gas emissions on the National Greenhouse Gas Registration Platform of the Environmental Protection Administration to fulfill our responsibility of disclosure.

Carbon Intensity of CMC's Products

The carbon intensity of products reflects the process efficiency indirectly. Thus, we can calculate the carbon emissions intensity of the products based on the vehicles produced at the Yangmei Plant and Hsinchu Plant and their greenhouse gas emissions, in the hope to help the Company march toward the goal of sustainable operations by implementing effective energy management.

![Intensity and Volume of GHG Emissions of Yangmei Plant (Scopes 1 and 2)]

![Intensity and Volume of GHG Emissions of Hsinchu Plant (Scopes 1 and 2)]

Note 1: Greenhouse gas emissions intensity (tCO2e/vehicle) = annual emissions (tCO2e/year)/vehicles produced.
Note 2: Number of vehicles produced means the sum of the four-wheelers and two-wheelers.

![Category 3 (note 4)]

Category 3 (note 4) emissions outside of the organization. After filtering under the appropriate principle, we incorporate the indirect greenhouse gas emissions from transportation (Category 3: organization), organization (Category 4), and use of organization’s products (Category 5).

Note 2: Indirect (Scope 2) GHG emissions result from the generation of purchased electricity.
Note 3: Other indirect (Scope 3) emissions outside of the organization.
Note 4: Category 3 GHGs comprise indirect GHG emissions generated from transportation, including emissions generated from upstream and downstream transportation and delivery of goods (raw materials, products, waste) from the source to the plant, products distributed to various locations, and waste directed to the disposal facilities. They are calculated based on the CO2 emitted during transportation.

Note 5: Category 4 GHGs comprise indirect GHG emissions generated from infrastructure, including emissions generated from upstream manufacturing of purchased bulk materials (e.g., electricity, fuels, coatings, body materials, and coolants); (b) estimated based on the CO2 emitted from the purchased capital goods; and (c) the CO2 emitted from disposing of solid and liquid waste.

Note 6: Category 5 GHGs comprise (a) emissions generated from goods procurement and estimated based on the CO2 emitted from upstream manufacturing of purchased bulk materials (e.g., electricity, fuels, coatings, body materials, and coolants); (b) estimated based on the CO2 emitted from the purchased capital goods; and (c) the CO2 emitted from disposing of solid and liquid waste.

Note: Direct (Scope 1) GHG emissions comprise emissions from fuel combustion in a fixed equipment (e.g., boiler, RTO, oven, restaurant, and emergency power generator), process emissions (e.g., CO2 and acetylene used in the manufacturing process, and fire test), mobile combustion sources of transportation (e.g., company car, finished vehicle, forklift, and test oil), fugitive emissions (refrigerant and septic tank).

Note 7: The base year for GHG emissions is 2022. The operational control as stipulated in 4.1, ISO14064-1:2018, is adopted for the organizational boundaries, covering Taoyi Office, Yangmei Plant, Hsinchu Plant, and Taoyuan Youth Industrial Park Plant. The emissions of Scopes 1, 2 and 3 were verified by AFNOR at the end of May.

Note 8: In response to the report publication schedule, data of GHG emissions in 2022 was extracted from the self-imposed inventory.
4.2.4 Renewable Energy Installations

Performance Highlights of PV Installations 2022

<table>
<thead>
<tr>
<th></th>
<th>Estimated Generation</th>
<th>Carbon Reduction</th>
<th>Electricity Bill Saved</th>
<th>Proportion of Achieved Renewables (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>608,928 kW/year</td>
<td>298 tCO2e/year</td>
<td>NT$2,053,677/year</td>
<td>2.2%</td>
<td></td>
</tr>
</tbody>
</table>

Performance of the Solar Power Equipment in 2022

<table>
<thead>
<tr>
<th>Plant</th>
<th>Application</th>
<th>Accumulative Generation (kWh)</th>
<th>Annual Generation (kWh)</th>
<th>System Installed Capacity (kW)</th>
<th>Consumption (kWh)</th>
<th>Accumulative CO2 Reduced (kg)</th>
<th>Electricity Bill Saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yangmei Plant</td>
<td>Rented out</td>
<td>3426090</td>
<td>967866</td>
<td>852.0</td>
<td>-</td>
<td>3456419.2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Self-Construction for</td>
<td>12168</td>
<td>12168</td>
<td>536.5</td>
<td>12168</td>
<td>6437</td>
<td>42588</td>
</tr>
<tr>
<td></td>
<td>Self-Consumption</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hsinchu Plant</td>
<td>Rented out</td>
<td>9123415</td>
<td>2091647</td>
<td>2007.81</td>
<td>-</td>
<td>5811615.5</td>
<td>-</td>
</tr>
</tbody>
</table>

*Basis for calculation of electricity bill saved: NT$3.5/kWh

Medium- and Long-Term Renewables Promotion Plans

Description of renewables promotion after PV installations: In addition to the said obligatory capacity, we continuously review the available zones and plan targets for three phases through renewables promotion. We also independently promote renewables installations with a total capacity of 13,282.5kW through five stages. Targets of each phase renewables promotion: 25% by 2030, 55% by 2040, and net-zero emissions by 2050 (including 44.5% through REC procurement).
4.3 Pollution Prevention: Waste reduction for environmental protection

4.3.1 Air Pollution Management and Mitigation Projects

An overview of the emission of air pollutants

To effectively control air pollution and maintain ambient air quality around the plants, we install various control equipment such as the regenerative thermal oxidizer (RTOs) and acid gas scrubber. We also install the automatic painting robotic arms and their control system to enhance painting efficiency to over 89.5%. Apart from effectively reducing the production of air pollutants including particulates (par), sulfur oxides (SOx), nitrogen oxides (NOx), and volatile organic compounds (VOCs), they also help reduce the fugitive emission of VOCs to protect the health of residents in local communities. We outsource the inspection of the bottleneck stack and RTO exhaust pipe of Yangmei Plant, and the results show that all emission requirements are met.

At CMC, the coating and aluminum die-casting processes are the major sources of air pollutants, including Par, SOx, NOx, and VOCs. In 2022, the unit vehicle combined emissions were 1.948kgCO2e.

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit Vehicle Emissions (kgCO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>55267</td>
</tr>
<tr>
<td>2021</td>
<td>44889</td>
</tr>
<tr>
<td>2022</td>
<td>47363</td>
</tr>
</tbody>
</table>

Note: We set 2014 as the base year (emissions (t) in 2014: Par = 1.121; SOx = 5.301; NOx = 6.765; VOCs = 289.81)

Note 2: Percentage recycled of solvents = Volume of solvents recycled/(Volume of solvents recycled + Volume of waste solvents directed to disposal)

Note 3: Source: Pollutant Release and Transfer Register, Environmental Protection Administration, Executive Yuan.

Note 4: Part of the emission data of air pollutants during 2019-2022 was revised based on the review result of the Environmental Protection Administration.

Note 5: The emissions of the air pollutants of the Yangmei Plant and Hsinchu Plant in Q4 2022 were calculated on the Control Fees and Emissions Reporting Integrated Management System.

Emission of VOCs

With the aim of effectively reducing air pollution, CMC has endeavored to cut the VOC emissions produced in the painting process in a step-by-step manner over the years. During 2014-2018, we adopted a two-stage approach to improve and modify the exhaust equipment and paint spray capture water circulation system of the spray finishing chamber of painting line 1 of the coating process in Yangmei Plant to enhance the efficiency of capturing fugitive paint spray in the air. We also installed the spray finishing robot to enhance paint fastness.

In 2018, we invested NT$120 million to replace the conventional reciprocating painting machine used for 18 years in the painting line 2 of the painting process in Yangmei Plant with a dedicated paint finishing robot. We also developed new-spec materials and improve the exterior painting quality.

For waste solvents that are produced inevitably in the painting process, a recovery device was installed in 2019 to reduce the quantity of solvents purchased through reclamation and thereby lower the VOC emissions. In comparison to 2021, the VOC emissions were reduced by about 13.2% in 2022.

### Coating Process VOC Reduction Targets of Yangmei Plant 2023-2027

<table>
<thead>
<tr>
<th>Year</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targets (g/m²)</td>
<td>51.25</td>
<td>50.50</td>
<td>50.00</td>
<td>49.90</td>
<td>49.60</td>
</tr>
<tr>
<td>Improvement of management and processes (equipment)</td>
<td>Review and improvement of paint conditions</td>
<td>Optimization of production processes and conditions</td>
<td>Adjustment based on results in 2023-2025</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Actual Performance of VOC Recycling Devices of Yangmei Plant in Past 3 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled Solvents (kg)</th>
<th>Percentage Used of Recycled Solvents</th>
<th>Percentage of Waste Solvents Reclaimed</th>
<th>Solvents Directed to Disposal (t)</th>
<th>Reduction in Waste Solvents (Over 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>51449</td>
<td>27.80%</td>
<td>33.11%</td>
<td>103.95</td>
<td>57.5%</td>
</tr>
<tr>
<td>2021</td>
<td>73066</td>
<td>40.17%</td>
<td>48.89%</td>
<td>76.39</td>
<td>68.8%</td>
</tr>
<tr>
<td>2022</td>
<td>64913</td>
<td>45.10%</td>
<td>61.31%</td>
<td>43.92</td>
<td>82%</td>
</tr>
</tbody>
</table>

Note 1: Percentage used of recycled solvents = Volume of solvents recycled/(Volume of solvents recycled + Volume of fresh solvents used)

Note 2: Percentage of waste solvents reclaimed = Volume of waste solvents directed to disposal/(Volume of waste solvents directed to disposal + Volume of fresh solvents used)

### VOC Emissions from Coating Process in Yangmei Plant in Past 3 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>VOCs (g/m²)</th>
<th>2020</th>
<th>2021</th>
<th>Targets in 2022</th>
<th>Actual Performance 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>61.28</td>
<td>56.48</td>
<td>50.00</td>
<td>52.25</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>6.82%</td>
<td>4.8</td>
<td>4.18</td>
<td>4.23</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>6.26%</td>
<td>4.8</td>
<td>4.18</td>
<td>4.23</td>
<td></td>
</tr>
</tbody>
</table>

Note 2: Part of the emission data of air pollutants during 2019-2022 was revised based on the review result of the Environmental Protection Administration.
Ozone-depleting substance management
In terms of the control of ozone-depleting gases or substances, we are no longer using halons and any other similar substance, as required by the government, and completely switch to using R134A refrigerants. As for other ozone-depleting gases or substances produced during manufacturing, improvements are made by updating process technology for electrical equipment in the processes and the emissions of NOx and VOCs are kept below the emission limits defined by the Environmental Protection Administration. Additionally, Taiwan will freeze the use of HFCs by 2024 and reduce their use by 10% by 2029 in response to the Kigali Agreement. Hence, we are working towards the use of the new coolant R-1234yf on all new vehicles from 2029).

Yangmei Plant's air pollution reduction project for the painting process
Yangmei Plant sets the VOC reduction target at 5% over 5 years. In 2022 it implemented three air pollutant reduction projects to reduce VOC emissions by 4.23g/m² over 2021 or 7.5% in total. In 2021 Yangmei Plant also reduced the expenses on air pollution fee and fresh solvent procurement by NT$4.498 million in total. Apart from saving costs, we also hope to reduce the severity of air pollution to provide employees with a safe workplace environment and to contribute to environmental protection for local communities.

---

### Table: Reduction of air pollution in the Yangmei Plant's painting process

<table>
<thead>
<tr>
<th>Item</th>
<th>Before improvement</th>
<th>After improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment of the frequency of washing robots for color changing</td>
<td>Before color changes: Once for two robots using the same color.</td>
<td>Optimization of washing frequency to reduce the frequency of color changing and washing.</td>
</tr>
<tr>
<td>Control of the use of reclaimed solvents by contracted cleaning staff</td>
<td>Recycled solvent use control for outsourced cleaning: 88kg/month</td>
<td>Manual sprayer cleaning with jet.</td>
</tr>
<tr>
<td>Standardization of the method of washing spray guns to reduce the consumption of reclaimed solvents</td>
<td></td>
<td>Replacement of jet pulse bag filter dust collector once every five years.</td>
</tr>
<tr>
<td>Operating Filter Pack Replacement Project</td>
<td>Air pollution control equipment in Hsinchu Plant included: sedimentation chamber, jet pulse bag filter dust collector, and scrubber.</td>
<td></td>
</tr>
</tbody>
</table>

### Benefits
- Reduced VOC emissions by 2.11g/m²
- Saved recycled solvent consumption by 256kg
- Reduced VOC emissions by 0.83g/m²
- Reduced VOC emissions by 1.14g/m²

### Photos after improvement
- Robot cleaning for same color changing
- Replaced jet spray with rubbing for painting chamber wall cleaning.
- Replaced manual sprayer cleaning with jet.
- Filter bag replacement

### Planned Improvement

<table>
<thead>
<tr>
<th>Planned Improvement</th>
<th>Purposes and Benefits of Improvement</th>
<th>Projected Efficiency of VOC Reduction (g/m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revitalization and improvement of the circulation system of spray finishing line #2</td>
<td>Use of the small circulation system by the line for low-volumed colors to reduce scrapping excessive mixed paints.</td>
<td>0.08</td>
</tr>
<tr>
<td>Filling volume reduction for returned unused spare sprayers</td>
<td>Adjustment and modification of the spray finishing program for improvement.</td>
<td>0.12</td>
</tr>
<tr>
<td>Setup of a special zone for management and improvement of paint dilution.</td>
<td>Prevention of lot differences of paints from causing additional solvent consumption.</td>
<td>0.2</td>
</tr>
</tbody>
</table>
4.3.2 Water Management and Pollution Prevention

Water Management Policy

In water management, we identify and manage the mutual impact of CMC and water based on the IA-0020 CMC Water Management Handbook (IA-0020) and IB-0309 Organizational Situation and Risk and Opportunity Management SOP (IB-0309). First, the organizational policy regarding the need to understand corporate water management capacity and water performance improvement has been stipulated in section 4.1.1 of IA-0020.

Water Pollution Prevention Policy

Coating process wastewater and domestic sewage are the two main sources of wastewater at CMC, and chemical oxygen demand (COD), biological oxygen demand (BOD), suspended solids (SS), E. coli, and heavy metals are the main items for water quality monitoring. To ensure in-house prevention of wastewater pollution and comply with the environmental protection laws and regulations, we spare no efforts in the treatment, monitoring, and reduction of wastewater. To ensure in-house prevention of wastewater pollution and comply with the environmental protection laws and regulations, we spare no efforts in the treatment, monitoring, and reduction of wastewater, rainwater diversion and treatment, wastewater treatment equipment upgrading, and wastewater treatment system maintenance. We also introduce new equipment and related monitoring methods for wastewater monitoring. In terms of equipment, we introduced the new sludge dryer in 2018 to effectively reduce sludge generation. On top of that, we have set up high-concentration wastewater collection tanks to collect pre-treated wastewater with higher concentration separately. The wastewater is pumped back to the retention basin for equalization and treatment in a fixed quantity at a fixed time interval in order to reduce the impact of a sudden inflow of high-concentration wastewater into the wastewater system. To maintain the water quality of wastewater treatment and effluents, we periodically outsource water quality measurement and monitoring and create the run chart to follow up on the wastewater quality changes and enhance wastewater treatment efficiency, save energy, and reduce carbon through operation maintenance. In 2022 the value of water quality items were far better than the discharge standard and regulation limits, and there was no significant non-compliance with water quality requirements.

In terms of identification, by collecting water-related internal and external issues and demands through questionnaire, email, meeting, and the CMC Water Risks and Opportunity Assessment Form at the end of every March, we understand water-related impacts and the water-related demands and expectations of stakeholders and fulfill the identified demands through the water management system. The results of risk and opportunity assessment are visualized in the representations below.

Water-Related Risk Matrix

- 1. Changing customer behavior and preferences
- 2. Changing product standards
- 3. Substitution of existing products with options of lower water consumption.
- 4. Droughts
- 5. Vulnerability of the ecosystem
- 6. Floods (infrastructure insufficiency and design)
- 7. Water supply rationing
- 8. Deteriorating water quality
- 9. Water efficiency, conservation, reclamation, and treatment standards
- 10. Dependency on high intensity of water consumption
- 11. Increased difficulty in obtaining permits for water withdrawal/operation
- 12. Increased water pressure
- 13. Pollution
- 14. Increased water prices (water conservation charge)
- 15. Tightened legal and regulatory requirements (discharge volume and discharge quality standards)

Water-Related Opportunity Matrix

- 1. Sales of new products/services
- 2. Community relationship improvement
- 3. New R&D opportunities
- 4. Enhanced competitive strengths
- 5. Improvement of water efficiency in operations
- 6. Wastewater recycling management

To ensure in-house prevention of wastewater pollution and comply with the environmental protection laws and regulations, we spare no efforts in the treatment, monitoring, and reduction of wastewater, rainwater diversion and treatment, wastewater treatment equipment upgrading, and wastewater treatment system maintenance. We also introduce new equipment and related monitoring methods for wastewater monitoring. In terms of equipment, we introduced the new sludge dryer in 2018 to effectively reduce sludge generation. On top of that, we have set up high-concentration wastewater collection tanks to collect pre-treated wastewater with higher concentration separately. The wastewater is pumped back to the retention basin for equalization and treatment in a fixed quantity at a fixed time interval in order to reduce the impact of a sudden inflow of high-concentration wastewater into the wastewater system. To maintain the water quality of wastewater treatment and effluents, we periodically outsource water quality measurement and monitoring and create the run chart to follow up on the wastewater quality changes and enhance wastewater treatment efficiency, save energy, and reduce carbon through operation maintenance. In 2022 the value of water quality items were far better than the discharge standard and regulation limits, and there was no significant non-compliance with water quality requirements.

For the process and domestic sewage of CMC’s Yangmei Plant and Hsinchu Plant, the Yangmei Plant’s sewage is discharged to Xucaiwu Section of Shezi River through the discharge outlet next to the new gate after being treated in the wastewater treatment plant and the Hsinchu Plant’s pipeline is connected to the Hsinchu Science Park’s Wastewater Treatment Plant where the effluents are released to Jiadong River.

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- 6. Wastewater recycling management

To ensure in-house prevention of wastewater pollution and comply with the environmental protection laws and regulations, we spare no efforts in the treatment, monitoring, and reduction of wastewater, rainwater diversion and treatment, wastewater treatment equipment upgrading, and wastewater treatment system maintenance. We also introduce new equipment and related monitoring methods for wastewater monitoring. In terms of equipment, we introduced the new sludge dryer in 2018 to effectively reduce sludge generation. On top of that, we have set up high-concentration wastewater collection tanks to collect pre-treated wastewater with higher concentration separately. The wastewater is pumped back to the retention basin for equalization and treatment in a fixed quantity at a fixed time interval in order to reduce the impact of a sudden inflow of high-concentration wastewater into the wastewater system. To maintain the water quality of wastewater treatment and effluents, we periodically outsource water quality measurement and monitoring and create the run chart to follow up on the wastewater quality changes and enhance wastewater treatment efficiency, save energy, and reduce carbon through operation maintenance. In 2022 the value of water quality items were far better than the discharge standard and regulation limits, and there was no significant non-compliance with water quality requirements.

For the process and domestic sewage of CMC’s Yangmei Plant and Hsinchu Plant, the Yangmei Plant’s sewage is discharged to Xucaiwu Section of Shezi River through the discharge outlet next to the new gate after being treated in the wastewater treatment plant and the Hsinchu Plant’s pipeline is connected to the Hsinchu Science Park’s Wastewater Treatment Plant where the effluents are released to Jiadong River.

In terms of identification, by collecting water-related internal and external issues and demands through questionnaire, email, meeting, and the CMC Water Risks and Opportunity Assessment Form at the end of every March, we understand water-related impacts and the water-related demands and expectations of stakeholders and fulfill the identified demands through the water management system. The results of risk and opportunity assessment are visualized in the representations below.

Water-Related Risk Matrix

- 1. Changing customer behavior and preferences
- 2. Changing product standards
- 3. Substitution of existing products with options of lower water consumption.
- 4. Droughts
- 5. Vulnerability of the ecosystem
- 6. Floods (infrastructure insufficiency and design)
- 7. Water supply rationing
- 8. Deteriorating water quality
- 9. Water efficiency, conservation, reclamation, and treatment standards
- 10. Dependency on high intensity of water consumption
- 11. Increased difficulty in obtaining permits for water withdrawal/operation
- 12. Increased water pressure
- 13. Pollution
- 14. Increased water prices (water conservation charge)
- 15. Tightened legal and regulatory requirements (discharge volume and discharge quality standards)

Water-Related Opportunity Matrix

- 1. Sales of new products/services
- 2. Community relationship improvement
- 3. New R&D opportunities
- 4. Enhanced competitive strengths
- 5. Improvement of water efficiency in operations
- 6. Wastewater recycling management

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Circular Reduction
Safeguarding Environment

Water Management & Wastewater Reduction Projects

**Before Improvement**

The total water consumption in 2021 was 201.126 ML, including 37.134 ML of third-party water and 163.992 ML of groundwater.

**Benefits**

- Project water saved: 10.138 ML/year
- Usable water reduced: 4.6%
- Wastewater and effluent discharge reduced: 10.516 ML/year

**Improvement Measure**

- Assess effluent recycling and reuse in three aspects: reduce tap water and groundwater consumption, reuse in toilet flush and cooling shop PTT water replenishment, and pretreatment waste gas scrubber water replenishment.

**Yangmei Plant Procurement of Effluent Recycling Equipment**

- Completed and started operation on March 31, 2022

**Project Description**

- Enhacement of wastewater management capacity, digitalization and automatic recording to wastewater treatment volume
- Chemical and treatment volume signage

**Process Improvement**

- With the automatic calculation and recording of the volume of chemicals and wastewater treatment, reduce manual calculation of working hours by one hour each day, up to 238 hours a year.
- Reduced wastewater discharge to 5.5% in 2022.

**Digitization and Automatic Recording to Wastewater Treatment Volume of Taichung Plant**

- With the automatic calculation and recording of the volume of chemicals and wastewater treatment, reduce manual calculation of working hours by one hour each day, up to 238 hours a year.
- Reduced wastewater discharge to 5.5% in 2022.

**Introduction of New Technology and Equipment**

- 1. Assessment and test of reuse applications (including laws and regulations) of effluent after recycling.
- 2. Participates in the Water Conservation Award of the Water Resources Agency and seek feasible improvements through the technical support and instructions of external experts.

**Items, Schedule, and Targets of Improvement**

- 2025
  - Treatment and recycling of cooling tower water
  - Pre-treatment process wastewater recycling equipment
- 2029
  - UV hardening paint coating equipment
  - Coating wastewater pre-treatment by quality wastewater zero discharge core equipment
  - Introduction of pre-coated steel plates
- 2031-2050
  - 2027
  - 2031-2050

**2022 Environmental, Social & Governance**

Sustainability Commitment from the Chairperson
ESG Highlights
About CMC
Vision Blueprint for Corporate Sustainability
Innovative Technology Sustainable Value
Excellent Governance Proactive Action
Circular Reduction Safeguarding Environment
Safe Workplace Excellent Development
Give Back to Society in Every Way Possible
Appendix

2022 CMC Corporate Sustainability Report
4.4 Circular Economy: Reclaiming and Recycling for connection with circulation

4.4.1 Framework of CMC’s Circular Economy

The Company strives to develop a circular economy and is the only manufacturer that is capable of recycling and processing discs. We have gained quite outstanding accomplishments in the reclamation and reprocessing of vehicle parts, waste recycling, scrapping and donation.

CMC’s reprocessing

1. 2015-2022
   Brake disc recovery and recycling: 16,411 ea
2. Remelting aluminum die-cast part leftovers in Hsinchu Plant: 161.3 t
3. Sorted 27.5t of recyclable plastic packaging materials in 2022, saving NT$324,000.

External manufacturers’ reprocessing

Reclamation of parts in 2022
1. Gearbox recycling: 916 units
2. AC compressors recycling: 1,891 units
3. Steering pumps recycling: 643 units

Recycling of dealers'/imported packaging materials

Shipped a total of 26,894 units in 2022, recovered 15,410 units of packaging materials, with a recovery rate of 57.3%.

Waste Reduction

In industrial waste reduction, reduced general waste (garbage) by 21.0 t (37.7%) in total from 83.8 t to 52.2 t. Reduced waste disposal fee by NT$379,000/year.

Donation of trial vehicles

Donated a total of 88 trial vehicles to vocational schools during 2016-2022.

Scraping of trial vehicles

Scrapped nine trial 2-wheelers vehicles in 2022.

Vehicle scrappage for customers

Accepted 17,134 applications in 2022

CMC’s efforts to create a circular economy are as follows:
1. To enhance automotive part reuse, recovery, and recycling, we signed up to the voluntary regulation program of the automotive industry launched by the Taiwan Transportation Vehicle Manufacturers Association in response to the Resource Recycling Act to ensure that the minimum recyclable rate of 80% and the minimum recyclable and reusable rate of 85% for target models (whole vehicle) from January 1, 2008.
2. Part design with clear indication of recycle symbols to facilitate the reuse and recycling purposes of automotive parts to promote the easy recovery and reuse of automotive parts.
3. Part detachable design facilitate recovery after vehicle abandonment.
4. Replace the wooden bed of wooden truck bed with recyclable plastics to promote materials reuse and reduce wood consumption.

In an effort to ensure the environmental friendliness of our products, CMC seeks optimal solutions in the R&D, design, manufacturing, production, and sale stages to reduce waste generated to the utmost. We not only improve the recycling of all plastics from vehicles on a continuous basis, but also unceasingly enhance the part recycling rate. By accomplishing the specific design and development goals initially set and combining technological innovation with R&D, our aim to achieve product sustainability can be attained.

Adoption of energy storage systems

Store energy discharged from battery tests with the energy storage cabinet to recover batteries of up to 10,400kg in 2022.

▲CMC’s Circular Economy Performance
## Key Projects Implemented

### Only manufacturer recycling discs in the industry

Many replaced brake discs are reusable after refurbishment. After collecting the replaced brake discs from the market, we select those with a minimum recyclable thickness for Hsinchu Plant to refurbish them for reuse. They are welcomed by consumers for their affordable prices, safety performance, and environmental performance. More importantly, we are the only automotive manufacturer in Taiwan with the brake disc refurbishment know-how. During 2015-2022, we recovered a total of 16,411 brake discs, including 551 units in 2022. Calculating at 6.42kg/disc, we recovered a total of 3,537kg in 2022. In the future, we will develop technology for parts that can be refurbished to extend part life while develop towards the circular economy at the same time.

### Recycling and Reuse of Packaging Materials and High-Unit-Price Refurbished Products

We have co-established with dealers the new SOPs for the cartons vehicle protection during transportation to recover specific part packaging materials for reuse. In 2022 we used a total of 26,894 cartons for shipping and recovered 15,410 bumper cartons, with a recovery rate of 57.3%. Calculating at 0.6kg each piece, we recovered cartons of 9,246kg in 2022. During 2020-2022, we recovered a total of 43,220 cartons, with a total weight of about 25,932kg.

### Recycling and Reclamation Leading to Circular Economy

At CMC, we practice the circular economy by promoting the recovery, recycling, and reuse of leftover materials, waste, and parts of high unit prices. We also actively build the water and electricity reuse equipment to accomplish the goals of environmental protection, resource conservation, energy conservation, and carbon reduction. We also reduce the cost of use for consumers.

#### Recycling and reuse of parts with high unit prices

<table>
<thead>
<tr>
<th>Parts that are replaced during maintenance and are still usable are recycled by the service stations. They are then handed over to the designated vendors for repair and consumable replacement. Those that function well are offered for consumers to purchase and use them for replacement at lower prices.</th>
</tr>
</thead>
</table>
| 1. Gearbox recycling: 916 units  
2. AC compressors recycling: 1,891 units  
3. Steering pumps recycling: 515 units |

#### Remelting and reuse of die-cast leftovers

<table>
<thead>
<tr>
<th>After forming, die-cast parts were trimmed before gathering. Die-cast leftovers are remelted proportionally to reduce raw material consumption and waste generation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>About 161.3t accumulatively.</td>
</tr>
</tbody>
</table>

#### Industrial Waste Sorting and Reuse

<table>
<thead>
<tr>
<th>Optimize waste sorting in production lines to enhance sorting efficiency, reduce the generation of general waste, and allow collectors to collect and reuse. Achieving the circular economy</th>
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</thead>
<tbody>
<tr>
<td>Reduced general waste (garbage) by 21.0t (37.7%) from 83.8t to 52.2t. Reduced waste disposal fee by 183,799,000/ year.</td>
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</tbody>
</table>

#### Adoption of energy storage systems

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<th>Store energy discharged from battery tests with the energy storage cabinet</th>
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<tbody>
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<td>Recovered batteries of up to 10,400kg in 2022.</td>
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#### Yangmei Plant Procurement of Effluent Recycling Equipment

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Recovered batteries of up to 10,400kg in 2022.</td>
</tr>
</tbody>
</table>
### 4.4.2 Waste Management

#### Waste treatment

To reduce the environmental hazards of waste, we hired qualified public/private waste disposal and treatment contractors to dispose of and treat the industrial waste generated. We are also committed to managing environmental pollutants and hazardous waste in accordance with the laws and regulations related to waste disposal and recycling of the Environmental Protection Administration, hoping to reduce waste generation. Non-recyclable waste may cause various actual or potential environmental impacts due to aggressive disposal. Landfilling untreated waste plastics may contaminate groundwater, compounding fire-retardant materials not only occupies space but also different forms of energy for management, and so on. Hence, we need top mitigate impacts through various procedures. As the paint leftovers from the spray finishing line may contaminate both soil and water, and untreated organic sludge will produce odor, we mitigate their environmental impact through physical treatment and incineration alongside medical waste containing bodily hazards and other general waste suitable for incineration. Recognizing the potential hazards of heavy metal exposure in the manufacturing process, we adopt physical disposal of waste, such as waste ion exchange resin, that is labor-consuming in recovery to reduce impact. In 2022, non-recyclable waste was reduced by 43.98% over 953.3t of the base year 2017 to 534.07t, and waste solvents was reduced by about 82% over 2018. In 2022 there was no transportation, import, or export of waste regulated by the "Basel Convention" in waste disposal.

#### Project for Paint Leftover Weight Reduction Through Natural Drying on Racks at Spray Finishing Line #2 of the Coating Shop

Practice: After comparing the effectiveness of weight reduction through natural drying with racks, drying CC paint leftovers with racks became the focus of this project. In 2022 we introduced five more racks for the natural drying of CC paint leftovers and tested the actual clearance operability.

**Benefits**

1. **Reduced weight by 17% after improvement**
   - CC paint leftovers: Daily average generation about 80 kg.

2. **Reduced 3,264 kg/year after improvement**
   - CC paint leftovers: Annual generation 80 kg*240 days = 19,200 kg

3. **Reduced clearance expense of NT$146,880 at the end of year 2022**

   Cleared racks at the end of year 2022 clearance fee: NT$145,491/year

Modified racks based on the clearance methods of contractors.

### Statistics on Waste Resource Recycling and Reuse in Past 3 Years (Unit: t)

<table>
<thead>
<tr>
<th>Year</th>
<th>Iron</th>
<th>Aluminum</th>
<th>Copper</th>
<th>Paper</th>
<th>Waste lubricants</th>
<th>Packaging materials and plastics</th>
<th>Waste Wood</th>
<th>Glass</th>
<th>Non-packaging plastics</th>
<th>Total</th>
<th>Total Waste</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2118.95</td>
<td>32.92</td>
<td>413.55</td>
<td>16.43</td>
<td>0</td>
<td>689.67</td>
<td>0</td>
<td>0</td>
<td>324.54</td>
<td>4195.38</td>
<td>77.81</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2108.27</td>
<td>15.65</td>
<td>425.82</td>
<td>10.0</td>
<td>0</td>
<td>682.3</td>
<td>0</td>
<td>0</td>
<td>324.04</td>
<td>4092.99</td>
<td>80.46</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>2155.67</td>
<td>12.46</td>
<td>392.6</td>
<td>7.64</td>
<td>0</td>
<td>606.29</td>
<td>0.83</td>
<td>0</td>
<td>3175.49</td>
<td>3893.02</td>
<td>81.57</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>2167.65</td>
<td>19.87</td>
<td>405.09</td>
<td>1.09</td>
<td>63.34</td>
<td>641.24</td>
<td>5.91</td>
<td>8.89</td>
<td>3318.88</td>
<td>3932.55</td>
<td>84.37</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>2018.89</td>
<td>23.32</td>
<td>578.58</td>
<td>6.37</td>
<td>82.81</td>
<td>1249.98</td>
<td>4.2</td>
<td>61.35</td>
<td>4024.53</td>
<td>4558.57</td>
<td>88.28</td>
<td></td>
</tr>
</tbody>
</table>

Note 1: The data is from the Industrial Waste Report and Management System of the Environmental Protection Administration, Executive Yuan, and the statistical report on recyclable waste.

Note 2: Waste treatment companies recycle oil for physical treatment involving oil-water separation and solid-liquid separation. The oil is then reclaimed and reused as fuel oil.

Note 3: Total waste = General waste + Hazardous waste + Recycled waste

### Statistics on Total Non-Recyclable Waste in Past 3 Years (Unit: t)

<table>
<thead>
<tr>
<th>Year</th>
<th>Organic dust</th>
<th>Paint residues</th>
<th>Inorganic dust</th>
<th>Waste resistant materials</th>
<th>Inorganic dust</th>
<th>Waste ion exchange resin</th>
<th>General waste</th>
<th>Paint-containing waste</th>
<th>Medical waste</th>
<th>Hazardous waste</th>
<th>Chemical compounds containing chromium</th>
<th>Non-recyclable waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>76.38</td>
<td>89.76</td>
<td>7.37</td>
<td>3.45</td>
<td>30.94</td>
<td>210.71</td>
<td>26.15</td>
<td>0.02</td>
<td>65.09</td>
<td>3.12</td>
<td>13.38</td>
<td>913.76</td>
</tr>
<tr>
<td>2021</td>
<td>6.61</td>
<td>114.34</td>
<td>78.39</td>
<td>1.17</td>
<td>17.33</td>
<td>4.36</td>
<td>218.75</td>
<td>1.02</td>
<td>-</td>
<td>45.93</td>
<td>464.46</td>
<td>1156.89</td>
</tr>
<tr>
<td>2022</td>
<td>5.77</td>
<td>-</td>
<td>6.84</td>
<td>0.64</td>
<td>0.14</td>
<td>0.30</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
<td>9.17</td>
<td>61.46</td>
<td>797.91</td>
</tr>
</tbody>
</table>

Note: Data is extracted from the Industrial Waste Report and Management System of the Environmental Protection Administration, Executive Yuan, and the statistical report on recyclable waste.
Outcomes and Performance in 2022

- Commended 29 model employees
- Education and training in 1,445 sessions for 22,570 persons with a total of 49,091 hours
- CPR and AED education and training in 4 sessions for 238 employees
- Free neonatal insurance service for 23 newborns. Birth gifts for 38 employees
- Voluntarily employees suggestion 1,470 pieces
- Summer internship for 20 students
- Completed improvement of 192 items
- Saved costs of NT$2,061,912

Core Vision and Commitment

At CMC, employees are the biggest asset. We are committed to maintaining employee health, building a safe and worry-free workplace environment, strengthening employees connection through various channels and activities, accompanying employee growth, strengthening core competencies, and promoting employee-focus benefits to achieve mutual prosperity and the common good for the Company and employees.

Strategic Goal

- **Enhance the external competitiveness of salary and improve momentum for talents recruitment and retention.**
  - Facilitate digital transformation through education and training and process optimization.
  - Continuously improve workplace health and safety to give employees a more comfortable workplace.
  - Practice cultural diversity and inclusion, attract and retain excellent professional talents, offer attractive salaries and an environment for continuous learning and growth, and become a business that employees feel pride.

<table>
<thead>
<tr>
<th>Material topic</th>
<th>Recruitment and retention</th>
<th>Safe workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recruitment and retention</strong></td>
<td><strong>Safe workplace</strong></td>
<td></td>
</tr>
</tbody>
</table>
5.1 Workforce Deployment: Driving corporate sustainable development

5.1.1 Workforce Composition

Apart from implementing the relevant workforce policies and establishing internal regulations and systems, we also make workforce composition policies in respect of corporate development to provide employees equal job opportunities and workplace environments so as to build a healthier corporate image.

Employment Overview

- Workforce composition and structure

By December 31, 2022, the total number of employees at CMC was 2,066 persons (281 women and 1,785 men). There were 1,993 permanent employees were full-time employees (263 women and 1,730 men) and 73 contracted employees and temporary employees. Jobs were primarily carried out by permanent employees. There were 52 agency workers (contracted). The total number of employees in 2022 increased by 18 persons over 2021. In 2022 we continued to hire sufficient talents to drive overall corporate growth. At CMC, about 44.2% of employees (914 persons) have a seniority of over 20 years, demonstrating that the sense of happiness we create is the fundamental power that ease their worries. In terms of age distribution, about 17% of employees are aged 30 years old or younger, about 52% of employees are aged between 31 and 50 years old, and about 31% of employees are aged 51 years or older. Hence, the career extension and retirement planning of middle aged and elderly employees have also become the important issues that concern us.

<table>
<thead>
<tr>
<th>Age</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 years old</td>
<td>49</td>
<td>307</td>
</tr>
<tr>
<td>31-50 years old</td>
<td>180</td>
<td>902</td>
</tr>
<tr>
<td>51 years old or above</td>
<td>52</td>
<td>576</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job Grade</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>259</td>
<td>1,539</td>
</tr>
<tr>
<td>Onsite Supervisor (team leader, CTO, DCTO)</td>
<td>0</td>
<td>90</td>
</tr>
<tr>
<td>Middle Management</td>
<td>16</td>
<td>117</td>
</tr>
<tr>
<td>Senior Management</td>
<td>6</td>
<td>39</td>
</tr>
</tbody>
</table>

Total Number of Employees: 281 Female, 1,785 Male

Women to Men Ratio of Employees in Past 3 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>281</td>
<td>1,785</td>
<td>12%</td>
</tr>
<tr>
<td>2021</td>
<td>13%</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
</tbody>
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Environmental, Social & Governance
New Employees Hires and Employee Turnovers

Rate of New Employees Hires and Employee Turnover In Past 3 Years

In 2022 the rate of new employee hires and employee turnover was 14.81% and 14.81% respectively, and a significant rise was noted in the former. To measure the job satisfaction of new employees for the early warning of their adaptability, we interview and conduct questionnaire surveys on new employees (senior under 3 years) to understand their view on the organization and condition. We also immediately report to the unit head of new employees with adjustment problems to as to increase the channel for new employee communication.

5.1.2 Employee Communication and Work Satisfaction

Through the multifaceted and unfettered channels and consultation mechanisms, we proactively establish positive labor/management relations. Through the annual work satisfaction survey on employees, we understand their views on CMC and make continual management improvement so as to establish a highly interactive virtuous cycle with employees.

Employee Communication

In 2022 we held a total of five labor-management meetings, one union representative meeting, and four Employee Welfare Committee meetings. These meetings were convened to communicate to employees the status of corporate operations, including the 2022 salary raise, impact of COVID-19, labor shortages, and issues that concern employees, such as travel expense adjustment and leader incentive plan. Through the periodic meeting, we also addressed the status of resolutions made in the previous meetings, drew up contingency plans, and determine the contents of countermeasures.

### Proportion of Local Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Employees 1 (A)</th>
<th>Number of Employees with Local Household Registration 2 (B)</th>
<th>Local Employment Rate (B/A)</th>
<th>Number of Senior Officers 3 Male</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2076</td>
<td>1242</td>
<td>59.83%</td>
<td>47</td>
<td>14</td>
</tr>
<tr>
<td>2021</td>
<td>2048</td>
<td>1277</td>
<td>62.35%</td>
<td>40</td>
<td>24</td>
</tr>
<tr>
<td>2022</td>
<td>2066</td>
<td>689</td>
<td>33.35%</td>
<td>45</td>
<td>5</td>
</tr>
</tbody>
</table>

Note 1: Employee Turnover refers to employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.

Note 2: Rate of new employee hires (%) = (Number of new employee hires/Total number of employees at the end of year)

Note 3: Rate of employee turnover (%) = (Number of employee turnover/ Total number of employees at the end of year)

Note 1: Senior officers are department managers or officers of higher levels in the plant.

Note 2: Local is defined as within Taoyuan.
Employee Job Satisfaction

To have a comprehensive picture of employees’ opinions about the Company, we continued to perform the “employee job satisfaction survey” throughout the Company in 2022. The six facets of the survey included managers, remuneration, colleagues, jobs, development, and corporate culture. Employee engagement was also included in the survey to understand the employees’ recognition of the value of the Company, efforts and commitments as well as retention intention. The survey was used as a basis and momentum for facilitating the development of relevant action plans.

In the 2022 job satisfaction survey, we collected 1,716 valid responses, with a valid response rate of up to 88% up by 6 percentiles over the previous.

The score of overall satisfaction increased from 4.36 marks in 2021 to 4.4 marks, and the satisfaction with “colleague” and “supervisor” is the highest, with scores including 4.66 and 4.57 marks respectively, both are higher than that of the previous year.

4.49 marks
4.66 marks
4.57 marks
4.5 marks

Job Satisfaction
Colleague Satisfaction
Supervisor Satisfaction
Job Dedication

Note: The full score of all the items is 6 marks.
5.1.3 Aging Workplace and Career

In addition to offering a friendly workplace environment to middle-aged and elderly employees through ergonomic improvements, we have also arranged the Life Transition talk series and activities to help employees understand the differences at critical transition stages in life. The talk was planned in three stages: Understanding Transition, Change with Confidence, Leap with Joy in correspondence with four characteristics in career transition (physical health, social relationship, financial planning, and social participation) to prepare employees with the knowledge and attitude for facing the changes in roles and life for them to leap towards the next stage of life with joy. Additionally, we also arrange multifaceted activities and development planning for middle-aged and elderly employees to help them extend their career, develop sub-specialties, and share valuable experience to drive CMC’s sustainable development.

CMC Triple Zeros Evergreen Program

When population aging is taking place in Taiwan, the effective use of middle-aged and elderly employees has become an important issue in workforce planning and practice at CMC. According to the statistics, senior employees with a seniority of over 20% and employees aged over 51 years old account for 42.5% and 33% of all CMC employees. Facing how to encourage and combine with the middle-aged and elderly workforce and the retirement extension of elderly employees, we activated the CMC Triple Zeros Evergreen Program in 2012 to encourage middle-aged and elderly employees to extend their career and so to co-create personal and corporate value together by combining the three program themes: zero workplace barriers, zero health burdens, and zero limit development with five measures: development and training diversification, total healthcare, stress relief and LOHAS promotion, workplace ergonomics management, and job and career redevelopment.

Zero Workplace Barriers

Through targeted improvement projects and employee improvement suggestions, Yangmei Plant has solved the employee aging problem and improved employee job satisfaction to make plant management and production more humane. In 2022 there were 113 suggestions for ergonomic improvement, 46 suggestions for environmental improvement, and 18 suggestions for noise reduction. By making improvement based on these suggestions, we aim to effectively lessen the job tiredness of employees and provide middle-aged and elderly workers with a healthy and friendly workplace environment so as to reduce work hazards or impact due senescence.

The workplace environment improvement suggestion system has also created a space for labor-management communication. We have further introduced a bonus scheme to incentivize employees to make improvement suggestions. For suggestions with practical benefits of over NT$100,000, the bonus will be 5% of the actual amount of benefits. For suggestions with practical benefits of NT$1,000,000, the bonus will be NT$50,000. For suggestions with practical benefits of NT$10,000,000, the bonus will be NT$500,000.

Statistics on the Major Categories and Items of Improvement in 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Ergonomic Improvement</th>
<th>Environmental Improvement</th>
<th>Noise Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>27</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Q2</td>
<td>26</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Q3</td>
<td>39</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>Q4</td>
<td>21</td>
<td>18</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>113</td>
<td>46</td>
<td>18</td>
</tr>
</tbody>
</table>

Number of Employee Improvement Suggestions and Amount Saved in 2022

<table>
<thead>
<tr>
<th>Scope</th>
<th>Type of Award</th>
<th>Number of Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise-wide</td>
<td>First Prize</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Second Prize</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Third Prize</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Fourth Prize</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>Creativity Prize</td>
<td>1024</td>
</tr>
<tr>
<td></td>
<td>Basic Prize</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>Total Number of Awards 2022</td>
<td>1470</td>
</tr>
</tbody>
</table>

Amount Saved (NT$)

1,470 employee improvement suggestions with 192 four-star or higher awards saving up to NT$2,061,912
Zero Health Burden

In an effort to ensure the health of our middle-aged and older employees, we have a comprehensive health management procedure in place. In addition to having nurses conduct health management and follow-ups for the employees at risk, several measures, such as “overwork control, health promotion, health management activities, and the development of assistive aids for the employees with disabilities”, are implemented to continuously improve the health of our middle-aged and older employees.

Management Cycle of Employees at Cardiovascular Disease (CVD) Risk

Grading Based on Annual Checkup Results

For employees with three or more anomalies related to metabolic syndrome as shown in the checkup results, we apply the Framingham risk score (FRS) to predict their CVD risk level within the next decade.

Production of the List of Low-, Medium-, and High-Risk Groups

Assess the CVD risk level of employees based on the assessment criteria of the health and safety management team and provide all units with the list of employees with CVD risk for working hours management based on their level of CVD risk.

Implementation of health management and promotion activities

1. In addition to the free outpatient consultation and health consultation services, we also provide seven blood pressure meters and five scales for employees to keep track of their health condition at any time.
2. Regular health education on chronic diseases, infectious diseases, diet, exercise promotion.
3. A series of health promotion activities related to physical fitness, low-salt and low-oil diet, hiking, and others are launched to improve physical condition.

Zero Limit on Development

Taiwan’s automotive industry has a complete supply chain and internationally competitive technology and know-how. For middle-aged and elderly workers to extend their career, we established Brilliant Insight International Consultancy Service Co., Ltd. in 2012 to recruit internal senior talents and develop them through the internal instructor training program for them to become consultants in specific fields to continuously develop their expertise. Currently, this has become a new stage for internal senior talents to start a second career.

For members who are about to retire at senior management and junior management, after assessing the corporate development needs before their retirement, we interview them to understand their retirement plan. Then, in consideration of their family care and transportation needs, we match them with jobs at appropriate subsidiaries.

Additionally, when there are vacancies (job openings) in CMC affiliates or CMC suppliers, we will first inquire the willingness of senior employees and offer them the relevant education and training to help them transfer to the new job smoothly. Through the preferential separation/retirement regulations, we enable employees to arrange the tempo personal career planning with greater flexibility and ease worries about a career move with less strict requirements and more favorable pensions than the regulatory requirements. We also enable excellent talents that are difficult to develop to find a new stage for continuing development.

Career Transition Outcomes for the Middle-aged and Elderly Employees (Unit: person)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual transitions</td>
<td>3</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated transitions</td>
<td>32</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

Base-level mechanics

Start from the base level on the arrival for thorough fundamental training.

Onsite Leaders

After meeting the fundamental requirements, leaders begin to lead other workers.

Consultants (Brilliant Insight International)

I am older, but I am a professional/Career extension for middle-aged and elderly employees.

Unlimited competencies for employees
5.2 Attraction and Retention: Diversifying benefits and remuneration

5.2.1 Recruitment Diversity

In consideration of the increasingly severe competition in Taiwan’s talents market, the demand for technical talents and transformation of new strategic development, apart from continuously reviewing and optimizing the recruitment plans, we also developed the “talent recruitment indicators” for the recruitment process in 2022 to enhance recruitment efficiency and talents quality.

Performance in 2022
- Apart from declaring compliance with internationally recognized human rights regulations and principles, including the UN’s “Universal Declaration of Human Rights” and “Global Compact”, the “ILO Conventions”, and others, we also complied with the labor laws and regulations, eliminated human rights violations, and signed the “collective bargaining agreement” with the labor union that covers all CMC employees.
- There was no forced or compulsory labor in 2022.
- Covered all groups in our employee system.
- Hired 20 interns in the summer internship program, one intern in the regular internship program, and one intern in the university-industry collaboration program.

Fair and equal employment
The Company employs talent from all sectors and recruits employees through the fair and equal selection procedure while strictly adhering to the government’s labor and human rights regulations. Personnel engaged and employed are not discriminated against in terms of salaries, performance evaluations, and promotion opportunities on the basis of race, class, language, thought, religion, political party, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disability or past union membership.

Prioritization of local residents
We prioritize employment for residents in local communities of our business locations, fulfill our corporate social responsibility, and hire persons with disabilities at the legal quota.

Compliance with labor laws
- CMC observes the regulations of the “Labor Standard Act” by not hiring children below 15 years of age and not forcing or compelling personnel to engage in labor against their will. The Company only accepts job applicants at or over the age of 16. Hired employees must provide their identification documents for verification to ensure the employment does not violate labor laws.
- Suppliers that comply with the regulations of the “Labor Standards Act” or the human rights-related laws of countries where they operate in are selected to protect and respect human rights.

Fostering of industrial talent
- To attract students with professional competencies to CMC, we implement the “Sprout Cultivation Program” every year to hold on-campus recruitment activities at key universities.
- Summer and semester internship programs are developed to enable students to have an early understanding of the environment in the automotive industry, experience working and discover prospects in the industry.

Ratio of Employees with Disabilities in Past 3 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.89%</td>
</tr>
<tr>
<td>2021</td>
<td>0.77%</td>
</tr>
<tr>
<td>2022</td>
<td>0.68%</td>
</tr>
</tbody>
</table>

CMC Talents
Four Aspects of the Recruitment Policy

- Performance in 2022
- Apart from declaring compliance with internationally recognized human rights regulations and principles, including the UN’s “Universal Declaration of Human Rights” and “Global Compact”, the “ILO Conventions”, and others, we also complied with the labor laws and regulations, eliminated human rights violations, and signed the “collective bargaining agreement” with the labor union that covers all CMC employees.
- There was no forced or compulsory labor in 2022.
- Covered all groups in our employee system.
- Hired 20 interns in the summer internship program, one intern in the regular internship program, and one intern in the university-industry collaboration program.

Appendix
### 5.2.2 Well-Planned Remuneration and Retention Action

#### Competitive Remuneration Policy

We offer a competitive remuneration system to attract and retain outstanding talents to grow with the Company. The median salary for our full-time non-managerial employees ranks among the top 15% of listed automotive manufacturers. We are committed to becoming a happy business that guarantees a worry-free career for employees and encourages them to achieve corporate operational goals.

#### Number and Salary of the Full-time Non-managerial Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees</th>
<th>Average Salary</th>
<th>Median Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1110</td>
<td>1067</td>
<td>984</td>
</tr>
<tr>
<td>2021</td>
<td>1067</td>
<td>1007</td>
<td>941</td>
</tr>
<tr>
<td>2022</td>
<td>1007</td>
<td>994</td>
<td>994</td>
</tr>
</tbody>
</table>

"Salary information of non-management full-time employees" reported to the TWSE; information posted on the Market Observation Post System (MOPS) by the end of every April.

#### Female-to-Male Remuneration and Reward Ratios Over the Last Three Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Managerial Positions</th>
<th>Non-managerial Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.02</td>
<td>0.90</td>
</tr>
<tr>
<td>2021</td>
<td>1.01</td>
<td>0.94</td>
</tr>
<tr>
<td>2022</td>
<td>1.01</td>
<td>0.92</td>
</tr>
</tbody>
</table>

#### Talents Retention Action Plan

In 2022, the Company’s new hire rate and turnover rate were 14.81% and 14.81%, respectively. We performed follow-ups with certain groups where the termination of employment took place the most frequently and drew up and implemented a talent retention program. The action plan for 2022 is as follows.

#### Assistance to New Employees in Adaptation

To have a grasp of the satisfaction of new employees with their jobs and achieve the early warning of their adaptability, we conducted heart-to-heart talks and questionnaire surveys with new employees (with three or less years of service) in 2022 to understand their opinions and situations in the organization in advance. If the employees encountered adaptability issues, they would be reported to the line managers of the employees in a timely manner to facilitate their communication with the Company.

#### Incorporation of Managers’ Opinions into the Development of the Company’s Future Policies

As surveyed, employees with five to ten years of service terminated their employment with the Company mainly due to “the Company’s future development” and “limited salary growth.” For such group of employees, all managers were required to further convey the Company’s vision and development prospects and associate them with the current jobs of the employees.

#### Keeping the Salary Level in Line with Market Conditions

For posts and grades with less competitive salaries, as compared to the market salary level, we designed relevant systems and incentive improvement plans to be implemented in 2022.

#### Employees’ Satisfaction Survey

In 2022, we optimized the employee job satisfaction survey by incorporated the organizational/corporate culture into the survey to understand employees’ feeling about the organizational culture. Based on the survey results, we reshaped our corporate culture after integrating the corporate development direction.

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**Appendix**

2022 CMC Corporate Sustainability Report
5.2.3 Benefit Diversity

In 2022 we were awarded the “Work-Life Balance Award-Employee Care Category” from the Ministry of Labor. Our achievements included the promotion of a flexible work system, friendly measures for childcare support, provision of employee assistance at different stages of life, and optimization of isolation leave and care during the pandemic to promote the physical and mental health of employees.

In addition, to help employees take care of their families, we have formulated several leave programs such as “paid custom leaves”, including leave for the employees to accompany their children on their first day of school and wedding officiant leave, to allow our employees to take part in all the growth stages of their children. The Company has a kindergarten and an after-school care center in place to address our employees’ needs for nursery and childcare.

Employee Health Promotion Plans

To implement the employee health promotion plans, we set up a responsible unit and form a cross-functional promotion team to create a comprehensive and individualized healthcare system. By safeguarding and implementing health and safety through employees, equipment, the environment, and related activities, we reduce hazards and risk factors, prevent industrial safety accidents and overwork incidents, and promote the physical and mental health of employees so as to build a true healthy and happy workplace.

CMC places great importance on physical and mental care and welfare systems for our employees. Our employees are provided with a diverse range of benefits and care measures to meet their needs at different life stages. In response to the pandemic in the past few years, we have formed an emergency response team with all department heads and held meetings every day to capture the pandemic’s status to build a health protection net for employees.

### Comprehensive Sports Facilities
- Sports and leisure center: An indoor swimming pool, tennis courts, indoor basketball courts, badminton courts, a gymnasium, aerobics room, and a children’s game room.
- In addition to in-house sports facilities, we organize comprehensive sports, fitness classes, and form various employee sports clubs, providing benefits to employees with budgets, and encourage employees to form their own clubs. Currently, there are over a dozen sports clubs, such as the softball club, yoga club, and others.

### Exercise for All
- We encourage employees to do a 10-minute warm-up before work and have their managers invite them to hiking activities after work.
- Through the continuous execution of health promotion activities, at least ten employees have recovered from metabolic syndrome. Employees participating in the activities have lost weight by over 400 kilograms in total.
- Promote physical fitness tests
- A sports app is introduced in sports and carnival games.
- Employees form teams (of 3-10 people) to go on hikes through the 100 must-visit trails recommended by Hiking Biji
- Over 80% of employees participate in our online health promotion activity and work more than 7500 steps per day for at least five days a week.

### Employee Dietary Health
- Employees are provided with a wide variety of healthy meals, including low-carbohydrate and high-protein boxed lunches designed and promoted by our dietitians.
- Nighttime healthy boxed lunch ordering service is offered when the pandemic is severe.
- Organic vegetables are purchased and transported directly from farmers from tribes.
- Employees may enjoy healthy and fresh organic vegetables by paying NTD 7 per dish on three days a week.

### Pandemic Prevention Policies
- Temporary meeting rooms are set up to control the access of guests.
- Partitions are placed in offices, meeting rooms and cafeterias.
- Remote work/workplace separation is implemented.
- Fully-paid pandemic care leave/home rest leave.
- Helped employees purchase epidemic control materials (face masks, alcohol, hypochlorous acid, home test kits) and vegetable boxes.

### Healthcare
- Employees are provided with a free medical examination on a yearly basis. The Company conducts follow-ups and management for the health of individual cases based on their medical examination results.
- Occupational nurses and on-site contract occupational medicine physicians are engaged.
- Employee assistance programs (EAP) are available to take care of the physical and mental health of employees.
- Annual medical examinations, classification management, medical checkups for managers are conducted.
- Preventive healthcare services and vaccination services are available.
- Free health center outpatient services and off-site outpatient referral services are offered.
- Massage services for stress relief and medical care services are provided.
- Sphygmomanometers and AEDs are widely accessible.

### Workplace of well-being
- Care for middle-aged and elderly employees - CMC Evergreen Program for Three (Zero) CMC Evergreen Program
- 5230 Happy Pregnancy Program, comprehensive care measures for pregnant employees.
- CMC’s Wide-ranging Happy Leave Program.
- Childcare services - A kindergarten and an after-school care center.
- Introduced the Stay Fun benefit platform to offer comprehensive gifts each quarter. Employee can also book various courses and activities over platform, including relaxing exercise, staff shopping, group shopping, stress-relieving massage, etc.
- Purchased two 7-ELEVEN smart coffee vending machines and one merchandise vending machine to provide employees with more food options during work.

### About CMC
- Eco-friendly
- Excellent Development
- Give Back to Society in Every Way Possible
- Sustainability Commitment from the Chairperson
- ESG Highlights
- Experience Blueprint for Corporate Sustainability
- Innovation Technology Sustainable
- Excellent Governance Proactive Action
- Circular Reduction Safeguarding Environment
- Safe Workplace Excellent Development
Happy and Diversified Vacation
To help employees take care of their families and their jobs at the same time, CMC offers a variety of leave programs based on their needs at different life stages.

Flexible working hours
Our flexible working hour system allows employees to start working from 7:00 to 10:00.
- A total of 850 employees made an application in 2022.

Short-term summer vacation
A short summer break of 9-11 days is arranged for employees to enjoy quality time with their children during the school summer break.
- A total of 2,000 employees benefited from the leaves in 2022.

Volunteer leave
Employees are provided with three days of fully-paid volunteer leave every year to encourage them to participate in volunteering activities.
- A total of 280 employees applied for such leave in 2022.

Custom leaves
To respect folk customs involving weddings, funerals, and festivals, we have designed the “paid custom leave”, including leave for employees to accompany their children on their first day of school and wedding officiant leave, enabling our employees to take part in all the growth stages of their children.
- A total of 51 employees benefited from the leaves in 2022.

Extended paternity leave
To take care of employees after their childbirth and ensure care and education for their children, the duration of paternity leave for male employees is extended.
- A total of 26 employees made an application in 2022.

COVID-19 Leave
We offered different types of COVID-19 leave with pay better than the law to care about employees:
- Isolation Leave: A total of 259 employees applied for the leave in 2022.
- COVID-19 Family Care Leave: A total of 64 employees applied for the leave in 2022.
- Special Sick Leave: A total of 189 employees applied for the leave in 2022.

Birth Benefits

Parental Leave Application in 2022

<table>
<thead>
<tr>
<th>Application rate</th>
<th>Reinstatement rate</th>
<th>Retention rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>73%</td>
<td>50%</td>
</tr>
</tbody>
</table>

A: Total number of employees that were entitled to parental leave: Number of employees with children under 3 years old at the beginning and the end of 2022.
C: Total number of employees that returned to work in the reporting period: Including the total number of employees that took parental leave in 2020 and due to return to work in 2021 and due to return to work in 2022, and the total number of employees that took parental leave in 2022 and due to return to work in 2022.
D: Total number of employees applying for returning to work: Including the total number of employees that applied for returning to work in 2020 and due to return to work in 2021 and returned to work in 2022, and the total number of employees that applied for returning to work in 2022 and returned to work in 2022.
E: Total number of employees applying for returning to work: Including the total number of employees that took parental leave in 2020 and due to return to work in 2021 and returned to work in 2022, and the total number of employees that returned to work after taking parental leave.
F: Retention rate = Total number of employees retained 12 months after returning to work / Total number of employees returning from parental leave in the prior reporting period.00
Maternity protection and various benefit plans

CMC’s “childbirth care” aims to reduce the burden and stress of employees during pre- and post-childbirth. We hope to create an environment where the employees are willing to give birth and enabled to look after their children with no worries by allowing them to take care of their jobs and families at the same time and providing them with all-inclusive services for childbirth care, so as to help them maintain work-family balance. We continuously execute the “maternal care” program to offer supportive measures to pregnant employees, including not only active maternal health protection measures, but also on-site reserved parking spaces for pregnant employees, protective clothing for expectant mothers, pregnancy cards, child care books and magazines available for borrowing, and other thoughtful services.

Maternity health protection

- After being informed of the pregnancy of employees, the Company conducts hazard assessment and control for the employees in a proactive manner, arranges face-to-face appointments with occupational medicine physicians for instructions, carries out risk classification management, makes appropriate work arrangements, and implements other physical and mental health protection measures to ensure the physical and mental health and safety of pregnant employees and postpartum employees with breastfeeding needs.
- CMC has endeavored to promote the maternal health protection program. To protect pregnant workers, the program covers workers for the period from the date of their reported pregnancy to their childbirth as well as those who still need to breastfeed within a year after their childbirth. We change their work conditions (e.g., by adjusting their workload), adjust their working hours, and make job changes based on the suitability suggestions of our occupational physicians.

Reserved parking spaces

- Reserved parking spaces near our office building. 100% anti-electromagnetic wave and anti-radiation clothing, a reading section with over 6000 books about pregnancy and parenting as well as children’s books, regularly added parenting magazines, and well-designed breastfeeding rooms are available for pregnant employees.

Protective clothing for expectant mothers

- In consideration of the safety of pregnant employees using electronic devices, CMC provides them with anti-radiation clothing designed for expectant mothers that can deliver 100% shielding from electromagnetic waves.

Apple Pregnancy Card

- Every pregnant employee receives an “Apple Pregnancy Card” to give them an understanding of which integrated services and resources are offered by the Company during their pregnancy. To wish the employees a safe and easy pregnancy while giving them extra nutrition for improving the health of both the mothers and the babies, they can get an apple every week.

Parenting magazines

- CMC’s library and kindergarten have a reading section with over 6000 books about pregnancy and parenting as well as children’s books. The Company subscribes to Baby&Mother; BabyLife; Education, Parenting, Family Style; and other childcare and parenting magazines for employees to borrow free of charge.

Pregnancy Gift

- Every pregnant employee will receive a cash gift for maternity of NT$2,000 for each baby. Benefit 5 employees in 2022.

Birth Gift

- A birth cash gift of NT$1,600 for each baby. Benefit 38 employees in 2022.

Childcare measures

- We offer after-school childcare services according to the Company’s calendar, employees’ attendance time, and their children’s holidays. When working overtime on holidays is required, holiday childcare services are also available. About 200 employees are benefited by the service every year.
- The tuition for our kindergarten is cheaper than that for external kindergartens. Our employees’ children are entitled to a 30% discount on the registration fee and a discount of about 10% on the monthly fee.
- For employees who are unable to send their children to CMC’s kindergarten in Yangmei, we assist them in applying for a subsidy of NT$ 3,000/year for childcare measures (childcare centers) for children under 3 years old.

Affiliated kindergarten

- The Company established a kindergarten next to the office area in 1997. The kindergarten provides preschool education services for children between 2 and 6 years of age. To mesh with the working hours of employees, the kindergarten is open for children from 7 a.m. to 7 p.m. and provides childcare services that match the employees’ working hours on both weekdays and weekends. Since its establishment, the kindergarten has accepted the children of 627 employees.
- Benefits: If the children of employees attend our kindergarten from baby class to senior class, the employees may save about NT$ 116,160/child in monthly tuition and transport costs. If the children proceed with their studying in the family-friendly care center, the employees may save about another NT$ 151,610/child.

Family-friendly care center

- Since the opening in 2001, the after-school childcare center has provided services for 158 children aged 6-12 years of employees.
- The services help employees maintain work-family balance. About 15 employees apply for the services per year.

After-school temporary childcare services

Thematic Summer Camp

- The summer camp is planned in coordination with the employee’s working hours, so that they can send their children to the camp before work and pick them up after work. Apart from arranging the quality time for employees to go to work and go home with their children, the camp also enables children to learn from doing through various thematic activities. We plan a wide variety of themes for the summer camps, such as the LEGO Robot Camp, Model Water Rocket Camp, Game Experience Camp, Bakery Summer Camp, Basketball Camp, and Swimming Camp. With the camp activities and courses, we aim to improve the harmonious interaction of international relationship and train the physical strength of the children of employees and promote family interaction.

2022 CMC Corporate Sustainability Report
Employees Benefits

Meetups
Family day, hiking activities, summer camps for employees’ children, postcard sending activities, Mother’s Day and Father’s Day themed activities, etc., are organized annually. The families of our employees are invited to the events to improve their identification with the Company and thereby help retain excellent talent.

High-quality dormitory
• The Company offers an employee dormitory with twin rooms/ single rooms (315 rooms for male employees/46 rooms for female employees). The dormitory is equipped with central air conditioning systems and provide free internet access via dedicated lines.
• Sports and leisure center

Diversified transportation services
• We offer commute shuttle buses, company vehicles for business trips, and cars for renting at special prices at nighttime and on weekends. Employees can rent the company vehicles to have a trip with their families on weekends.
• There are five shuttle buses a day (4 for Yangmei and 1 for Hsinchu).

Pension System
• CMC implements a defined benefit plan managed by the government in the retirement system in accordance with Taiwan’s “Labor Standards Act”. Pensions are paid to employees based on their service length and average salary in the six months prior to the retirement approval date. We contribute 2% of the monthly salary of employees. For more information regarding the retirement system, please refer to the “Post-employment Benefit Plan” in p.153 of the annual report.

Defined Benefits
Pension System
Contribution rate
NT$149,635,253 thousand (Provided by the Financial Department)
Pension liability amount
3.18%

Letter mailing and receipt services and bank services
• Mailing and receipt services for personal letters are offered to employees.
• We work with two banks which provide bank services and relevant assistance during noon break to reduce daily hassles troubling our employees.

Sales promotions held by vendors
• Invite suppliers to set up stalls at the employee canteen, offer staff discounts, and provide convenient shopping channels for employees.

LOHAS exercise courses
• Four types of group exercise courses are selected and offered after work on weekdays every week. Employees are not only allowed to exercise with their colleagues in the Company’s activity center, but are also able to choose the exercise course that best suits them from the courses meeting the exercise needs of people of different genders and at different ages to move their bodies on a daily basis.

Various clubs
• We encourage employees to develop various interests. They have formed 24 clubs on their own initiative, including skill-based clubs, athletic clubs, art and academic clubs, and so forth. The employees can make friends and develop interests through the clubs, thereby achieving the aim of reducing physical and mental stress.

Pandemic Care Assistance
• At the beginning of the pandemic, we arranged in-house vaccination service for employees to reduce the risk of crowd infection outside of the Company. To take better care of employees in isolation at the peak of the pandemic, we distributed the pandemic care kit, provide medication, and made herbal tea for employees. We also arranged the isolation ward in the employee dormitory to take care of health of both employees and their family.

Benefits exclusive for employees and their family

Scholarships for employees and their children, emergency loans and aids are offered
• Dependents are eligible for daily hospitalization benefits under group insurance policies. Moreover, the dependents of our expatriates are entitled to coverage under casualty insurance, travel insurance and medical insurance policies.

In addition to offering the Labor Insurance and National Health Insurance and contributing the sufficient pension by law, we have also developed a well-established insurance mechanism that covers group insurance, expatriate insurance, the International SOS and insurance. 2022 total insurance premiums NT$87,787,590, employee claims and allowances NT$86,345,286.

Insurance coverage for family members: We also include the family members of employees in the group accident hospital in allowance of NT$1,000/day for the spouse and children of employees. Employees are also entitled to a discount to raise the premium for their family, including life insurance, accident insurance, and cancer insurance. A total of 239 persons joined the premium raise for expatriates and family.

Coverage boost for expatriates and family: To increase the health and safety coverage for expatriates, in addition to the said insurance items, we also buy the accident insurance of NT$10 million and the medical plan of NT$300,000 for expatriates, as well as the accident insurance of NT$3 million and medical plan of NT$300,000 for their family. Additionally, family visiting expatriates overseas are also entitled to the travel accident insurance of NT83 million and medical plan of NT$300,000 for their family. We also provide expatriates and their family with the medical assistance services and insurance plans through the International SOS to meet their needs for overseas medical and business travels.

Every year we organize events such as hikes, Family Day, Father’s Day, and Mother’s Day. All events include the family of employees to improve the family joy of employees.

Hikes: Due to the pandemic, hikes in 2022 were organized by employees. We also funded a total of 563 employees (family 173) to encourage the to exercise.

Family Day: Online redemption for travel package tickets and gifts. Each person enjoyed an allowance of NT$2,000 for redeeming travel package tickets and gifts.

Hikes: From the pandemic slowed, we organized the one-day Father’s Day Camp again to increase the opportunity for employees to maintain intimacy with their family. A total of 70 children joined the camp as team assistants for them to understand the workplace environment of their parents and the automaking process. We also hired environmental education instructors to help participants understand nature, arranged physical strength courses for them, and helped them make presents for their fathers to enrich the summer break life of employees’ children.

Contact us: 02-2638-2300/2301 (ext.1000 - 1099) / cs@cmctelecom.com
5.3 Training and Development: Optimizing competencies through complete learning

5.3.1 Talents Development

To improve workforce quality and cultivate talents for future corporate development, we build the training center to integrate the double goal of “corporate development” and “employees satisfaction” to train professional talents, develop personal potential, and establish a learning organization to combine corporate and individual growth. We spare no efforts in labor and resource investment in talents development, aiming to build a continuous and comprehensive learning environment. Through the five training systems, including the new employee training system, vocational training system, management training system, professional training system, and project training system, we depict the learning roadmap of employees and develop the competencies we require in employees to closely combine employee growth with the future corporate development.

2022 Talent Development Project

Digital transformation and optimization of performance management

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>(Aug-Oct 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed the existing performance management system, including needs communication, senior management interview, and collection of the difficulties and recommendations of middle management to focus on the performance policy and support measures.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 2</th>
<th>(Nov-Dec 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drew up e-forms and discussed education and training planning, implemented education and training, and optimize system form connection.</td>
<td></td>
</tr>
</tbody>
</table>

Project Planning (2023)

- Continue with the achievements of the current project, organize training for department head with high-performance targets, set performance targets for operations and team/section chief for education and training, promote top-down performance management optimization.

Digital Transformation and Optimization of Remuneration System

Internal

- Establish career domains and career levels, define employee development paths, offer various development options, and externalize efforts and results.

External

- Recruitment and appointment, offer competitive salary plans with greater flexibility, enhance CMC salary competitiveness, and strengthen the encouragement effect of the bonus system.

Project Planning (2023)

- Organize executive and employee conferences for employees to understand the transition from the old system to the new system within the organization.

Project Planning

- Review system targets every year and develop a calibration system meeting the organizational system. The new system will go live in 2023.

By linking to digital transformation, we reorganize the performance management system, accumulate the success factors of digital transformation in employee experience, system, and culture.

Build a flexible, comprehensive salary system that meets market expectations and the needs of different functions, enhance the organization’s retention and recruitment competitiveness, and attract and retain excellent talents required for corporate sustainable development.
Achievements in Education and Training 2022

In consideration of the legal and regulatory requirements, corporate strategic development, and employee needs, apart from progressively improving the quality of talents through the five training systems, we also implement a range of learning culture promotion activities, including the study group, business exchange, e-newsletters, talents development point collection bonus, charging talks, new e-learning system, and library publicity activities.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sessions held</td>
<td>4080</td>
<td>43744</td>
<td>49091</td>
</tr>
<tr>
<td>Number of trainees</td>
<td>2229</td>
<td>18396</td>
<td>22570</td>
</tr>
<tr>
<td>Total training hours</td>
<td>2881</td>
<td>2964</td>
<td>1445</td>
</tr>
</tbody>
</table>

Education and Training 2022

Organized 1,445 sessions in total. Up to 22,570 participants. Training hours up to 49,091 hours.

Achievements in Education and Training 2022 (by job type)

- New employees: 20 / 1022 / 17428 / 35
- On-site technical personnel: 1022 / 265 / 2867 / 3
- Construction/managerial personnel: 138 / 20 / 1253 / 11
- Entry-level managers: 3 / 3 / 3 / 3

Total Training Outcomes Over the Last Three Years

- 2020: Total 4080 sessions, 2229 trainees, 2881 training hours
- 2021: Total 43744 sessions, 18396 trainees, 2964 training hours
- 2022: Total 49091 sessions, 22570 trainees, 1445 training hours
5.3.2 Performance Development

Performance Evaluation Mechanism

To live up with the CMC’s business philosophy: “harmony, innovation, top, and sustainability” (HITS), we add a departmental development plan of 3-5 years to the annual strategy of each division. By setting and regularly reviewing departmental targets, we integrate our business philosophy into sustainable development and practice them in the routine work. We establish the performance evaluation mechanism by job type. After initiating the department policy and various job plans based on the annual strategic targets undertaken at the beginning of the year, indirect units below grade 6 sets their own targets and follow up on and review them periodically to ensure the effective connection of the job duty of employees and the corporate performance.

In 2022 we completed performance evaluation on all CMC employees.

Employees still in service on December 31 in the year, excluding fixed-term contract employees, and employees starting service or returning to work for less than 3 months are not included in the performance evaluation.

Excellent Employee Recommendation and Assessment Process

To encourage employees to make excellent performance and set up examples, we began organizing the annual model employee selection and commendation in 1988. One out of every 70 union members will be nominated by each unit as the candidate for the evaluation board formed by the union board to review the candidates and determine the annual model employees based on their performance. In 2022 a total of 29 employees were selected as model employees.

Eligibility
Work at the plant for at least one year, receive grade A and above in the performance evaluation in the past 2 years, and fully demonstrate various core competencies: innovative thinking, proactivity, customer focus, and executability.

Number of Candidates
Based on the number of members of the labor union in January of the year (2,004 in 2022), one out of every 70 members.

Candidate Nomination
Each unit nominates candidates by filling in the “Model Employee Nomination Form”.

Evaluation Mechanism
The evaluation board formed by the union board will access each candidate and determine the model employees of the year based on the candidates’ performance in all evaluation items.

Open Commendation
Model employees will be commended openly.
5.4 Safe Workplace: Enjoying the experience of work satisfaction

5.4.1 Occupational Safety and Health Management

Occupational Safety and Health Improvement Mechanisms and Management Approaches

In order to facilitate and improve safety and health management for equipment, contractors, firefighting, emergency responses, and working environments/premises, CMC has formed a professional safety and health organization and created a safety and health inspection system.

- To ensure the smooth promotion and implementation of safety and health work, we have established the “Environmental Safety Department” and had a “Health & Safety Department” in place at each plant with the aim of achieving zero hazards.
- We have set up the “Occupational Safety and Health Committee” at different levels, including corporate, departmental, and sectional levels, as shown below. Take the corporate committee for example, it establishes the corporate OSH policy, reviews the results of various OSH tasks, promotes occupational safety, prevents accidents, improves the workplace environment, and maintains employee health. The labor representatives holding 34% of the seats are sent by the union.
- Our occupational safety management system applies to all CMC business-conducting venues (Yangmei Plant and Hsinchu Plant) and covers all employees (93%) and non-employees (7%, service and construction contractors).

<table>
<thead>
<tr>
<th>Level</th>
<th>Meeting Frequency</th>
<th>Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>One meeting every three months</td>
<td>Management Representative</td>
</tr>
<tr>
<td>Indirect Department</td>
<td>One meeting every three months</td>
<td>Department Head</td>
</tr>
<tr>
<td>Direct Department</td>
<td>One meeting every month</td>
<td>Department Head</td>
</tr>
<tr>
<td>Sectional</td>
<td>One meeting every month</td>
<td>Section Chief</td>
</tr>
</tbody>
</table>

- As CMC takes equipment safety very seriously, the “Safety and Health Procurement Management Guidelines” have been established to make sure the machinery to be procured is designed to eliminate its potential danger during the procurement planning and thereby ensure its inherent safety and prevent incidents in case of operating errors or equipment failures.
- Potential hazards in existing equipment are identified through the mechanisms of reporting and patrol inspections by on-site employees. Safety mats, safety bolts, photoelectric safety devices or other interlocking devices are used, when necessary, to avoid potential hazards resulting from man-made factors.
- One meeting every three months bartend Management Representative.
- In an effort to implement occupational safety and health control, the Company take a proactive approach to carrying out a wide range of safety and health inspections in contexts that different types of employees may encounter in the workplace, e.g., management by having top management walking around, graded safety and health inspections by managers at all levels, professional audits by the safety and health audit, patrol inspections by all units, etc. Any deficiencies are tracked until relevant improvements are made to prevent the occurrence of incidents.

<table>
<thead>
<tr>
<th>CMC OSH Core Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevent accidents, improve the infrastructure, and maintain employee health. The labor representatives holding 34% of the seats are sent by the union.</td>
</tr>
<tr>
<td>We protect employee safety and health and improve the safety and health performance of partners. In accordance with the Occupational Safety and Health Act, we implement occupational health and safety (OHS) management systems (ISO 45001:2018/CNS 45001:2018) in Yangmei Plant and Hsinchu Plant and pass the third-party certification by BSI (ISO 45001:2018/CNS 45001:2018). We adopt scientific and systematic documentation management systems along with the PDCA management principle, implement safety and health management initiatives, carry out relevant hazard prevention measures, establish safety and health regulations, and conduct internal and external audits to reduce safety and health risks and boost relevant performances continuously. We also promise that we will make improvements in the following directions.</td>
</tr>
<tr>
<td>We have developed the “Fire Safety Equipment Management Rules” that require that a fire protection engineer shall be commissioned regularly on an annual basis to inspect firefighting equipment and report the result. Also, all units are required to perform regular checks on all fire safety equipment and immediately notify the maintenance unit of any found equipment defects for inspection and repair, allowing the equipment to be able to function well in case of fire.</td>
</tr>
<tr>
<td>To prevent fire in advance and ensure the safety of operators, all switches and lights at premises where highly flammable substances are stored and used are explosion-proof and there are also automatic CO2 fire extinguishing systems installed.</td>
</tr>
</tbody>
</table>

The Company's occupational safety and health target achievement rates in 2022 and targets for the following year are shown below:

<table>
<thead>
<tr>
<th>Achievement in 2022</th>
<th>Accomplishment rate 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement rate for deficiencies found in safety and health inspections</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Targets in 2023</th>
<th>Accomplishment rate 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement rate for deficiencies found in safety and health inspections</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accomplishment rate 90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement rate for annual safety and health targets and management programs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accomplishment rate 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accomplishment rate for abnormal workload follow-up on high-risk cases</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Accomplishment rate 100%</th>
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<td>Accomplishment rate for abnormal workload follow-up on high-risk cases</td>
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</thead>
<tbody>
<tr>
<td>Accomplishment rate for abnormal workload follow-up on high-risk cases</td>
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</table>
Hazard Identification, Risk Assessment and Classification Management

CMC places great importance on the safety and health of employees in the workplace. The “Safety and Health Risk Management Guidelines” have been established for hazards and risks that may occur in the workplace. We also carry out hazard identification, risk assessment and classification management for routine and non-routine operations in the workplace to prioritize high-risk hazards for making improvements and control risks, thereby offering the employees a safe working environment. The Occupational Safety and Health Committee convenes regularly to review the effect of improvements made and keep finding chances to improve our occupational safety and health management systems. Furthermore, to ensure the effectiveness of hazard identification and risk assessment, relevant personnel shall receive regular hazard identification and risk assessment education and training every year and may take up the work only after they are qualified. In accordance with the hazard identification and risk assessment results in 2022, there was one Level 1 high-risk hazard, accounting for 0.01% (Level 2: 0.01%; Level 3: 13.43%; Level 4: 75.46%; Level 5: 11.09%), and piercing, cut, scratch, electric shock, and fall are common lower-risk hazards.

Contractor Safety and Health Management

We value the safety and health of contractor personnel at work. Hence, we establish the “Contractor Management Plan” and the “Guidelines for Work Safety Implementation Permits”. We also develop the contractor construction application system and include the number of contractor personnel, the equipment used by contractors, the operating environment and hazard factor notification, coordination organization meeting minutes, education and training records, and contractor insurance data in system management. For environment and hazard factor notification, coordination organization meeting minutes, the number of contractor personnel, the equipment used by contractors, the operating permits. “We also develop the contractor construction application system and include “Contractor Management Plan” and the “Guidelines for Work Safety Implementation

In 2022 there was no occupational accident occurred to contractors. However, we found 7 offenses of the Company’s OSH regulations in the irregular onsite contractor construction safety inspections. We issued the relevant tickets in accordance with the “Contractor Management Plan” to fine offending contractors with a total of NT$55,000. We also requested the site directors of contractors to explain the causes of offenses and propose corrective and preventive action for the audited defects. In order to maintain good working environments, our plants commission the “Industrial Safety and Health Association of the R.O.C. (Taiwan)” to carry out working environment monitoring at premises where operations involving organic solvents, dust, noise, heat, and other factors significantly endangering health are conducted on a half-yearly basis in accordance with the related regulations specified in the Occupational Safety and Health Act. The results are used as a basis for executing relevant preventive measures and developing operating standards for safety and health.

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5.4.2 Statistics on Occupational Accidents

To ensure effective immediate emergency handling and subsequent investigation and recording in case of accidents incurred by employees, we have the "Accident Handling and Investigation Procedures" in place. If an accident occurs, the concerned unit shall notify the Health and Safety Division and the President immediately. For material accidents, the Health and Safety Division shall make a report to related competent authorities within 8 hours. In addition to making immediate improvements for the accident, hazardous identification and risk assessment shall be re-conducted for the concerned operation to check if the risk grade is appropriate. Further and better precautions are then taken in the hope of minimizing the risk. After detecting workplace conditions that may lead to work-related injury or work-related ill health, employees may leave the scene voluntarily and report to the supervisor to take action afterwards. More importantly, employees will not be disciplined for leaving work in this manner.

Through the well mechanism control, there were 6 recordable work-related injuries in 2022 (excluding 2 commuting traffic accidents). The main causes for the traffic accidents (falls) included not keeping an eye on road conditions, not maintaining a safe distance, and human error. To further remind employees to keep themselves safe, further information dissemination and education about keys to safe driving are conducted at Occupational Safety and Health Committee meetings, morning meetings, and education and training. In addition, in 2022, none of our employees incurred occupational diseases and no occupational disasters, occupational fatalities or diseases happened to the non-employee workers and contractors directed or supervised at the workplace.

<table>
<thead>
<tr>
<th>Occupational Accident Statistical Item</th>
<th>CMC</th>
<th>Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury Rate (IR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0.464</td>
</tr>
<tr>
<td>Total</td>
<td>0.054</td>
<td>0</td>
</tr>
<tr>
<td>Occupational Disease Rate (ODR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost Day Rate (LDR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>170</td>
</tr>
<tr>
<td>Total</td>
<td>19.93</td>
<td>0</td>
</tr>
<tr>
<td>Work-related Fatalities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Fatalities</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>170</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Total number of working hours of CMC employees in 2022: 393,3664 hours.
Total number of working hours of non-CMC employees in 2022: 34,872.5 hours.

Total hours of work = 238 days (2022 direct unit calendar) x 2066 persons (total number of employees) x 8 hours = 3,933,664 hours.

5.4.3 Promoting Safety Culture

Emergency Response and Management

In an attempt to respond to all types of emergencies in an appropriate manner and strengthen our employees’ first aid and emergency response capabilities, we have established the “Emergency Response Plan Management Guidelines” and “Operating Standards for Emergency Responses”. All units set up their emergency handling team and draw up relevant countermeasures based on operations and environmental conditions and perform regular drills to be familiar with the emergency response steps in hopes of reducing damages and limiting personnel and equipment losses in case of an incident. Currently there are 10 automated external defibrillators (AEDs) in two CMC plants. In addition to one AED equipped in the infirmary of Hsinchu Plant, the other nine AEDs are equipped in Yangmei Plant. In 2022, we hired experts to give four training sessions on cardiopulmonary resuscitation (CPR) administration and AED use for 238 personnel, including personnel of AED locations, safety and health staff, first responders, and onsite supervisors, for every staff member to operate and practice CPR administration and AED use.

Emergency Response and Management Standards for Emergency Responses. All units set up their emergency handling team and draw up relevant countermeasures based on operations and environmental conditions and perform regular drills to be familiar with the emergency response steps in hopes of reducing damages and limiting personnel and equipment losses in case of an incident. Currently there are 10 automated external defibrillators (AEDs) in two CMC plants. In addition to one AED equipped in the infirmary of Hsinchu Plant, the other nine AEDs are equipped in Yangmei Plant. In 2022, we hired experts to give four training sessions on cardiopulmonary resuscitation (CPR) administration and AED use for 238 personnel, including personnel of AED locations, safety and health staff, first responders, and onsite supervisors, for every staff member to operate and practice CPR administration and AED use.

CPR and AED training for 238 personnel for each member to practice onsite.

CPR and AED Education and Training Results Over the Last Three Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of sessions</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>249</td>
<td>4</td>
</tr>
<tr>
<td>2021</td>
<td>52</td>
<td>2</td>
</tr>
<tr>
<td>2022</td>
<td>238</td>
<td>4</td>
</tr>
</tbody>
</table>

(Odd sessions were canceled due to the pandemic)

Occupational Health and Safety Education and Training

Every year we establish the safety and health education and training plan to enrich the safety and health professional knowledge for employees and contractors. We implement workplace health management and health protection, arrange health talks, and prevent and assess disorders triggered by abnormal workloads in all plants. Additionally, Hsinchu Plant offers general occupational safety and health on-the-job training, training on operation with special hazards (operators using cranes for sling operations, operator of fixed cranes with a load of 0.5-3 tons and operators forklifts with a load of over 1 ton) and on emergency response (fire, earthquake, and chemical leakage). A total of 22 courses were organized for 2,508 personnel. Hsinchu Plant was also awarded the “Excellence in OSH Implementation”, the only one plant in Hsinchu County to receive this citation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of sessions</th>
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<tr>
<td>2020</td>
<td>249</td>
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<td>2</td>
</tr>
<tr>
<td>2022</td>
<td>238</td>
<td>4</td>
</tr>
</tbody>
</table>

(Odd sessions were canceled due to the pandemic)
Health service management services
To take good care of the health of employees, we have established the “Employee Health Management Regulations”. Apart from offering health checkups (once a year) better than the legal and regulatory requirements, we also implement graded health management on employees based on the checkup results. We also arrange responsible nurses to follow up on the health improvement of employees and occupational medicine specialists to assess the need for job accommodation to provide a reference for the OSH Office to assist in job accommodation. With the aim of reducing potential health hazards in the workplace, contracted occupational medicine physicians are engaged to provide on-site medical services and inspect the working environments at our plants together with our safety and health personnel and nurses to identify and eliminate occupational health hazards.

Moreover, to take care of contractors and resident personnel, we offer health checkups (together with CMC staff) to resident personnel of the employee canteens. Additionally, apart from free consultation and post-checkup follow-up services, the in-house outpatient clinic also provides free medical services for contractor personnel, such as consultation, checkup, wound dressing.

<table>
<thead>
<tr>
<th>Management Item</th>
<th>Process Management Regulations</th>
<th>Assessment Target</th>
<th>Frequency</th>
<th>Improvement Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ergonomic Hazards</strong></td>
<td>Ergonomic Hazard Prevention Plan</td>
<td>Once every three years for onsite units, and one musculoskeletal symptoms survey every year.</td>
<td>Once a year</td>
<td>Sequence of improvement: Engineering improvement, administrative improvement, health management.</td>
</tr>
<tr>
<td><strong>Excessive workload</strong></td>
<td>Disorders triggered by abnormal workloads prevention plan</td>
<td>For employees with three or more anomalies related to metabolic syndrome as shown in the checkup results, we apply the Framingham risk score (FRS) to predict their CVD risk level.</td>
<td>Once a year</td>
<td>Prepare a list for management; implement health management, health promotion, and health follow-up; and arrange workplace relocation based on the assessment of the occupational medicine specialist. Job accommodation or work time reduction.</td>
</tr>
<tr>
<td><strong>Maternity Protection</strong></td>
<td>Maternity Health Protection Plan</td>
<td>The date of pregnancy report until one year after delivery, Breastfeeding one year after delivery</td>
<td>Implement on employees with pregnancy and after delivery</td>
<td>Change working conditions (e.g., workload adjustment), work time adjustment, and job accommodation based on three assessment and advice of occupational medicine specialist.</td>
</tr>
<tr>
<td><strong>Workplace Violence</strong></td>
<td>Workplace Violence Prevention Plan</td>
<td>When employees file a workplace violence grievance</td>
<td>Subject to individual grievance</td>
<td>Take action based on the investigation results and prevent recurrence. Job adjustment or other management approaches. Report to the police when involving personal safety. Impose related disciplines based on the work rules. Arrange legal consultation, counseling, health instructions by occupational medicine specialists, medical assistance, and contact the victim’s family as necessary.</td>
</tr>
</tbody>
</table>

Accumulated Ergonomic Improvements Made

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of improvements</th>
<th>Accumulated improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>523</td>
<td>633</td>
</tr>
<tr>
<td>2018</td>
<td>748</td>
<td>826</td>
</tr>
<tr>
<td>2019</td>
<td>887</td>
<td>1000</td>
</tr>
<tr>
<td>2020</td>
<td>85</td>
<td>110</td>
</tr>
<tr>
<td>2021</td>
<td>115</td>
<td>78</td>
</tr>
<tr>
<td>2022</td>
<td>61</td>
<td>113</td>
</tr>
</tbody>
</table>

Workplace Gender Equality

- **Online Women Self-Defense Skill Course**
  - Hire professional Chinese boxing coaches to teach common self-defense skills.
  - 41 employees signed up to the course.

- **Tabletop Game**
  - Allow employees to understand the diversity and composition of “home” through the “Home Play” tabletop game to inspire views and ideas.
  - 51 employees signed up to the game.

- **Gender-Friendly Design Competition**
  - Organize the “Gender-Friendly Design Competition” to enhance the gender equality awareness in employees and encourage employees to think about the meaning of respect through different angles so as to build a workplace with gender equality.
  - 17 employees contributed works to the competition.
Give Back to Society in Every Way Possible

### Achievements and Performance in 2022

- **Bu Bu Sharing** subscribers: 19,608 persons
- Accumulative shuttle mileage: 54,800 km
- Accumulatively donated Happiness Guardian vans to remote townships across Taiwan to travel a total of 319,091 km
- Volunteers involved: 2,122 persons
- Volunteered services: 5,857 hours
- Tire Service Check: 126 vehicles of children’s welfare organizations returned to CMC for tire service check
- 25 sessions of coastal clean-ups and mountain clean-ups
- 856 vehicles in Vehicle Maintenance Service Tour
- 12 Happiness Guardian vans for the accumulative donation

### Material topic

Although there was no material topic corresponding to this chapter in 2022, through long-term engagement in social welfare, we will continue to create the common good through collaboration with society based on our core automotive competencies.

### Core Vision and Commitment

Starting out as a commercial vehicle manufacturer, we have been considering how to solve social problems with our automotive competence and so to realize the SDGs. Apart from proactively establishing communication channels with external stakeholders through the daring use of corporate resources, we reshape a social welfare implementation model and lead CMC employees towards a future of common good in society by integrating the innovative thinking of the automotive industry with the ESG concept. We also hope to collaborate with all parts of society to create a beautiful future where social inclusion and value sharing are realized.

### Strategic Goal

<table>
<thead>
<tr>
<th>Short-term</th>
<th>Medium-term</th>
<th>Long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuously implement social inclusion projects to distribute corporate resources to every corner of society</td>
<td>Develop automotive talents and build a reciprocal positive cycle through social inclusion projects</td>
<td>Foster a social corporate culture to ingrain volunteering in CMC operations</td>
</tr>
</tbody>
</table>

### Core Vision and Commitment

**Strategic Goal**

- Continuously implement social inclusion projects to distribute corporate resources to every corner of society
- Develop automotive talents and build a reciprocal positive cycle through social inclusion projects
- Foster a social corporate culture to ingrain volunteering in CMC operations

**Achievements and Performance in 2022**

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6.1 Social Inclusion: Finishing the sustainability roadmap together

6.1.1 Performances in Social Inclusion

Upholding the brand spirit of “Starting for Happiness” and the development strategy of “urban and rural sustainability, we connect with the SDGs and implement ESG to promote remote township development so as to effectively bridge the urban-rural divide.

### Achievements and Amount for Social Inclusion 2022

#### Investment in communities
- Money invested: NTD 39,242,236
- Volunteers involved: 552
- Expenses for volunteers: NTD 621,900

#### Commercial activities
- Money invested: NTD 15,484,284
- Volunteers involved: 430
- Expenses for volunteers: NTD 489,600

#### Charitable activities
- Money invested: NTD 39,248,327
- Volunteers involved: 986
- Expenses for volunteers: NTD 1,117,900

Note 1: For the number of volunteers, a volunteer is counted once every 8 hours
Note 2: Commercial activities generally refer to investments in sales, car owners, and the improvement of the corporate image
Note 3: Expenses for volunteers are equal to the number of volunteers involved in each session times the average daily wage of NTD 1,460

### Realizing Rural Transportation Justice
Allocate resources to help develop local shuttle service in Hualien and Taitung to finish the last mile or rural transportation.

### Low-Emission Transportation Network for Offshore Islands
Provide low-emission vehicles, such as the eVERYCA EV and eMOVING e-scooters, for offshore islands to reduce emissions from local travels.

### Vehicle Maintenance Service Tour for Rural Vehicle Safety
Continue with the Vehicle Maintenance Service Tour and unfold the Tire Check Service at the same time to fund the operating expenses of children’s welfare groups.

### Development Strategy
Urban-Rural Sustainability

### Connect with SDGs
Support remote township development effectively bridge the urban-rural divide
**CMC’s Social Inclusion Roadmap**

**Happiness Guardian Program**
- **Accumulated outcomes:** Donated a total of 12 Happiness Guardian vans 2016-2022, with an accumulative service mileage of 319,091 km (equivalent to traveling around Taiwan 297 times)
- **Goal in 2024:** The Vehicle Maintenance Service Tour will be combined with the Happiness Guardian Program to offer vehicle maintenance services to the vehicles under the program
- **Accumulated outcomes:** Donated a total of 12 Happiness Guardian vans 2016-2022, with an accumulative service mileage of 319,091 km (equivalent to traveling around Taiwan 297 times)
- **Goal in 2024:** The Company will launch the Bu Bu Sharing service to more areas and facilitate integrated passenger and freight transportation in rural areas

**Vehicle Maintenance Service Tour**
- **Accumulated outcomes:** Recruited students from the Taipei City University of Science and Technology, National Tatung Junior College and National Tatung Industrial Vocational High School to the Vehicle Maintenance Service Tour through university-industry collaboration to provide 24 tours across Taiwan and 8,856 vehicles through the support of 8 suppliers
- **Goal in 2024:** Expand the benefit of university-industry collaboration and recruit more vocational schools to organize >150 tours to repair >5,000 vehicles

**Corporate Volunteers**
- **Accumulated outcomes:** The number of volunteers involved reached 2,122. The time invested by the volunteers totaled 5,857 hours
- **Goal in 2024:** Focus on environmental sustainability based on “wetland maintenance and coastal clean-up” and develop volunteers for the CMC ecological pond to restore Taiwan native species

**Dream Project**
- **Accumulated outcomes:** Supported school lockdown without class shutdown: Donated 300 COVID-19 rapid test kits to the 11 units on the Happiness Guardian Program and 250 picture books to Dapeng Primary School in Chiaoyi under the Indigenous Dream Project. So far, the Dream Project has had a total of 15,000 beneficiaries since it’s first launched
- **Goal in 2024:** We will be dedicated to charitable activities in rural areas on a continuous basis to create common good for the areas with corporate resources

**Remote Agricultural Community Partner Development Program**
- **Accumulated outcomes:** Purchased a total of 70,280 kg of organic vegetables and fruits from indigenous people during 2015-2022
- **Goal in 2024:** Promote organic/eco-friendly farming with CV owners and assist with sales through the Mitsubishi LINE account

**Food Truck Program of South Link Association**
- **Accumulated outcomes:** South Link TAKECPIZZA Food Trucks >56 missions
- **Goal in 2024:** We will take advantage of our modified Mitsubishi commercial vehicles to promote local revitalization and public welfare vehicle programs

**Anchor Program**
- **Accumulated outcomes:** 59 activities were held under the Anchor program during 2015-2022 with a total of 2,833 visiting students
- **Goal in 2024:** Recruit excellent talents to CMC through university-industry collaboration by combining the Anchor Program with talents recruitment

**Traffic Safety Camp**
- **Accumulated outcomes:** Continued the Taoyuan Fuxing Township Indigenous Primary School Project and organized four traffic safety camps for Fuxing Primary School, Pachi Elementary School, Gaoci Elementary School, and Hinshe Elementary School in Hinchu
- **Goal in 2024:** Extend the Traffic Safety Camp to indigenous townships in Hinchu and coastal schools in Taoyuan to invest corporate resources in places in need

**Read for Hope Project**
- **Accumulated outcomes:** Accumulative mileage of the Read for Hope >226,350 km (equivalent to traveling around Taiwan 210 times)
- **Goal in 2024:** Accumulate participants to >140,000 persons

**Environmental Ecology**
- **Accumulated outcomes:** Successfully restored 9 species of the Fabaceae in the ecological pond for native species and the Fabaceae
- **Goal in 2024:** The ecological pool will be opened for guided tours to ensure sustainable ecology through community renovation

**Appendix**
6.1.2 Volunteerism Development and Achievements

Volunteerism Culture: Ingraining in Taiwan and Giving Back to Society

To actively create an atmosphere and promote sense of honor for volunteerism, in addition to the 3-day volunteerism leave each year, ahead of competitors, we also provide company cars and other resources for volunteering use to encourage volunteer service. We also introduce the “Volunteerism Reward Regulations” to include volunteering activities in the department policy to enhance the departmental accomplishment rate.

Due to the labor shortage in Taiwan in recent years, “continuing education” volunteering activities have thus become the focus of volunteerism promotion of all departments. By combining talents recruitment and university-industry collaboration projects, such as the “Vehicle Maintenance Service Tour” and “Anchor Program”, we ingrain automotive resources and professional technology on campuses to improve the practical capability of students as well as develop the brand favorability of CMC Mitsubishi in students.

Volunteerism leave equals to the number of employees applying for the volunteer leave times the average daily wage of NTD 1,600.

Participation in volunteer activities with suppliers to give back to society

In 2022 we organized a total of 25 coastal clean-ups through the Volunteerism Reward Regulations and hired the Xinwu Township Association to give environmental education courses to introduce the story of Xinwu weirs and the rules for coastal clean-ups. To extend the ESG spillover effect, apart from actively encouraging employees to participate in environmental sustainability activities, we specifically organized three beach clean-ups through CMCA in northern, central, and southern Taiwan respectively. We also hired Friendly Seed, an environmental protection group, to arrange guided courses for suppliers to understand better the process of coastal clean-up and mountain clean-up, the origins of marine debris, and the concept of environmental sustainable development. The three clean-ups in 2022 attracted the heat participation of 37 suppliers and 121 contractors.

Support for culture industry development, funds for environmental films

To support the development of Taiwan’s culture industry and raise the awareness of the importance of environmental conservation in employees, we activated the Mitsubishi Green Life Program and chartered the broadcast of environmental films including Good Morni MIT and Caring for Black-Faced Spoonbill for employees and their family to enjoy the films so as to promote ESG together through comprehensive and multifaceted activities.

Volunteer Incentive

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Volunteerism Leave Application in Past 3 Years

Volunteer Outcomes Over the Last Three Years

Focus of Volunteering Activities

Care for Indigenous Peoples | Environmental Protection | Automotive-Related | Continuing Education

Support for environmental protection films from CMC employees

Good Morni MIT introduces the characteristics of the Formosan salamander (Hynobius formosanus), an endemic species of Taiwan, and brings forth the environmental threats to the species including climate change and habitat damage. We chartered the film for CMC employees and their family and enriched the knowledge and enhance awareness of CMC volunteers in environmental sustainability with environmental films. With such aim we support the conservation of Taiwan endemic species and the development of Taiwan’s film industry.

Caring for Black-Faced Spoonbill recounts the efforts in maintaining the space for survival for the black-faced spoonbill over the years of the dedicated. We chartered the film for employees and their family to support the film and for the audience to rethink the issues relating to conservation, wetlands, and international promotion and to consider how to contribute to the precious migratory birds on their transit over Taiwan through volunteerism.

Employee Testimonial and Feedback

Thank you CMC, it’s like dreaming to see Director Mai’s work and meet with him in person. After watching Good Morni MIT, I was inspired to rethink what I’ve seen from mountain climbing over the years. When I studied in Japan the other day, I used to watch Taiwanese productions over the internet to ease my homesickness. MIT Made In Taiwan and was on of my favorites. As an extension of MIT Made In Taiwan, Good Morni MIT introduces the knowledge of the Formosan salamander and further discusses ecological conservation as a whole. Influenced my nature, I will lead mountainers to work for “leave no trace”.

Note: The figure above represents the number of employees taking volunteer leave on weekdays. The converted value of the volunteer leave equals to the number of employees applying for the volunteer leave times the average daily wage of NTD 1,600.

Safeguarding Give Back to Society in Every Way Possible
### 6.2 Urban and Rural Sustainability: Safeguarding society with cars

#### 6.2.1 Happiness Guardian Program

According to the statistics of the MOTC, nearly 10,000 children under 12 years of age were involved in road traffic accidents per year in recent years. In an attempt to take full care of disadvantaged children in rural areas, CMC initiated the “Happiness Guardian Program” in 2016 to invest our vehicle resources in rural tribes, so as to boost road safety for the disadvantaged children. By the end of 2022, we have donated a total of 12 Happiness Guardian vans to remote townships across Taiwan to provide shuttle services for vulnerable children. So far, a total 319,091 km has been traveled, equivalent traveling around Taiwan 297 times.

There are over 3,000 elementary and junior high schools in Taiwan, and over 1,000 of them are located in remote townships as determined by the Ministry of Education. Through the “Happiness Guardian Program”, we team up with NGOs across Taiwan to take care of vulnerable children by offering shuttle service for their after school club sessions. So far, we have provided the after school club shuttle service for Grass Book House in Taoyuan, Citong Book House in Taitung, South Link Ark Classroom, and the Secret Space of After School Association of Tainan. Additionally, we funded Warm Breeze Caring Association in Taichung and AGAPE Care Association in Changhua with NT$30,000 each for vehicle replacement through the Children’s Vehicle Safety Solution to meet the transportation need of vulnerable children.

#### Vehicle Donation/NT$30,000 Vehicle Replacement Funding under the Happiness Guardian Program Over the Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Code of Donated Car:</th>
<th>Recipient</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>Happiness 12</td>
<td>Hualien County Taifalong Primary School (Guangfu Township, Hualien County)</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>Happiness 11</td>
<td>Taitung County Paiakau Indigenous Peoples Care Association (Yanping Township, Taitung County)</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>Happiness 10</td>
<td>Taiwan Corp., Sustainable Urban and Rural Care Association Grass Book House (Dasi District, Taoyuan City)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>Happiness 6</td>
<td>Association of South-Link Health Care Promotion for Taitung County (Dawu Township, Taitung County)</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>Happiness 5</td>
<td>Bethel Holistic Care Association (Wugu, New Taipei City)</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Happiness 4</td>
<td>Tainan City Social Care Association (Xingang, Tainan City)</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Happiness 3</td>
<td>After School Association of Taichung in Wufang Township, Pinglung (Wufang, Taichung)</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>Happiness 8</td>
<td>Taichung County Hongye Elementary School (Yanping Township, Taichung County)</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>Happiness 7</td>
<td>Chinese Love &amp; Joy Charity Association (Puyuma, Taitung County)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>Happiness 9</td>
<td>New Taipei Municipal Qixian Junior High School (Ruilang District, New Taipei City)</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>Happiness 11</td>
<td>Qinxian Junior High School (Taiwan Corp. Sustainable Development)</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>Happiness 10</td>
<td>St. Joseph Church in Wufeng, Taichung (Wufeng, Taichung)</td>
<td></td>
</tr>
</tbody>
</table>

We accept applications for shuttle services from children’s welfare groups and elementary schools in remote townships with NT$30,000 each for replacing school light buses or 8-seat (or more) school vans of 10 years or older. The quota is 50 vehicles each year.
6.2.2 Implement the Vehicle Maintenance Service Tour

China Motor Corporation has a dense distribution and service network to ensure the safety of large-scale car owners. In order to further guarantee driving safety for car owners in remote areas, we integrate the service system of Fortune Motors with that of Shung Ye Motor to launch the “Vehicle Maintenance Service Tour” for regions with lower service density, such as rural, coastal and mountainous areas. Through the call of CMCA, eight suppliers, including CPC Taiwan, General Enterprises, Bridgestone Taiwan, Yuasa, Xinquai, NGK, Orange Bectronic, and San Chien Bectric, joined the event. In response to the pandemic, we proactively expanded the scope of the “Vehicle Maintenance Service Tour” from remote township vehicle maintenance service to the tire check service to extend the scope of transportation care in collaboration with contractors.

Service Contents

- Free CPC Taiwan motor oil change
- Free replacement with General Enterprises oil filters
- Buy one get one free tire of Bridgestone Taiwan at service stations
- 50% off for Yuasa batteries at service stations
- Free replacement with Xinquai windscreen wipers
- Free replacement with NGK spark plugs after 50,000 km mileage at service stations
- Free Orange Bectronic TPMSes at service stations
- Free replacement of tire valve caps by San Chien Bectric

Maintenance session/Location

Four tire check sessions and 20 general maintenance sessions in Thyakan Community, Dawu Township, Taitung, and Marongarong Community, Miaoli.

Number of ambulances maintained

856

6.2.3 Central Kitchen for Schools in Remote Township

For schoolchildren in remote townships to enjoy the same dietary care as that of schoolchildren in the urban, the Executive Yuan introduced the “Central Kitchen for Schools in Remote Township” program in 2021. In 2022 we joined the service by forming a delivery network for elementary schools in remote townships with 225 Delica vans to provide 240,000 schoolchildren in remote townships across Taiwan with tasty lunch. In response to the school lunch delivery needs and the distance from schools (30 minutes’ ride or within 10km), two Delica vans joined the delivery fleet. Each van can deliver lunch for about 20 classes, while each pickup can carry food for about 7 classes. As these vehicles must enter the campus, to ensure smooth school lunch delivery, apart from keep track on these vehicles with the GPS and managing the routes, delivery time, and temperature with AI, we apply full-range smart logistics monitoring of school lunch delivery to ensure students can enjoy fresh, warm food and make food safety visible.

Vehicle Maintenance Service Tour Timetable

![Image of vehicle maintenance service tour timetable]

Station Vehicle Check

- 2021 CMC Mitsubishi Ambulance Inspection Service
  - Free CPC Taiwan motor oil change
  - Free replacement with General Enterprises oil filters

- 2022 Safety for Children Tire Safety Check Service
  - Free CPC Taiwan motor oil change
  - MAXXIS tire buy one get one free

Maintenance session/Location

- 2021 CMC Mitsubishi service stations across Taiwan
- CMC Mitsubishi service stations across Taiwan

Number of ambulances maintained

- 77
- 126

225 Delica school lunch delivery vans

240,000 schoolchildren were benefits.
6.2.4 Promotion of transportation and carpool: Bu Bu Sharing

Remote townships in Taiwan are mountainous. As the road condition is unfavorable and the population is low and scattered, public transport is inconvenient, and the operating cost is high. Currently, public transport is mainly available on main roads in remote townships, and there is nearly no route running through local communities, making it difficult for locals to seek medical attention, go to school, conduct business, and even enjoy an easy life. Even worse, elderly people often need to wait for infrequent bus. This also derives problems such as student tardiness for school and driving without a license. The shuttle service for the “last mile” for home has thus become the most concerned issue of transportation in remote townships.

To promote transportation justice in remote townships, the MOTC piloted the multifaceted carpool service “Bu Bu Sharing” program in remote townships in Hualien and Taitung in 2018 by guiding local NGOs to develop the carpool matching center with local idle vehicles and driver resources to provide locals with carpool service. We joined the “Bu Bu Sharing” program in 2021 and arranged 3 Delica vans to provide the “Happiness Bus 2.0” shuttle service for Fuli Township and Zhuoxi Township in Hualien and Yanping Township in Taitung in two years. In 2023, we will add one more Delica to provide service for Wannung Township in Hualien for transportation to reach every part of remote townships through flexible arrangements.

Achievements of Happiness Bus 2.0

<table>
<thead>
<tr>
<th>Townships</th>
<th>Routes</th>
<th>Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuli, Hualien</td>
<td>5</td>
<td>23,687</td>
</tr>
<tr>
<td>Zhuoxi, Hualien</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Yanping, Taitung</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

77 townships, 215 routes, 78,922 km shuttle service, 59% shuttle service for students, increased to 90% public transport coverage.

“Bu Bu Sharing” Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Region</th>
<th>Ridership</th>
<th>Shuttle Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Fuli, Hualien</td>
<td>9583</td>
<td>32612</td>
</tr>
<tr>
<td></td>
<td>Yanping, Taitung</td>
<td>8849</td>
<td>14631</td>
</tr>
<tr>
<td>2022</td>
<td>Zhuoxi, Hualien</td>
<td>1176</td>
<td>5557</td>
</tr>
</tbody>
</table>

6.2.5 Social Innovation with Employment for the Homeless—Flipping Life with CMC

By linking various stakeholder groups, we facilitate multifaceted collaboration through the “social innovation” business model and invest in corporate resources to solve environmental and social issues. In 2019, we assisted the “Association of South-Link Health Care Promotion for Taitung County” in developing the social innovation and charity with vehicle programs using the modification advantage of Mitsubishi commercial vehicles. By modifying the VERYCA into food trucks for operations, they successfully created venues for local regions. In 2022, we supported the employment for the homeless with corporate resources. In practice, we sponsored three Zinger Pick Ups for the “Yowash Social Innovation” cleaning team formed by the homeless under the leadership of Lin Li-Ching, author of Working People. Through the one-stop CV modification, we transform the Zinger Pick Up into a floor-washing vehicle.

Achievements the Food Truck Program of South Link Association in Past 3 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of times the food trucks have been taken out for service</th>
<th>Food truck revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>168</td>
<td>NTD 600 thousand</td>
</tr>
<tr>
<td>2021</td>
<td>250</td>
<td>NTD 1.23 million</td>
</tr>
<tr>
<td>2022</td>
<td>138</td>
<td>NTD 1.71 million</td>
</tr>
<tr>
<td>Total</td>
<td>556</td>
<td>NTD 3.54 million</td>
</tr>
</tbody>
</table>
6.3 Indigenous Development: Regional revitalization with the Indigenous Dream Project

It has been 23 years now since we established the “China Motor Corporation Indigenous Culture and Education Foundation”. Over the years we have offered different forms of assistance in improving indigenous education, culture, and employment. The foundation promotes the Indigenous Dream Project over time to promote the “Remote Agrarian Community Partnership Development Program” through the voluntary charitable activities recommended by employees, the continuous investment in learning resources for children in remote townships through the corporate power, and the “farmer-business cooperation”. By doing so, we hope to use corporate resources in the best interest of society to create the common good for remote townships.

6.3.1 Charitable Activity for Indigenous Townships through the Indigenous Dream Project

Since the launch of the Indigenous Dream Project in 2014, we have reached Hagay Community in Jianshi (Nahuy) Township of Hsinchu, Fazi Primary School in Renai Township of Nantou, Hbun-Sinqumi (Heliu) Community in Fuxing (Pyasan) Township of Taoyuan, Liyung (Maliguan) Community in Jianshi (Nahuy) Township of Hsinchu, communities in Taivu (Kulajuc) Township of Pingtung, and Sanmin Junior High School in Hualien. In 2019 we continuously recruited volunteer photographers to take photos for graduates for the yearbook through the “Remote Township Student Yearbook Dream Project”. Through the car owner donation, we also distributed Mitsubishi storage chairs and large blocks to remote townships across Taiwan, even to offshore islands including Lanyu and Penghu.

When the government raised the epidemic control to level 3 in 2021, through the fraternity of employees, we donated laptops to Jinyue Elementary School in Yilan for elementary schools in remote townships to lock down without shutdown. We also recruited children’s books for Luofu Elementary Schools in Taoyuan to enable children to continue their studies. Through the Indigenous Dream Project in 2022, we donated 300 COVID-19 rapid test kits to the units on the Happiness Guardian Program and 250 picture books to Dapeng Primary School under the Indigenous Dream Project. By the end of 2022, the Indigenous Dream Project benefited a total of 15,000 persons accumulatively.

6.3.2 Remote Agrarian Communities Partnership Development and Placemaking

Through “farmer-business cooperation”, we implement the Remote Agrarian Communities Partnership Development Program. In addition to launching three times of employee group shopping each year, we purchase the organic vegetable of indigenous smallholders for use in the employee canteens and increase the purchase every year.

In 2023 we began combining promoting organic and eco-friendly crops with our CV promotion. In the future we will promote the eco-friendly crops from smallholders over the Mitsubishi LINE account to usher in the consumer power and so to combine the upstream, midstream, and downstream influence.

Since the launch of the Indigenous Dream Project in 2014, we have reached Hagay Community in Jianshi (Nahuy) Township of Hsinchu, Fazi Primary School in Renai Township of Nantou, Hbun-Sinqumi (Heliu) Community in Fuxing (Pyasan) Township of Taoyuan, Liyung (Maliguan) Community in Jianshi (Nahuy) Township of Hsinchu, communities in Taivu (Kulajuc) Township of Pingtung, and Sanmin Junior High School in Hualien. In 2019 we continuously recruited volunteer photographers to take photos for graduates for the yearbook through the “Remote Township Student Yearbook Dream Project”. Through the car owner donation, we also distributed Mitsubishi storage chairs and large blocks to remote townships across Taiwan, even to offshore islands including Lanyu and Penghu.

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6.4 Knowledge and Education: Ingaining and talents development

6.4.1 Traffic Safety Camp

“Pedestrian” is first autonomous role children in the traffic environment. However, up to 80% of children have experienced accidents when crossing the road or running out of the road. Statistics show that over 4,700 children were either injured or killed by traffic accidents from 2018-2022. The school and home are the major living venues of children. As car owners have lower traffic safety awareness and there are lesser service stations in remote townships, locals are less capable of making emergency response to traffic accidents. To keep children from danger, we voluntarily launched the “Traffic Safety Camp Tour” across indigenous elementary schools across Taiwan in 2017, hoping to let children learn about the traffic signs and signals, understand the vehicle body structure, and equip them with the knowledge to handle traffic accidents so as to reduce traffic accidents in the future.

By the end of 2022, we had organized the Traffic Safety Camp in 19 elementary schools on offshore islands (Penghu and Kinmen) and remote townships to benefit over 1,000 indigenous students. To cultivate Taoyuan and give back to locals, we activated the “Traffic Safety Camp-Taoyuan Fuxing Township Indigenous Elementary Schools Project” under the program in 2019. By prioritizing the camp to indigenous elementary schools in Fuxing Township in Taoyuan, we aim to safeguard the safety of every child in Taoyuan through the related courses.

<table>
<thead>
<tr>
<th>Year</th>
<th>School</th>
<th>Number of Students Benefited</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Ha-Yun Primary School</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>San-Min Primary School</td>
<td>71</td>
</tr>
<tr>
<td>2020</td>
<td>Jie-Shou Elementary School</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Pai-Chi Elementary School</td>
<td>91</td>
</tr>
<tr>
<td>2021</td>
<td>Chang-Shing Elementary School</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Kuei-Huei Elementary School</td>
<td>56</td>
</tr>
<tr>
<td>2022</td>
<td>Hsin-Le Elementary School</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>Yi-Sheng Primary School</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Pai-Chi Elementary School</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td>Gao-Yi Elementary School</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td><strong>727</strong></td>
</tr>
</tbody>
</table>

6.4.2 Read for Hope Project

In 2004 we began implementing the “Read for Hope Project” in collaboration with the CommonWealth Magazine Education Foundation to guide children to read through five mobile libraries. Over the years we have adopted 200 schools in remote townships, hoping to connect children with the world through reading. By the end of 2022, the five mobile libraries have traveled over 226,350km, equivalent to traveling around Taiwan for 210 times, to continuously support the read for hope dreams of children.

In addition to touring remote townships, the “Read for Hope Project” also organize the “Little Writer Picture Book Contest” every year to encourage schoolchildren in remote townships to engage in writing picture books. In 2023 the CommonWealth Magazine Education Foundation published the first picture book The Biggest Strawberry Cake for Chin I-Fei, a Bunun girl from Renai Township of Nantou. In this book, the author makes an analogy of family affection with the dessert to express her concern and thankfulness for her family. We immediately organized the group shopping and campus accompanying reading to help promote this picture book.

6.4.3 Automotive Education Towards Campus

Through university-industry collaboration, we have been developing professional automotive talents over the years. In 2022 we combined the “Anchor Program” with talents recruitment and organized the “1st CMC Design Camp” for students of departments related to automotive design across Taiwan. Through vehicle appearance design and practical painting and coating courses, we aim to attract potential automotive designers to join CMC. We also continue internship for the Vehicle Maintenance Service Tour to encourage students to walk out of the campus into the field to connect education with employment. We also plan university-industry collaboration courses including vehicle test, test vehicle donation/practice, service station internship, and vehicle maintenance and check to improve the capabilities of students of technical and vocational education and training (TVET).
Anchor Program

In addition to body assembly, vehicle testing is also very important to automotive manufacturing. We activated the Anchor Program in 2015 to show students the vehicle test processes and inspection methods off the campus to enhance their awareness of and demand for vehicle safety.

In 2022 we reached out to National Nei-Pu Senior Agricultural-Industrial Vocational High School and National Pingtung Industrial Vocational High School in Pingtung, Taipei City University of Science & Technology, National Cishan Agricultural & Industrial Vocational Senior High School, National LoTung Industrial Vocational High School, and Siluo Agricultural Industrial High School to benefit up to 300 students. Apart from arranging volunteer instructors to give classes, we also donated the latest test cars for the training.

Through university-industry collaboration and education promotion, we hope to organize related automotive continuing education courses at TVET schools for students to better understand the new technology of vehicles and the new car development process to stimulate their interest in the automotive industry and enhance their brand identification with CMC. Additionally, we also team up with the Yen Ching-Ling Industrial Development Foundation to guide National Taipei University of Technology and National Taiwan University of Science and Technology to apply for technology R&D funding every year to connect university-industry collaboration with TDPs so as to keep closer to the needs for automotive products.

<table>
<thead>
<tr>
<th>“Anchor”’s Outcomes Over the Last Three Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>2021</td>
</tr>
<tr>
<td>2022</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Details on Trial Vehicle Donations

**2015**
- DELICA
- VERYCA
- ZINGER

**2016**
- ZINGER
- 22 vehicles

**2017**
- GRAND LANCER

**2018**
- eMOVING
- 16 vehicles

**2019**
- VERYCA
- LANCER

**2021**
- ZINGER PICK UP
- DELICA
- VERYCA

**2022**
- ZINGER PICK UP
- VERYCA
- VERYCA
- COLTPLUS series

Total 88 vehicles

### 2022 CMC University-Industry Collaboration Projects and Programs

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Partner Academic Institution</th>
<th>Project Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration of the visual and lidar dynamic avoidance technology for AGV navigation system and HDI development</td>
<td>National Taipei University of Technology</td>
<td>Development of the advanced items for AGV automated navigation functions the status monitoring, mission deployment, and route planning of AGV</td>
</tr>
<tr>
<td>Li-ion battery module real-time SoC estimation and realization</td>
<td>Chung Yuan Christian University</td>
<td>Steering angle tracking control design by building the torque and steering angle relational curve with reverse engineering and designing steering angle tracking controller using linear quadratic regulator for steering angle control.</td>
</tr>
<tr>
<td>Strategic development of the emergency steering assist system</td>
<td>National Taipei University of Technology</td>
<td>This project aims to design an emergency steering assist system to enhance the performance and safety of VCU products in the market.</td>
</tr>
</tbody>
</table>

Give Back to Society in Every Way Possible

Appendix

**2022 CMC University-Industry Collaboration Projects and Programs**
Appendix 1 Membership Associations and Professional Organizations

<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. China Motor Corporation Indigenous Cultural and Educational Foundation</td>
<td>Director</td>
</tr>
<tr>
<td>2. Yen Tjing Ling Industrial Development Foundation</td>
<td>Director</td>
</tr>
<tr>
<td>3. Yen Tjing Ling Medical Foundation</td>
<td>Director</td>
</tr>
<tr>
<td>4. Taiwan Transportation Vehicle Manufacturers Association</td>
<td>President</td>
</tr>
<tr>
<td>5. Car Safety Association</td>
<td>Executive Director</td>
</tr>
<tr>
<td>6. Chinese National Association of Industry and Commerce, Taiwan</td>
<td>Member</td>
</tr>
<tr>
<td>7. The Third Wednesday Club</td>
<td>Member</td>
</tr>
<tr>
<td>8. SAE Taipei Section</td>
<td>Director</td>
</tr>
<tr>
<td>9. SAE International</td>
<td>Member</td>
</tr>
<tr>
<td>10. Chinese Society of Sound and Vibration</td>
<td>Member</td>
</tr>
<tr>
<td>11. Taiwan Motor Industry Association</td>
<td>Member</td>
</tr>
<tr>
<td>12. Taipei Automobile Distributors Association</td>
<td>Director</td>
</tr>
<tr>
<td>13. Task Force for the Promotion and Development of Common Electric Scooter Battery Swapping Technologies</td>
<td>Member</td>
</tr>
<tr>
<td>14. Organization for the Promotion and Development of Common Electric Scooter Charging Technologies</td>
<td>Member</td>
</tr>
<tr>
<td>15. Taiwan V-team</td>
<td>Member</td>
</tr>
<tr>
<td>16. Automotive Research Testing Center (ARTC)</td>
<td>Executive Director</td>
</tr>
</tbody>
</table>

Appendix 2 Climate-Related Information of TWSE/TPEx Listed Company

Risks and opportunities on the company due to climate change and the countermeasures

<table>
<thead>
<tr>
<th>Item</th>
<th>Performance and Corresponding Report Sections</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Describe the board’s and management’s oversight and governance of climate-related risks and opportunities.</td>
<td>For details, please refer to: 4.1.1 Implementation and Management Overview of Task Force on Climate-Related Financial Disclosures (TFCD)</td>
<td>59</td>
</tr>
<tr>
<td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td>
<td>For details, please refer to: 4.1.2 Identification of Climate Change Risks and Opportunities</td>
<td>60-63</td>
</tr>
<tr>
<td>3. Describe the financial impact of extreme weather events and transition actions</td>
<td>For details, please refer to: 4.1.3 Scenario Analysis of Financial Impact Related to Climate Change</td>
<td>63-66</td>
</tr>
<tr>
<td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td>
<td>For details, please refer to: 4.1.2 Identification of Climate Change Risks and Opportunities</td>
<td>60-63</td>
</tr>
<tr>
<td>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.</td>
<td>For details, please refer to: 4.1.3 Scenario Analysis of Financial Impact Related to Climate Change</td>
<td>63-66</td>
</tr>
<tr>
<td>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.</td>
<td>For details, please refer to: 4.1.4 CMC Climate Action Guidelines</td>
<td>67</td>
</tr>
<tr>
<td>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</td>
<td>Currently, we do not use internal carbon pricing as a planning tool.</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>For details, please refer to: 4.1.4 CMC Climate Action Guidelines</td>
<td>67</td>
</tr>
<tr>
<td>9. Greenhouse gas inventory and assurance status.</td>
<td>• Company basic data: A company with an authorized capital over NT$10 billion but under NT$50 billion.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Minimum disclosures of the year as per the Sustainable Development Roadmap for TWSE/TPEx Listed Company: Undetermined.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Current status: We have completed the GHG inventory of individual companies and passed the external verification.</td>
<td>117-160</td>
</tr>
</tbody>
</table>
Appendix 3 GRI Content Index

Statement of use

GRI Universal Standards
Statement of use
China Motor Corporation has reported in accordance with the GRI Standards (2022) for the period from 1 January 2022 to 31 December 2022.

GRI 1 used
GRI 1: Foundation 2021

Applicable GRI Sector Standard
N/A

GRI 2

GRI 2: General Disclosures 2021

Indicator | Disclosure | Report Section or Explanation | Omission | Page No.
--- | --- | --- | --- | ---

Organization and Reporting Practices

GRI 2-1 Organizational details | Basic Information of CMC | 07-10

GRI 2-2 Entities included in the organization’s sustainability reporting | Basic Information of CMC | 07-10

GRI 2-3 Reporting period, frequency and contact point | About the Report | 04

GRI 2-4 Restatements of information | 4.2.2 Energy use and Conservation Management: Revision of the water consumption intensity of Hsinchu Plant in 2020 and 2021. | 72

GRI 2-5 External assurance | Appendix: Verification Statement | 117-118

Activities and workers

GRI 2-6 Activities, value chain and other business relationships | 1.2.5 Material Topics and Automotive Value Chain; 2.3.1 Sustainable Supply Chain | 22-23, 38-39

GRI 2-7 Employees | 5.1.1 Workforce Composition | 83-84

GRI 2-8 Workers who are not employees | 5.1.1 Workforce Composition | 83-84

Governance

GRI 2-9 Governance structure and composition | 3.1.2 Sustainable Governance Structure and Functional Committee | 48

GRI 2-10 Nomination and selection of the highest governance body | 3.1.1 Organization and Operation of the Board of Directors | 47

GRI 2-11 Chair of the highest governance body | 3.1.1 Organization and Operation of the Board of Directors | 47

GRI 2-12 Role of the highest governance body in overseeing the management of impacts | 3.1.3 ESG Committee | 48

GRI 2-13 Delegation of responsibility for managing impacts | 3.1.3 ESG Committee | 48

GRI 2-14 Role of the highest governance body in sustainability reporting | 3.1.3 ESG Committee | 48

GRI 3

GRI 3: Material Topics 2021

Indicator | Disclosure | Report Section or Explanation | Omission | Page No.
--- | --- | --- | --- | ---

GRI 3

GRI 3-1 Process to determine material topics
1.2.1 Process of Materiality Analysis
1.2.2 Identification of Stakesholders
1.2.3 Dialogue with Stakeholders
22-23

GRI 3-2 List of material topics
1.2.4 Identification of and Matrix Analysis of Material Topics
1.2.5 Material Topics and Automotive Value Chain
20-22, 22-23

GRI 3-3 Management of material topics
1.2.6 Management Approaches and Visionary Targets
24-28
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Economic Performance 2016</th>
<th>Economic</th>
<th>Corresponding Material Topic</th>
<th>Maturity</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>3.4.1 Building A Solid Financial Foundation</td>
<td>Economic performance and profit</td>
<td>F</td>
<td>55-56</td>
</tr>
<tr>
<td>201-2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
<td>4.1.1 Implementation and Management Overview of Task Force on Climate-Related Financial Disclosures (TCFD)</td>
<td>Climate change</td>
<td>F</td>
<td>9</td>
</tr>
<tr>
<td>201-3</td>
<td>Defined benefit plan obligations and other retirement plans</td>
<td>5.2.3 Benefit Diversity</td>
<td></td>
<td>95-93</td>
<td></td>
</tr>
<tr>
<td>201-4</td>
<td>Financial assistance received from government</td>
<td>3.4.1 Building A Solid Financial Foundation</td>
<td></td>
<td>55-56</td>
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</table>

| Indicator | Procurement Practices 2016 | 2.4.1 Sustainable Supply Chain | 204-1 Proportion of spending on local suppliers | | 38-39 |

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Anti-corruption 2016</th>
<th>3.4.1 Building A Solid Financial Foundation</th>
<th>205-1 Operations assessed for risks related to corruption</th>
<th>3.2.1 Ethical Management and Compliance Management Committee</th>
<th>49-51</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>3.2.2 Ethical Corporate Management Policy and Implementation</td>
<td>49-51</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>3.2.4 Legal Compliance</td>
<td>Ethical management and legal compliance</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.2.4 Legal Compliance</td>
<td>No relevant matters in 2022</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Tax 2019</th>
<th>3.4.1 Building A Solid Financial Foundation</th>
<th>207-1 Approach to tax</th>
<th>3.3.1 Risk Management Committee</th>
<th>52-53</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>3.4.1 Building A Solid Financial Foundation</td>
<td>3.2.3 Tax Governance and Transparent Information Disclosure</td>
<td></td>
<td>55-56</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.2.3 Tax Governance and Transparent Information Disclosure</td>
<td>51</td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Energy 2016</th>
<th>4.2.2 Energy Use and Conservation Management</th>
<th>302-1 Energy consumption within the organization</th>
<th></th>
<th>69-72</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>4.2.2 Energy Use and Conservation Management</td>
<td>302-2 Energy consumption outside of the organization</td>
<td></td>
<td>69-72</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.2.2 Energy Use and Conservation Management</td>
<td>302-3 Energy Intensity</td>
<td></td>
<td>69-72</td>
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<tr>
<td></td>
<td></td>
<td>4.2.2 Energy Use and Conservation Management</td>
<td>302-4 Reduction of energy consumption</td>
<td></td>
<td>69-72</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2022 Water and Effluents 2018</th>
<th>4.3.2 Water Management and Pollution Prevention</th>
<th>303-1 Interactions with water as a shared resource</th>
<th></th>
<th>77-78</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>303-2 Management of water discharged related impacts</td>
<td>4.3.2 Water Management and Pollution Prevention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>303-3 Water withdrawal</td>
<td>4.3.2 Water Management and Pollution Prevention</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Emissions 2018</th>
<th>Waste emission management</th>
<th>305-1 Direct (Scope 1) GHG emissions</th>
<th></th>
<th>73</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>305-2 Energy indirect (Scope 2) GHG emissions</td>
<td>4.2.3 Management of GHG Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>305-3 Other indirect (Scope 3) GHG emissions</td>
<td>4.2.3 Management of GHG Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>305-4 GHG emissions intensity</td>
<td>4.2.3 Management of GHG Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>305-5 Reduction of GHG emissions</td>
<td>4.2.3 Management of GHG Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>305-6 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td>
<td>4.3.1 Air Pollution Management and Wastelitigation Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Indicator | Waste | Waste emission management | 306-1 Waste generation and significant waste related impacts | 4.4.2 Waste Management | | |
|-----------|-------|--------------------------|------------------------------------------|---------|--------|
|          | 306-2 Management of significant wastereleted impacts | 4.4.2 Waste Management | | | |
|          | 306-3 Waste generated | 4.4.2 Waste Management | | | |

| Indicator | Supplier Environmental Assessment | 4.4.2 Waste Management | 308-1 New suppliers that were screened using environmental criteria | 2.4.2 Supplier Management | | |
|-----------|----------------------------------|--------------------------|------------------------------------------|---------|--------|
|          | 308-2 Negative environmental impacts in the supply chain and actions taken | 2.4.1 Sustainable Supply Chain | | | |

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Employment</th>
<th>5.1.1 Workforce Composition</th>
<th>401-1 New employee files and employee turnover</th>
<th></th>
<th>83-84</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>5.2.3 Benefit Diversity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>401-3 Parental leave</td>
<td>5.2.3 Benefit Diversity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Occupational health and safety management system</th>
<th>5.4.1 Occupational Safety and Health Management</th>
<th>403-1 Occupational health and safety management system</th>
<th></th>
<th>97-98</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>403-2 Hazard identification, risk assessment, and incident investigation</td>
<td>5.4.1 Occupational Safety and Health Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>403-3 Statistics on Occupational Accidents</td>
<td>5.4.2 Statistics on Occupational Accidents</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

2022 CMC Corporate Sustainability Report
### Material Topic without Specific GRI Standards

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Report Section or Explanation</th>
<th>Omission Description</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product and service innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3-1</td>
<td>416-1 Assessment of the health and safety impacts of product and service categories</td>
<td>2.2.1 Advanced Technology and Process Innovation</td>
<td>Customer relationship management / Product safety and quality management</td>
<td>31-32</td>
</tr>
<tr>
<td>GRI 3-2</td>
<td>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</td>
<td>2.2.1 Advanced Technology and Process Innovation</td>
<td>No relevant matters in 2022</td>
<td></td>
</tr>
<tr>
<td><strong>Low-emission products and services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3-1</td>
<td>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>2.6.3 Customer Complaint Management and Service Optimization</td>
<td>Customer privacy</td>
<td>No relevant matters in 2022</td>
</tr>
</tbody>
</table>
Appendix 4 SASB Content Index

<table>
<thead>
<tr>
<th>Disclosure Topic</th>
<th>METRIC CODE</th>
<th>Disclosure Metric</th>
<th>Description</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Safety</td>
<td>TR-AU-250a.2</td>
<td>Number of safety-related defect complaints, percentage investigated</td>
<td>There were 473 customer complaints related to vehicle quality in 2022, and all of them were investigated.</td>
<td>4S</td>
</tr>
<tr>
<td></td>
<td>TR-AU-250a.3</td>
<td>Number of vehicles recalled</td>
<td>Four recalls were announced in 2022. As of the end of the year, the total average completion rate was 52%.</td>
<td>Refer to the column on the left</td>
</tr>
<tr>
<td>Labor Practices</td>
<td>TR-AU-310a.1</td>
<td>Percentage of active workforce covered under collective bargaining agreements</td>
<td>In 2022, all full-time employees with non-fixed term contracts were protected under the &quot;collective bargaining agreement&quot;.</td>
<td>Refer to the column on the left</td>
</tr>
<tr>
<td></td>
<td>TR-AU-310a.2</td>
<td>(1) Number of work stoppages (2) Total days idle</td>
<td>There were no work stoppages and days idle in 2022</td>
<td>Refer to the column on the left</td>
</tr>
<tr>
<td>Fuel Economy &amp; Use-phase Emissions</td>
<td>TR-AU-410a.1</td>
<td>Sales-weighted average passenger fleet fuel economy, by region</td>
<td>Refer to the column on the left</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TR-AU-410a.2</td>
<td>(1) Zero emissions (2) Hybrid vehicles (3) Plug-in hybrid vehicles Sales</td>
<td>Refer to the column on the left</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TR-AU-410a.3</td>
<td>Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities</td>
<td>Refer to the column on the left</td>
<td></td>
</tr>
</tbody>
</table>

### Vehicle regulatory requirements and countermeasures

- By the end of 2022, Taiwan has not adopted any NCAP programs. As Taiwan’s MOTC will start planning the local NCAP in 2023, no relevant data is available for disclosure on this topic.

### Vehicle development targets and planning

- **Advanced**
  - **Low-Emission**

### Total Sales in 2022

- **693**
  - **1280**
  - **54%**
  - **26%**
  - **87**

### Disclosure Metric

- **587**
  - **25078**
  - **NA**
  - **15.1**

###Recall in 2022

- **473**
  - **130**
  - **Recall in progress**
  - **100%**

###Recall Cause

- **PAJERO**
- **Passenger seat cylinder replacement.**

###Number of work stoppages and days idle in 2022

- **473**
  - **0**
  - **0%**

###Number of safety-related defect complaints, percentage investigated

- **473**
  - **99.9**
  - **100%**

Note 1: Excluding EV and models with a total weight of over 2.7t.
Note 2: The sales proportion was low because the export quantity was excluded.
Note 3: The total units sold in 2022 were the basis of calculation.

---

### Fuel Economy & Use-phase Emissions

#### Vehicle Type

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Sales (unit)</th>
<th>Proportion (%)</th>
<th>Fuel Consumption (km/L)</th>
<th>Weighted Fuel Consumption (km/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZINGER</td>
<td>5630</td>
<td>22%</td>
<td>10.5</td>
<td>2.4</td>
</tr>
<tr>
<td>ZINGER PICK UP</td>
<td>872</td>
<td>3%</td>
<td>10.2</td>
<td>0.4</td>
</tr>
<tr>
<td>DELICA</td>
<td>3191</td>
<td>13%</td>
<td>8.9</td>
<td>1.1</td>
</tr>
<tr>
<td>VENZA PICKUP</td>
<td>10684</td>
<td>43%</td>
<td>13.4</td>
<td>5.7</td>
</tr>
<tr>
<td>VENZA VAN</td>
<td>4701</td>
<td>19%</td>
<td>13.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Sum</td>
<td>25078</td>
<td>100%</td>
<td>NA</td>
<td>12.1</td>
</tr>
</tbody>
</table>

#### Passenger vehicle

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Sales (unit)</th>
<th>Proportion (%)</th>
<th>Fuel Consumption (km/L)</th>
<th>Weighted Fuel Consumption (km/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC-7 PLUS series</td>
<td>4375</td>
<td>58%</td>
<td>16.1</td>
<td>9.3</td>
</tr>
<tr>
<td>ECLIPSE CROSS series</td>
<td>450</td>
<td>6%</td>
<td>13.1</td>
<td>0.8</td>
</tr>
<tr>
<td>OUTLANDER</td>
<td>1964</td>
<td>24%</td>
<td>13.3</td>
<td>3.5</td>
</tr>
<tr>
<td>LANCER</td>
<td>763</td>
<td>10%</td>
<td>15.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>7552</td>
<td>100%</td>
<td>NA</td>
<td>15.1</td>
</tr>
</tbody>
</table>

Note 1: Passenger car calculation excluded MG cars.
Note 2: Annual fuel consumption is obtained by dividing the annual average trip of 15,000 km by the fuel consumption test value.
Note 3: The total units sold in 2022 were the basis of calculation.

#### MG

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Sales (unit)</th>
<th>Proportion (%)</th>
<th>Fuel Consumption (km/L)</th>
<th>Weighted Fuel Consumption (km/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EHS PHEV</td>
<td>693</td>
<td>54%</td>
<td>75.2</td>
<td>40.7</td>
</tr>
<tr>
<td>HS 1.5T</td>
<td>587</td>
<td>46%</td>
<td>13.5</td>
<td>6.2</td>
</tr>
<tr>
<td>Total</td>
<td>1280</td>
<td>100%</td>
<td>NA</td>
<td>46.9</td>
</tr>
</tbody>
</table>

### Commercial vehicle

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Sales (unit)</th>
<th>Proportion (%)</th>
<th>Fuel Consumption (km/L)</th>
<th>Weighted Fuel Consumption (km/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZINGER</td>
<td>5630</td>
<td>22%</td>
<td>10.5</td>
<td>2.4</td>
</tr>
<tr>
<td>ZINGER PICK UP</td>
<td>872</td>
<td>3%</td>
<td>10.2</td>
<td>0.4</td>
</tr>
<tr>
<td>DELICA</td>
<td>3191</td>
<td>13%</td>
<td>8.9</td>
<td>1.1</td>
</tr>
<tr>
<td>VENZA PICKUP</td>
<td>10684</td>
<td>43%</td>
<td>13.4</td>
<td>5.7</td>
</tr>
<tr>
<td>VENZA VAN</td>
<td>4701</td>
<td>19%</td>
<td>13.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Sum</td>
<td>25078</td>
<td>100%</td>
<td>NA</td>
<td>12.1</td>
</tr>
</tbody>
</table>
### Materials Sourcing

**TR-AU-440.a.1**

**Description of the management of risks associated with the use of critical materials**

- Key materials: Imported electronics or imported materials
- Risk identification and items: LT that has been delivered over six months is considered a high-risk material that will affect both production and punctuality of product delivery to customers.
- Risk control measures:
  1. Create the basic data for imported parts or imported materials (including supplier, place of origin, purchase requisition lead-time, safety stock, and others)
  2. Provide suppliers with a 6-month forecast and license suppliers to prepare materials and maintain a safety stock based on the forecast.
  3. Find a second source to meet the production needs as necessary

### Materials Efficiency & Recycling

**TR-AU-440.b.1**

**Total amount of waste from manufacturing, percentage recycled**

The total weight of waste generated in 2022 was 4,558.57t, and the recycling rate was 88.28%.

**TR-AU-440.b.2**

**Weight of end-of-life material recovered, percentage recycled**

Corresponding Section: 4.4.1 CMC’s Circular Economy Framework

<table>
<thead>
<tr>
<th>Model</th>
<th>Recyclability rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger vehicle</td>
<td></td>
</tr>
<tr>
<td>OUTLANDER</td>
<td>91.94%</td>
</tr>
<tr>
<td>LANCER</td>
<td>87.03%</td>
</tr>
<tr>
<td>COLT PLUS series</td>
<td>87.03%</td>
</tr>
<tr>
<td>Commercial vehicle</td>
<td></td>
</tr>
<tr>
<td>ZINGER</td>
<td>81.51%</td>
</tr>
</tbody>
</table>

Note: Only the ZINGER was disclosed for the CV range. The recycling rate of the VEHYCA is under calculation and will be discussed in the future.

### Activity Metrics

**TR-AU-000.a**

**Number of vehicles manufactured**

A total of 44,489 units in 2022

**TR-AU-000.b**

**Number of vehicles sold**

A total of 44,437 units 2022 (including those sold domestically and abroad)

### Appendix 5 Verification Statement

**ASSURANCE STATEMENT**

SGS TAIWAN LTD. ’S REPORT ON SUSTAINABILITY ACTIVITIES IN THE CHINA MOTOR CORPORATION’ S ESG REPORT FOR 2022

**NATURE AND SCOPE OF THE ASSURANCE VERIFICATION**

2022 Taiwan Ltd. (hereafter referred to as “CMC”) was commissioned by China Motor Corporation (hereafter referred to as China Motor) to conduct an independent assurance of the ESG Report for 2022 (hereafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance Methodology and AA1000 Assurance Standards Type 2 (Moderate level) to assess whether the text and data in accompanying tables contained in the report complies with the ORI: Universal Standard (2021) and AA1000 Accountability Principles (2018) during on-site verification (2022/6/1-6/23/2022) in China Motor headquarters. The boundary of this report includes China Motor Taiwan operational and manufacturing sites. Specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

**INTENDED USERS OF THIS ASSURANCE STATEMENT**

This Assurance Statement is provided with the intention of informing all China Motor’s stakeholders.

**RESPONSIBILITIES**

The information in the Report and its presentation are the responsibility of the directors or governing body (as applicable) and management of China Motor. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all China Motor’s stakeholders.

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**

The ISO ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI: Standards) GRI:1:2021 for report quality; GRI 2: General Disclosure 2021 for organisational reporting practices; and other organizational level: ORI 3:2021 for organisation’s processes of determining material topics to be included in the report. The list of material topics and how to manage each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

<table>
<thead>
<tr>
<th>Assurance Standard Options</th>
<th>Level of Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>SGS ESG &amp; BPA Assurance Protocols (based on GRI: Principles and guidance in AA1000)</td>
</tr>
<tr>
<td>B</td>
<td>AA1000A02 Type 2 Moderate (AA1000A0P Evaluation plus evaluation of Specified Performance Information)</td>
</tr>
</tbody>
</table>

**TVMQP0008 Issue 1685**
SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance includes evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1. GRI Universal Standard (2021) (Reference)
2. AA1000 Accountability Principles (2010)
3. SABS (AUTOMOBILES)

**Evaluation of content**
- Evaluation of actual scope of the sustainability performance information in relation to the determined material topics.
- Compliance with the AA1000 Accountability Principles (2010).
- Evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) in the GRI content index where the organization has referenced for the preparation of the report.
- Evaluation of the report against the SABS (AUTOMOBILES) Sustainability Accounting Standard (VERBUC 2018-10) and conducted alongside an evaluation of accuracy assurance at a moderate level of scrutiny.

ASSURANCE METHODOLOGY

The assurance comprised of a combination of pre-assurance research, interviews with relevant employees and stakeholders in Taiwan, documentation and record review and validation with external bodies and stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data was drawn directly from independently audited financial accounts, and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The TCFD Group of companies is the world leader in insolvency, testing and verification, operating in more than 140 countries and providing services including management systems and service certification, quality, environmental, social and ethical auditing and training, environmental, social and sustainability report assurance. SGS affirms its independence from China Motor, being free from bias and conflicts of interest with the organization and its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for the assignment, and comprised auditors registered with ISO 50001, EMS, CTP, G4C Verification and G4H Validation Lead Auditors experience on the SRA Assurance service provisions.

VERIFICATION ASSURANCE OPTION

On-the-basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fully stated and has been prepared in all material respects, in accordance with the reporting criteria.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

China Motor has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders, are implemented to enhance the organization's understanding of stakeholders' needs. For future reporting, China Motor may proactively consider having more direct two-way involvement of stakeholders during future engagement.

Maturity

China Motor has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Importantly, China Motor has demonstrated a process on identify impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, China Motor’s ESG Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and comply with the requirements set out in section 3 of GRI 1: Foundation 2021. The significant impacts were assessed and disclosed in line with the guidance defined in GRI 3: Material Topics 2021 and the relevant 2000/5040 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to China Motor’s contributions to sustainability development. For future reporting, China Motor is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive detail of its management processes, especially impact identification on economy, environment, and people issues.

SABS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

China Motor has referenced with SABS Standard, AUTOMOBILES, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundary is the same as China Motor’s ESG report of 2022. China Motor used SABS accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant. Quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into China Motor’s overall management process. It is recommended to have more details in the discussion and analysis items. Continuous and comprehensive data collection and disclosure are also encouraged.

Signed

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
10 June, 2023
www.sgs.com