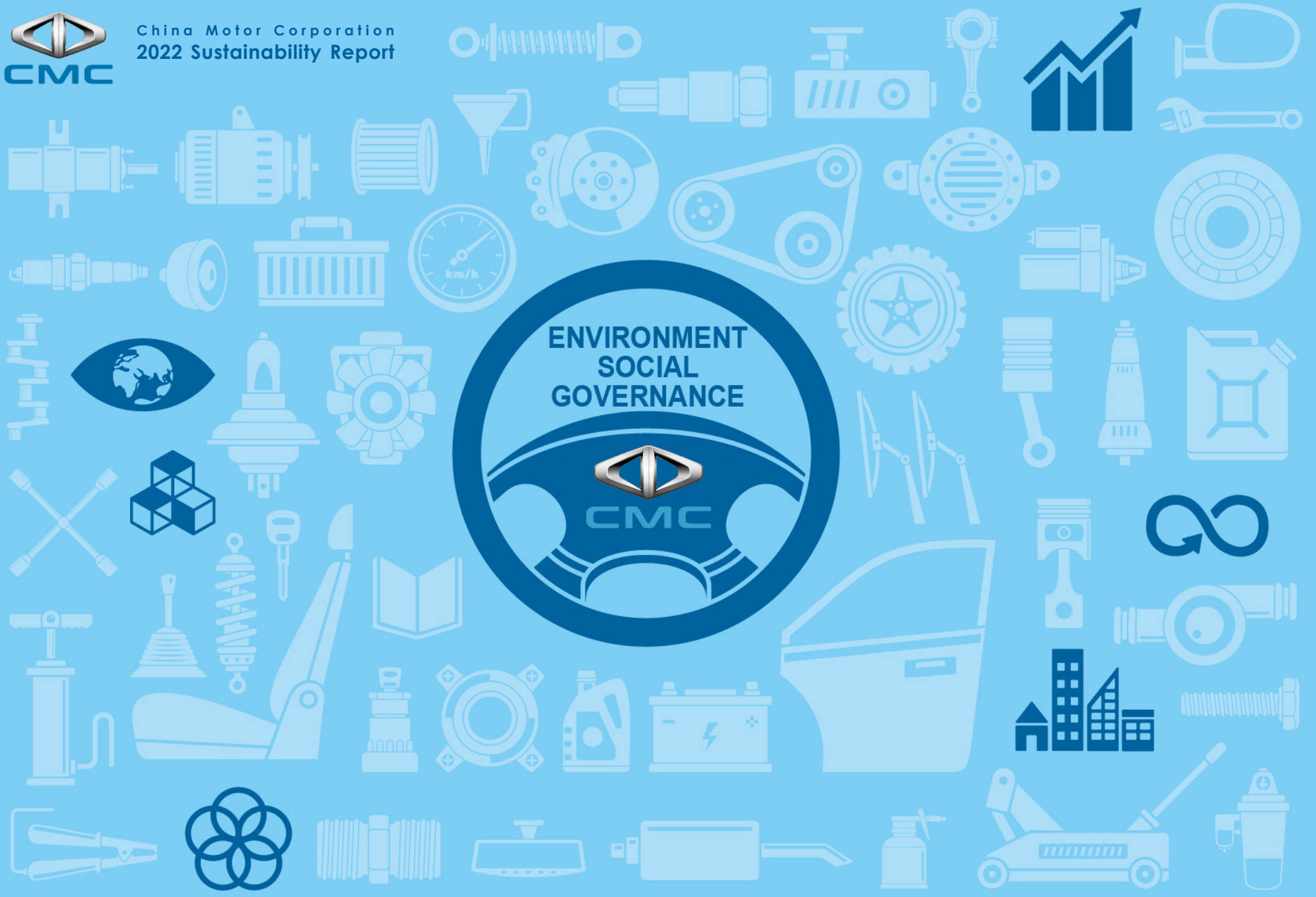




China Motor Corporation
2022 Sustainability Report



Sustainability Commitment from the Chairperson	2
About the Report	4
ESG Performance 2022	5
About CMC	7
Evolving Taiwan's automotive industry: Corporate Value of CMC	7

CH 1 Vision Blueprint for Corporate Sustainability	11
1.1 Mission and Vision of Sustainable Development	11
1.2 Materiality Analysis	15

CH 2 Innovative Technology Sustainable Value	29
2.1 Visionary Technology: Making safe and comfortable products	30
2.2 Sustainable Manufacture: Towards digital management of production lines	35
2.3 Mutual Prosperity and Existence: Pursuing sustainability with suppliers	38
2.4 Valued Service: Providing safe and quality services	43

CH 3 Excellent Governance Proactive Action	46
3.1 Sustainable Governance: Robust governance for a sure foundation	47
3.2 Ethical Management: Uncorrupted management for legal compliance	49
3.3 Risk Management: Preventive action for business continuity	52
3.4 Financial Performance: Business diversification for overseas expansion	55
3.5 Information Security: Impeccable defense for information security	56

CH 4 Circular ReductionSafeguarding Environment	58
4.1 Climate Change: Climate-related financial disclosures	59
4.2 Environmental Management: Energy conservation for carbon reduction	68
4.3 Pollution Prevention: Waste reduction for environmental protection	75
4.4 Circular Economy: Reclaiming and Recycling for connection with circulation	79

CH 5 Safe WorkplaceExcellent Development	82
5.1 Workforce Deployment: Driving corporate sustainable development	83
5.2 Attraction and Retention: Diversifying benefits and remuneration	88
5.3 Training and Development: Optimizing competencies through complete learning	94
5.4 Safe Workplace: Enjoying the experience of work satisfaction	97

CH6 Give Back to Society in Every Way Possible	101
6.1 Social Inclusion: Finishing the sustainability roadmap together	102
6.2 Urban and Rural Sustainability: Safeguarding society with cars	105
6.3 Indigenous Development: Regional revitalization with the Indigenous Dream Project	108
6.4 Knowledge and Education: Ingraining and talents development	109
Appendix	112





Sustainability Commitment from the Chairperson



Chairperson Li-Lian YAN-CHEN

嚴陳莉蓮

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 2022 BSI Award for Sustainable Resilience, the gold award in Auto Part Store Category at the Best Service in Taiwan and the gold award in the 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 motorcyclists, we also sought cooperation with the public sector and local governments to accelerate the development of urban e-mobility. From 2017, Chunghwa 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 Chunghwa Preschool, which grows various organic (pesticide-free) vegetables in this edutaining setting. In the future, we will team



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 core 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 implement the "Bu Bu Sharing Program" with the Ministry of Transportation and Communication (MOTC) to provide regional shuttle services in Fuli 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.



About the Report

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

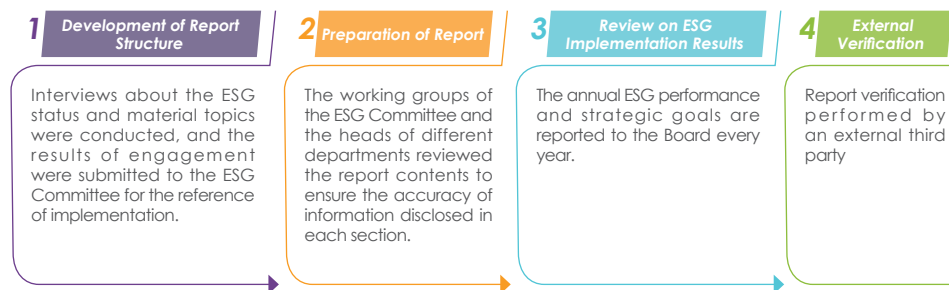
The scope of this report mainly covers the activities as well as services of CMC (Yangmei Plant and Hsinchu Plant) and Sino Diamond Motors. The scope of the financial performance corresponds to Page 9 of the 2022 Consolidated Financial Statements, with all the financial figures calculated in NTD. If 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.

Report Management



- **Internal Review:** This report has been reviewed by the heads of the relevant departments and the chair of the ESG Committee of the Company based on their professional knowledge and management experience.
- **External Verification:** SGS Taiwan Ltd. has been commissioned to perform the materiality review and assurance of the report contents and data based on the GRI Universal Standards 2021 to ensure compliance with the Type-2 moderate level assurance of the GRI Universal Standards 2021. Relevant verification methods and results are appended to the report.

Contact Information

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

Contact persons: Anny Fu and Lisa Lee, report editors of the ESG Committee

Phone: (03) 478-3191 ext. 2316 and 2346

Fax: (03) 270-7770

Email: anny.fu@china-motor.com, lisa.lee@china-motor.com

Address: No. 618, Xiucui Road, Xiucui Village, Yangmei District, Taoyuan City, Taiwan.



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.



Silver Award at the 4th National Enterprise Environmental Protection Award 2022

By implementing "intelligent energy management" and "solar energy installations and green power use" through the energy conservation plan and the in-house "wastewater control and reduction measures" and "waste reduction" and providing guidance, education, and training for suppliers, Hsinchu Plant outreached its experience in "environmental sustainability".



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 Liuqiu, 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).

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

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 Kezailliao Coastal Clean-up in Kaohsiung.



Guidance for **7 Suppliers** on Intelligent Transformation, with improvement efficiency up to **NTD49.08 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, Xiucui 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

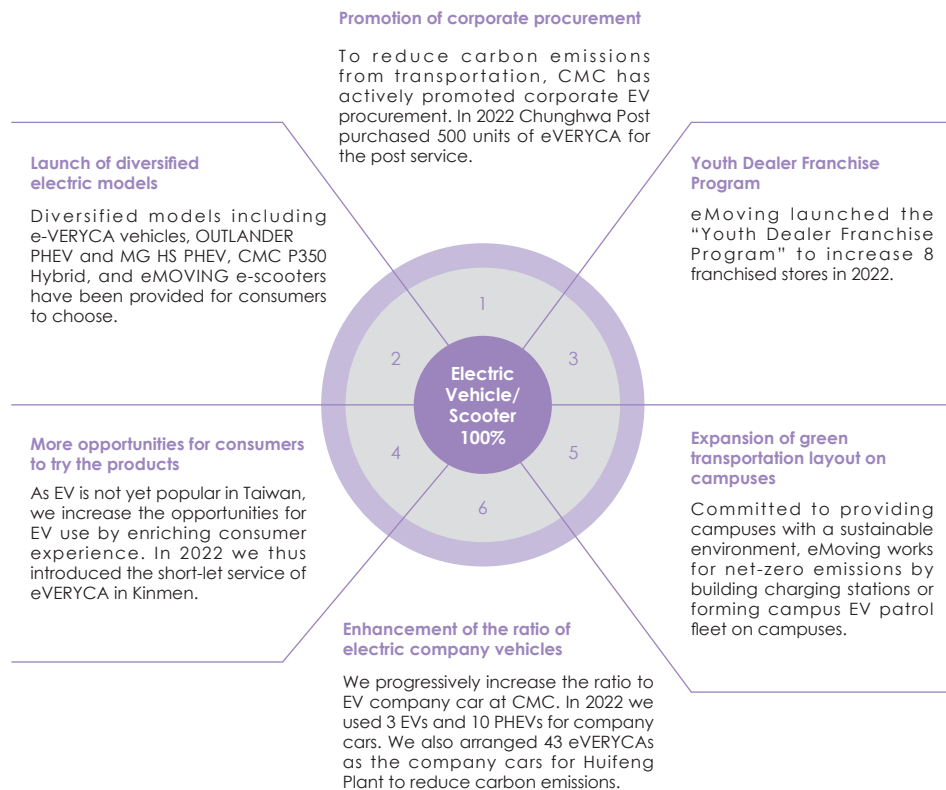
	Sedan	GRAND LANCER series COLT PLUS series
	RV	OUTLANDER PHEV ECLIPSE CROSS series
	Commercial vehicle	DELICA series
	Commercial RV	ZINGER series ZINGER PICK UP series
	Commercial vehicle	Veryca Series CMC VERYCA series CMC e-VERYCA series
	Sedan	MG HS MG HS PHEV
	Commercial vehicle	FUSO Series CANTER series
	Electric two-wheeler	e-Scooter series Micro e-Scooter series e-Bicycle series
	Automated Guided Vehicle (AGV)	Heavy-duty AGV Magnetic tape guided AGV Mobile robot
	Autonomous Mobile Robot (AMR)	Hi-Power Autonomous Mobile Robot

Note: CMC is a partner of MTBC (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.

Business Focus and Strategy

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.



Youth Dealer Franchise Program - Engagement in Social Participation and Environmental Sustainability Promotion



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, Puli Branch in Nantou, Zhonghua Branch in Yongkang, Zhonghua North Branch in Gangshan, Taibao Branch in Chiayi, Daguan Branch in Banqiao, Fuan Branch in Xizhi, and Zhongshan 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.



Green Fleet by Government Sector Realizing net-zero emissions with over 4,000 eMOVING e-scooters.

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.



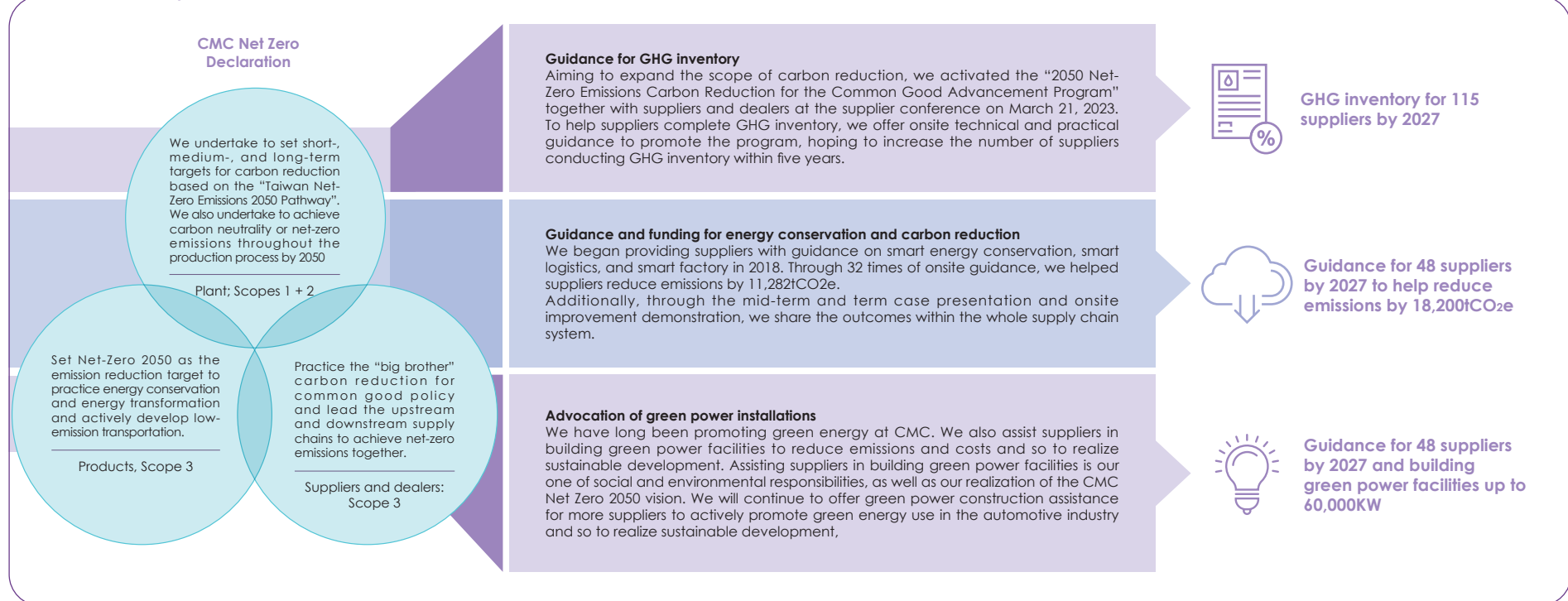
Net-Zero 2050: Demonstrating the determination to promote the ESG ecosystem and guide suppliers and dealers to reduce emissions with the “big brother” influence

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, we 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



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





1 Vision Blueprint for Corporate Sustainability



1.1 Mission and Vision of Sustainable Development 1.2 Materiality Analysis

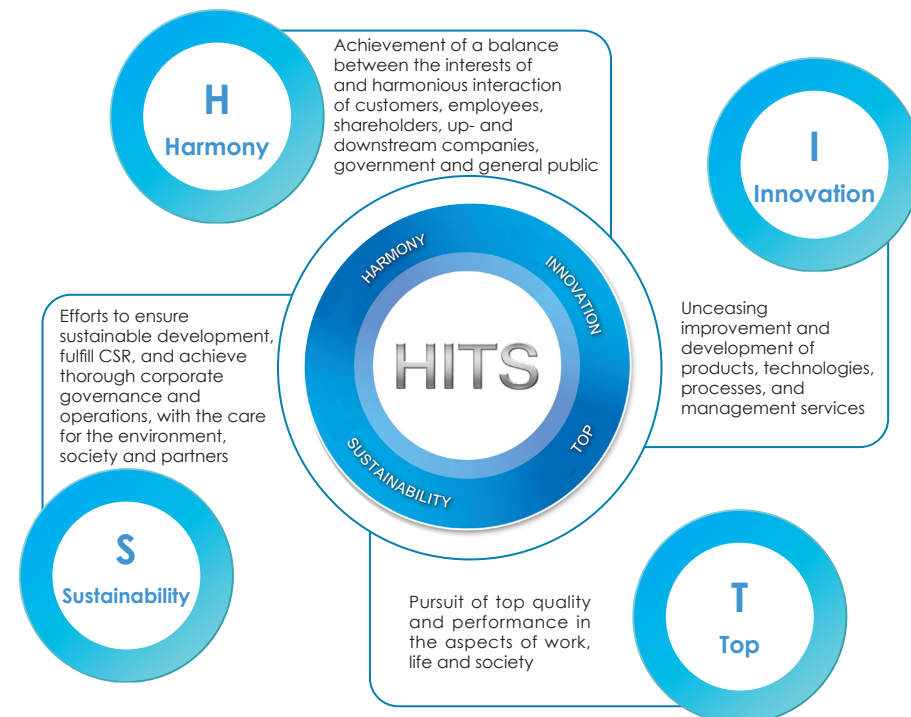


1.1 Mission and Vision of Sustainable Development

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.

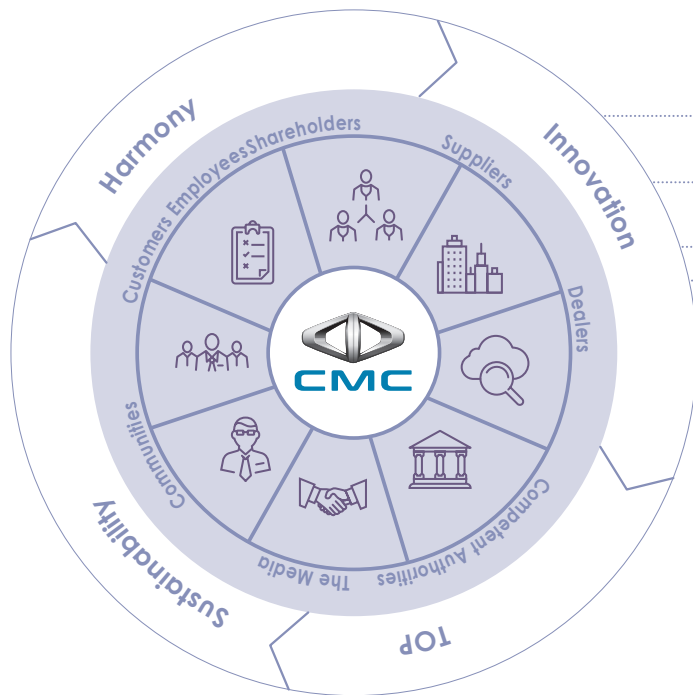
The Company believes that harmony, innovation, top, and sustainability are interlinked. Continuous innovation in harmony, pursuit of top performance and sustainable operation jointly form the utmost philosophy of a company's existence. By progressively implementing our sustainability strategy based on 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-prosperity," "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.



1.1.3 SDGs

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.



THE GLOBAL GOALS

For Sustainable Development



Corresponding chapter: CH6

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.



Corresponding chapter: CH5

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.



Corresponding chapter: CH5
Corresponding chapter: CH6

Combine the core automotive industry to implement the "Anchor" education program.

Improve the practical competencies of students by donating test cars to vocational schools. Ingrain 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.



Corresponding Chapter: CH3
Corresponding Chapter: CH5

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.



Corresponding chapter: CH4

We have adopted the Xiucui Village water area of Shezi 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.



Corresponding chapter: CH3
Corresponding chapter: CH5

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.



THE GLOBAL GOALS

For Sustainable Development



Corresponding chapter: CH2

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, and others to build a smart supply; build a smart energy management system; and 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.



Corresponding chapter: CH6

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" 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.

Assist the MOTC in promoting traffic equality in remote townships by providing carpooling services for residents of Fuli and Zhuoxi townships in Hualien and Yanping Township in Taitung with the DELICA. Additionally, we engaged in the "Central Kitchen for Schools in Remote Townships" program in 2022 to customize the DELICA into meal delivery trucks to deliver school lunch for 240,000 students in remote townships.



Corresponding chapter: CH2
Corresponding chapter: CH4

Purchase ecolabel parts to enhance vehicle sustainability.

Promote ecolabel certification and energy label certification to products, purchase green parts for ecolabel models up to NT\$903 million, with a percentage up to 56%.

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%



Corresponding chapter: CH2
Corresponding chapter: CH4

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.

More reduction measures for climate action

Hsinchu Plant has passed the certification for the Green Plant Mark and Golden Grade Green Building Mark. Yangmei Plant introduces the regenerative thermal oxidizer (RTO) and automated spray paint and coating robotic arm systems to reduce VOCs emissions and so to improve air quality. We also build solar PV systems in all plants to generate renewables for self-consumption.



Corresponding chapter: CH2
Corresponding chapter: CH6

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 within the outside of the company

Encourage employees and suppliers to join coastal and mountain clean-ups to contribute to environmental sustainability.



Corresponding chapter: CH3
Corresponding chapter: CH5

Transparent internal system and unfettered communication channels

Promote ethical management and arrange related training for all new employees Ban child labor and forced labor to protect labor human rights. Set up various communication channels, including hotline, email, and employee survey, to provide employees with unfettered communication channels.

Enhance stakeholder communication

Set up sections including CSR, Stakeholder, Ethical Management on the CMC sustainability website to enhance stakeholder communication. We have also signed the "CSR" policy and "Ethical Management Clause" with suppliers.

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

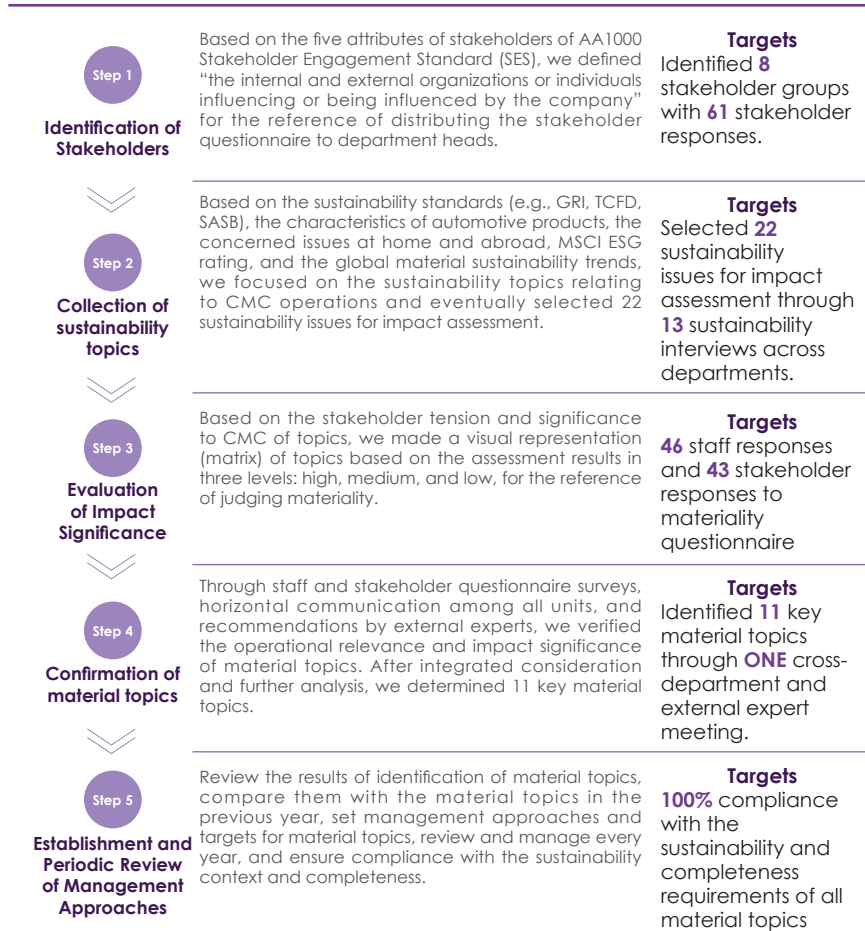
Give Back to
Society
in Every Way
Possible

Appendix

1.2 Materiality Analysis

1.2.1 Process of Materiality Analysis

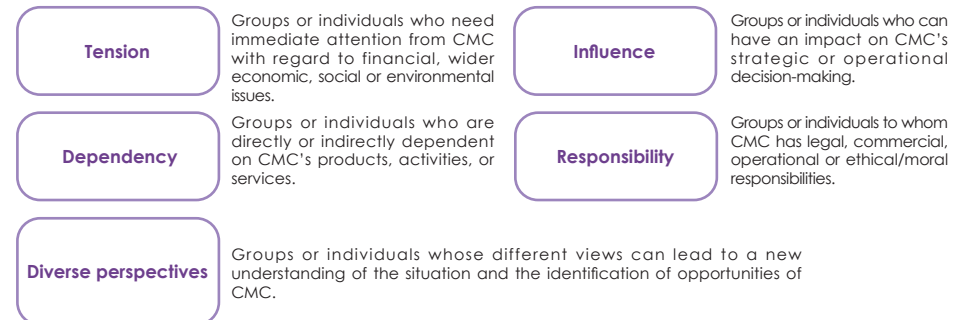
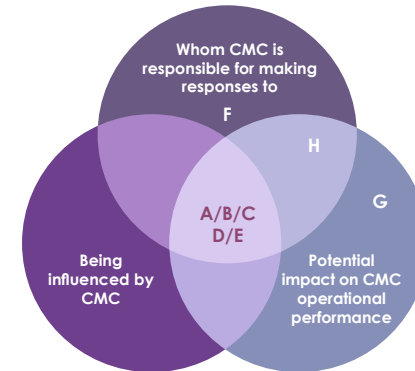
Based on the materiality definitions of the GRI Standards (2021), we analyzed the latest ESG trends and legal and regulatory changes at home and abroad and gathered the ESG issues that concern stakeholders. Through the questionnaire survey on the members of the ESG Committee and the ESG issues that concern 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.



1.2.2 Identification of Stakeholders








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.



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	Method and Frequency of Engagement	Results and Actual Performance of Dialogue
 <h2>Employees</h2>	<p>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.</p> <p>Concerned Issues</p> <ul style="list-style-type: none"> Recruitment and retention Safe workplace Product Safety and Quality Management 	<p>(Regularly)</p> <ul style="list-style-type: none"> 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)) <p>(Irregularly)</p> <ul style="list-style-type: none"> Together for ESG section Management-employee communication meeting (periodically) Hotline, fax number and email address for employee complaints Hotline, fax number and email address for sexual harassment complaints LINE@5680 and 2460 hotline (employees may report the status through these channels) 	<p>Unfettered Stakeholder Dialogue</p> <div>  CMC Stakeholder section  Stakeholder sustainability feedback questionnaire </div> <p>Putting health first and maintaining work-life balance</p> <p>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.</p> 
 <h2>Suppliers</h2>	<p>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.</p> <p>Concerned Issues</p> <ul style="list-style-type: none"> Product safety and quality management Business continuity management Product and service innovation 	<p>(Regularly)</p> <ul style="list-style-type: none"> Supplier Conference (annually) SCM Platform: Supplier activities (12 times/year) <p>(Irregularly)</p> <ul style="list-style-type: none"> SCM Platform: Explain the requirements of the design specifications through legal outreaches. Support for suppliers to obtain ISO 14001 certification 	<p>Guidance for zero emissions towards a green future</p> <p>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.</p> 



Government Agencies

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

Method and Frequency of Engagement

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

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

Results and Actual Performance of Dialogue

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.



Shareholders

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)

- (Irregularly)
- 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)

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



Significance and Value to CMC

Method and Frequency of Engagement

Results and Actual Performance of Dialogue



Customers

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

(Irregularly)

- Contact points of new model development projects, email, conference call, formal meeting and regular project meeting
- Online inquiry through 0800 hotline of Customer Care Center (8:00~22:00)
- Customer satisfaction survey
- Irregular customer care activity
- Dissemination of SOP for vehicle delivery
- SMS and YES APP promotion information

Timely fulfilling customer demands with excellent services

Since I bought this car, I feel safe to have Mechanic Chen of the Rende Service Center take care of it. When I lost my remote control the other day and could not open the door with the spare key, I phoned the Rende Service Center for help. It was a Sunday and Chen was on leave. To my surprise, Chen immediately drove to my place to look into the matter upon hearing this. Then, he drove back to the service center to fetch the maintenance computer and returned to me to solve my door lock problem. Chen even tested the remote control again before leaving. I was deeply impressed by his enthusiasm and dedication.

--- car owner Mr. Wang.



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Sustainability
Commitment
from the
ChairpersonESG
Highlights

About CMC

Industry
Associations/
NGOs

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

(Regularly)

- Annual "Anchor" program (quarterly)
- Vehicle Maintenance Service Tour (monthly)
- Traffic Safety Camp (quarterly)
- Industry association board meetings (quarterly)

(Irregularly)

- Remote Agricultural Community Partner Development Program
- Annual "Dream Project"
- Happiness Guardian Program
- Bu Bu Sharing
- Online inquiry through 0800 care center hotline (8:00~22:00)

Rewarding outstanding college automotive talents by promoting university-industry exchange

We, the Society of Automotive Engineers (SAE) Taipei Section, co-organize with CMC the National College and University Electric Vehicle Competition with to encourage young students to put theory into practice, develop teamwork, and cultivate R&D and innovation capabilities. In addition to emphasizing the driving performance, emission reduction, and energy conservation of vehicles, the competition also enables students to put theory into practice and demonstrate their talent. We also co-promote with CMC national engineering symposium, international student exchange, and participation in US SAE events to actively promote university-industry exchange and connect with the world. Promote university-industry exchange.

--- SAE Taipei Section



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Vision
Blueprint for
Corporate
SustainabilityInnovative
Technology
Sustainable
ValueExcellent
Governance
Proactive
ActionCircular
Reduction
Safeguarding
EnvironmentSafe
Workplace
Excellent
DevelopmentGive Back to
Society
in Every Way
Possible

Appendix



Dealers

Significance and Value to CMC

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

Method and Frequency of Engagement

(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

Results and Actual Performance of Dialogue

Developing multifaceted and sustainable sales pathways by ingraining the green concept

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.



The Media

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 drivee and gatherings with the media (annually)

(Irregularly)

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

Sharing industry innovation trends through multifaceted cooperation

Every year CMC organizes 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





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



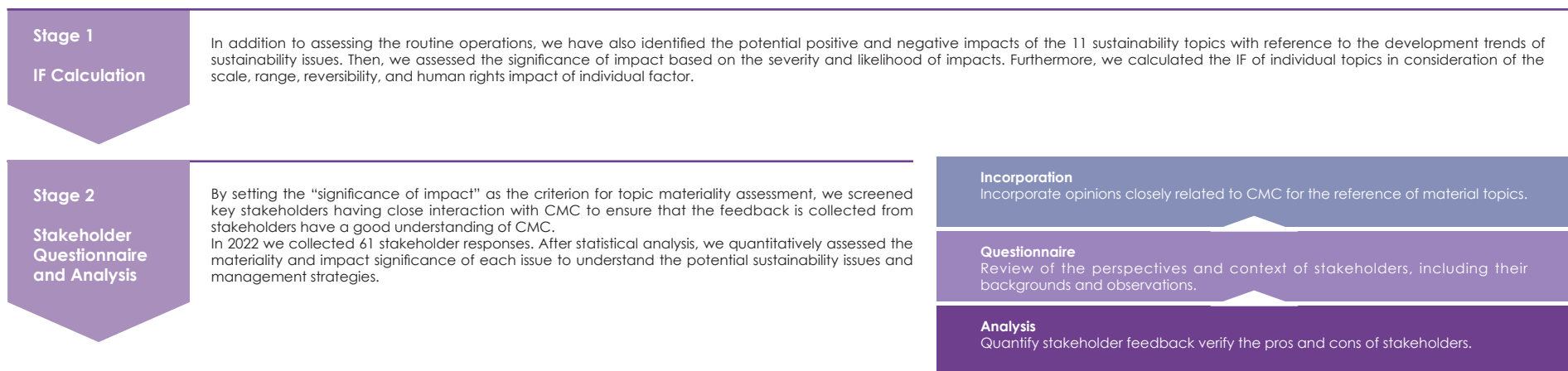
Sustainability Topics





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.



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.

Significance of Impact	Employees	Suppliers	Government Agencies	Dealers	Customers	Shareholders	Industry Associations/ NGOs	The Media
High ↓ Low	<ul style="list-style-type: none"> Recruitment and retention Safe workplace Product safety and quality management 	<ul style="list-style-type: none"> Product safety and quality management Business continuity management Product and service innovation 	<ul style="list-style-type: none"> Customer privacy Ethical management and legal compliance Product safety and quality management 	<ul style="list-style-type: none"> Economic performance and profit Ethical management and legal compliance Product safety and quality management 	<ul style="list-style-type: none"> Customer privacy Customer relationship management Product and service innovation 	<ul style="list-style-type: none"> Product safety and quality management Economic performance and profit Recruitment and retention 	<ul style="list-style-type: none"> Ethical management and legal compliance Product and service innovation Waste emission management 	<ul style="list-style-type: none"> Customer privacy Product safety and quality management

Description of Issue Changes

No.	Material Issues 2022	Description of Issue Changes	Recommendation and Description of Issue Adjustment 2022
1	Low-emission products and services	Term adjustment	The term "product carbon footprint" was adjustment in line with the net-zero emissions and industry trends.
2	Sustainable Supply Chain	Term adjustment	The term "supply chain management" was adjustment in line with the net-zero emissions and industry trends.
3	Product safety and quality management	New issue	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.

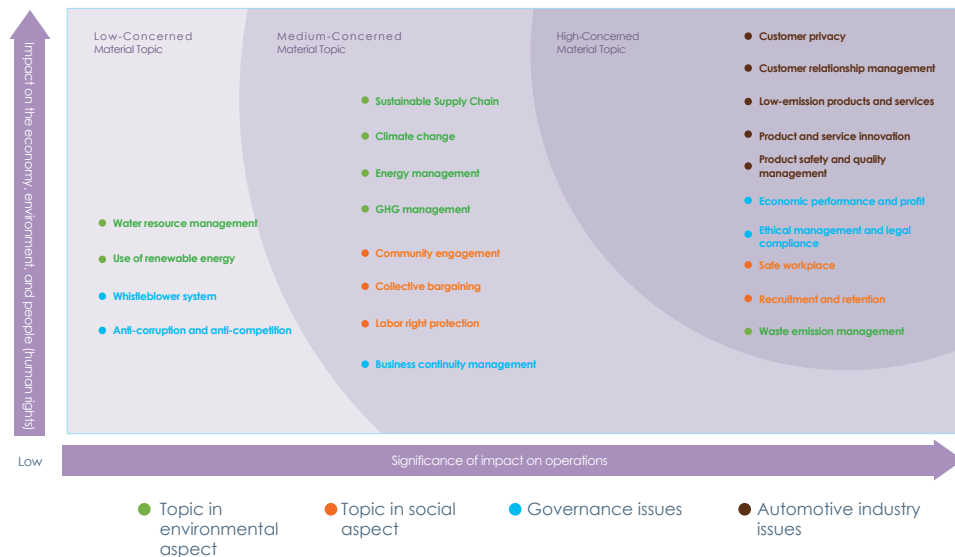


Based on the GRI Standards (2021), the visual representation of the 22 sustainability issues is presented in the following matrix of material issues after cross-analysis of "their impact on the economy, society, and people (human rights)" and "the significance of their impact on CMC". We establish the 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 IEs 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	Supply chain	Material topic
Upstream	<ul style="list-style-type: none"> Aluminum alloy steel wheel Tire Sheet metal vehicle light Bumper Hood Others 	<ul style="list-style-type: none"> Materials and Component Manufacturers 	<ul style="list-style-type: none"> Product safety and quality management Low-emission products and services Safe workplace Waste emission management
Midstream	<ul style="list-style-type: none"> Vehicle assembly Technical service 	<ul style="list-style-type: none"> Manufacturing Center Assembly and Technical Service Plants 	<ul style="list-style-type: none"> Product quality and safety management Product and service innovation Safe workplace Waste emission management
Downstream	<ul style="list-style-type: none"> Sales Import and Export 	<ul style="list-style-type: none"> Branded Suppliers Service and Sales Locations 	<ul style="list-style-type: none"> Economic performance and profit Customer relationship management Customer privacy

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





Impact hotspot on value chain and description

Material topic	Business operations	Upstream	Downstream	Downstream	Description	Contribution to SDGs
		Materials Procurement/ Product Manufacture	Customer Use	Reclamation and Recycling		
Product safety and quality management	○	○	○		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.	 
Product and service innovation	○	○	○	○	We engage in continual product improvement and R&D and continuously introduce NEVs in response to the market changes and energy conservation trend to fulfill customer demands with innovative technologies and services.	 
Recruitment and retention	○				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.	   
Customer privacy	○		○		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.	
Economic performance and profit					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.	
Customer relationship management	○		○		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.	
Ethical management and legal compliance	○			○	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.	
Low-emission products and services	○	○	○		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.	  
Safe workplace	○	○			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.	  
Waste emission management	○	○		○	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.	   
Climate change	○	○		○	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.	  






1.2.6 Management Approaches and Visionary Targets



Management approaches	Our Management Commitment	Target Term	Action Performance	Management and Improvement Mechanisms
 Product safety and quality management	<p>Product safety and product quality are our first priority. Before shipping we conduct quality control (QC) inspection on every product through complete and stringent processes, including parts, finished vehicles, and after-sales service and guarantee, to ensure total compliance with the quality requirements of the vehicle and customers.</p>	<p>Short-term Replace paperwork with the tablet PC in QC inspections and extend to materials incoming QC inspection and vehicle OQC inspection.</p> <p>Medium to long-term Ensure unaffected part quality and continuously maintain zero error with computer check.</p>	<ul style="list-style-type: none"> • MG car implementation: All three models of the HS range met various quality requirements. • QC information digitization system: Enhanced work efficiency, quality big data application, and graph visualization. • Smart management: Optimized timely and preventive management through real-time quality monitoring and big data analysis and application. • 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. • 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. 	<ul style="list-style-type: none"> • Suppliers can discuss with CMC and make real-time report and control of product status via the 4M change system. • Post information over the SCM platform via software quality assurance (SOA) to notify all suppliers or customers. • All suppliers establish the "QC Practices During COVID-19". • Validate the performance of suppliers with the "Horizontal Implementation Validation and Improvement Form". Request for improvement measures for failure to meet the requirements and completion of improvement by a time-limit.
 Product and service innovation	<p>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.</p>	<p>Short-term Announce the EZ2 e-scooter to implement HEV to raise the CAFE standard of the whole plant.</p> <p>Medium to long-term Continuously introduce NEVs and enhance the fuel efficiency of commercial vehicles by 20%.</p>	<ul style="list-style-type: none"> • Implemented the eHRD system, uploaded new courses every month, and all 22 dealers completed the training. • EZ2 e-scooter R&D and EX3 e-scooter pilot research. • Continuously implemented the "Youth Dealer Franchise Program", and 3 dealers and 8 franchised stores were opened in 2022. • 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. • Continuously developed the "Ride with Fun" two-wheeler app. • Co-developed the emergency steering assist system with the National Taipei University of Technology. • Completed the facelift development of the eVeryca van/truck and certification of energy efficiency enhancement. 	<ul style="list-style-type: none"> • We determine the results and come up with improvement measures according to the CMC model development system • We actively support the suppliers to pass the ISO 14001 certification. • The Business Partners Conference is held periodically to present the energy vehicle programs to the suppliers and actively look for collaboration opportunities



Management approaches	Our Management Commitment	Target Term	Action Performance	Management and Improvement Mechanisms
 Recruitment and retention	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.	Short-term Establish comprehensive channels to recruit appropriate talents and enhance the retention rate of new employees. Medium to long-term Develop long-term and stable workforces and offer industry-better remuneration and rewards	<ul style="list-style-type: none">• 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.• University-industry collaboration with Vanung University.• Internship program with Chienkuo Technology University.• Support for the government's Youth Employment Navigation Program• Internship program with Kao Ying Industrial, Commercial, Vocational High School.	<ul style="list-style-type: none">• 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.
 Customer privacy	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.	Short-term Request dealers to incorporate personal data protection in the standard operating procedures (SOP) of car delivery. Medium to long-term Continuously strengthen personal data protection and enhance the awareness of personal data protection in employees through education and training.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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 designed by the Company, or disseminate information through the courses
 Economic performance and profit	Maintaining the steadiness and growth of economic performance is our fundamental commitment to the shareholders. Through diversified operation and innovative R&D, we expand the market, increase the sales, and pursue the sustainable development of the Company	Short-term Progressively launch various facelift and special education models and integrate/enhance the retail system to meet the consumer needs. Medium to long-term Seize domestic and overseas markets through operations diversification to pursue steady operations and profit growth.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.

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



Management approaches	Our Management Commitment	Target Term	Action Performance	Management and Improvement Mechanisms
 Customer relationship management	<p>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.</p>	Short-term Improve the service expertise of service representatives and the certification of SSI sales representatives, including a passing rate of over 95% in the mystery shopper test.	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 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. 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.		
 Ethical management and legal compliance	<p>We establish an integrity-based policy and have it approved by the Board. We also establish a sound corporate governance and risk control mechanism to create an environment for sustainable development.</p>	Short-term Zero non-compliance of parts and top 5% in the Corporate Governance Evaluation	<ul style="list-style-type: none"> 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 the changes in laws, inform relevant units of such changes and the risks thereof, and request the units to make immediate responses 	<ul style="list-style-type: none"> 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 Regular internal and external audit plans are implemented annually The Company takes part in TWSE's Corporate Governance Evaluation every year Periodically audit customers in coordination with the government regulations.
		Medium to long-term Continuously improve the corporate governance culture, with sustainable operations as the ultimate goal.		
 Low-emission products and services	<p>Develop low-emission products and technologies and implement low-carbon transformation are our environmental concerns. Through continual product improvement, we provide customers with the best service quality.</p>	Short-term Implement the Design BOM system and the PLM+DFMEA KM module and develop the topology optimization analysis capability.	<ul style="list-style-type: none"> Painting 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%. Reduced power consumption with the 3-in-1 motor and enhance battery capacity to increase travel mileage. Facelift for the Veryca and Zinger reduced fuel consumption and ensure market share. Developed integrated starter-generator (ISG) 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 VIN 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. Built 110 eMOVING charging stations, accounting for 52% of all two-wheeler charging stations across Taiwan. 	<ul style="list-style-type: none"> Run emission and fuel consumption tests of all products before shipping. Reasonably and automatically improve production lines 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 ISG technology and engage in EV and e-scooter R&D to develop low-emission and low-energy consumption NEVs.
		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.		



Management approaches	Our Management Commitment	Target Term	Action Performance	Management and Improvement Mechanisms	2022 Environmental, Social & Governance
<p>Safe workplace</p>	<p>We actively practice workplace safety and health management and protect the health and safety of employees to cohere organizational commitment.</p>	<p>Short-term Implement the Occupational Safety and Health Policy to provide a safe and healthy workplace for employees.</p>	<ul style="list-style-type: none"> NHI-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. The CMC after-school club has accepted 168 children of employees since its establishment. 	<ul style="list-style-type: none"> 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. 	<p>Environmental, Social & Governance</p>
		<p>Medium to long-term Pass the certification of ISO 45001.</p>			
<p>Waste emission management</p>	<p>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 ISO14001 environmental management systems to lower environmental impact.</p>	<p>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.</p>	<ul style="list-style-type: none"> Implemented waste reduction and the recycling of waste of higher heating value (HHV). The effluent recycling equipment is installed Implemented the VOCs reduction project at the painting workshop. Yangmei Plant passed the certification of carbon footprint and water footprint for the EM25 Shine e-bike. Yangmei Plant passed the certification for the ISO 46001 Water efficiency management systems. Hsinchu Plant harvested and reused rainwater up to 1,136t in 2022, with an recycling rate increased by 215% over 2021. 	<ul style="list-style-type: none"> Relevant indicators and projects have been incorporated into the Company's 5-year work objectives for implementation The implementation and achievement status will be followed up and reviewed through regular meetings and evaluated on a monthly, quarterly and yearly basis. The objectives will also be timely adjusted if necessary 	<p>Sustainability Commitment from the Chairperson</p>
		<p>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.</p>			
<p>Climate change</p>	<p>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.</p>	<p>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.</p>	<ul style="list-style-type: none"> Yangmei Plant implemented the PV system construction project in 2022. A total of 25 coastal clean-ups were organized individually by different departments with the participation of suppliers to enhance the action for environmental sustainability in 2022. Invested NT\$72.5 million in building the high-temperature and low-temperature laboratories. Equipped inspection lines with the drainage system to prevent damage on high valued equipment caused by natural disasters. Promoted low-carbon tourism to offshore islands by introducing 100 units of the iE125 to Liuqiu Island and 22 units of eVERYCA to Kinmen to reduce carbon reduction on offshore islands with green vehicles. 	<ul style="list-style-type: none"> Build flood protection gates to prevent damage on vehicles in the plant by floods. The energy saving projects and water saving projects are constantly implemented at plants Increase the testing and solution costs for vehicles before shipping to prevent the rise of vehicle failure rate due to extreme temperatures. Provide product repair services or new car purchase for the car damage of stakeholders due to typhoons. Continuously plan the environmental and ecological education park. 	<p>About CMC</p>
		<p>Medium to long-term Complete the construction of the independent PV system and transition to green power according to the net zero emissions planning.</p>			

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



Scope of Stakeholder Impact

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.

Category	CMC Material topic	Significance to Operations	Scope of Stakeholder Impact							
			Internal		External					
			CMC	Suppliers	Government Agencies	Dealers	Customers	Shareholders	Industry Associations/NGOs	The Media
Automotive Industry	Product safety and quality management	Ensure compliance with product health and safety regulations through protect safety tests and quality management and optimization to provide customers with high-quality products.	●	◎	◎			●	◎	◎
	Product and service innovation	Enhance core competitiveness through continual product R&D and innovation, produce high-quality products with professional technologies, diversify service pathways, make continual service improvement, and enhance customer satisfaction.	●	◎	◎	●	●	●	◎	◎
	Customer privacy	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.	●			◎	●			◎
	Customer relationship management	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.	●			◎	●			
	Low-emission products and services	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.	●	◎		●	●	●	◎	◎
Governance	Economic performance and profit	Develop complete strategies and management mechanisms to facilitate the steady growth of operational performance and increase profit for sustainable operations.	●			◎		●		
	Ethical management and legal compliance	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.	●	◎	●			●	●	◎
Environment	Waste emission management	Reduce environmental impact through waste disposal, reduction, recycling, and reuse.	●	◎		◎			●	◎
	Climate change	Enhance product R&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.	●	●	◎			◎	◎	
Society	Recruitment and retention	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.	●					◎		
	Safe workplace	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.	●	●	●	●				

Note: ●Direct impact ○Business-related impact

2 Innovative Technology Sustainable Value



- 2.1 Visionary Technology: Making safe and comfortable products
- 2.2 Sustainable Manufacture: Towards digital management of production lines
- 2.3 Mutual Prosperity and Existence: Pursuing sustainability with suppliers
- 2.4 Valued Service: Providing safe and quality services

Outcomes and Performance in 2022



Launched the CMC P350 Hybrid to reduced emissions by **0.34**kgCO₂e/liter of diesel



Investment in actual vehicle testing totaled NTD**93,760,000**



eMOVING and Ysrt launched **100** units of iE125 to Liugu Island



30 car models passed the Green Mark certification of EPA.



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)



License plate collection of **2,735** micro e-bike with market shares up to **13.4%**, ranking at market**No.1**

Material topic



Product and service innovation



Product safety and quality management



Low-emission products and services



Customer relationship management



Customer Privacy

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.

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

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

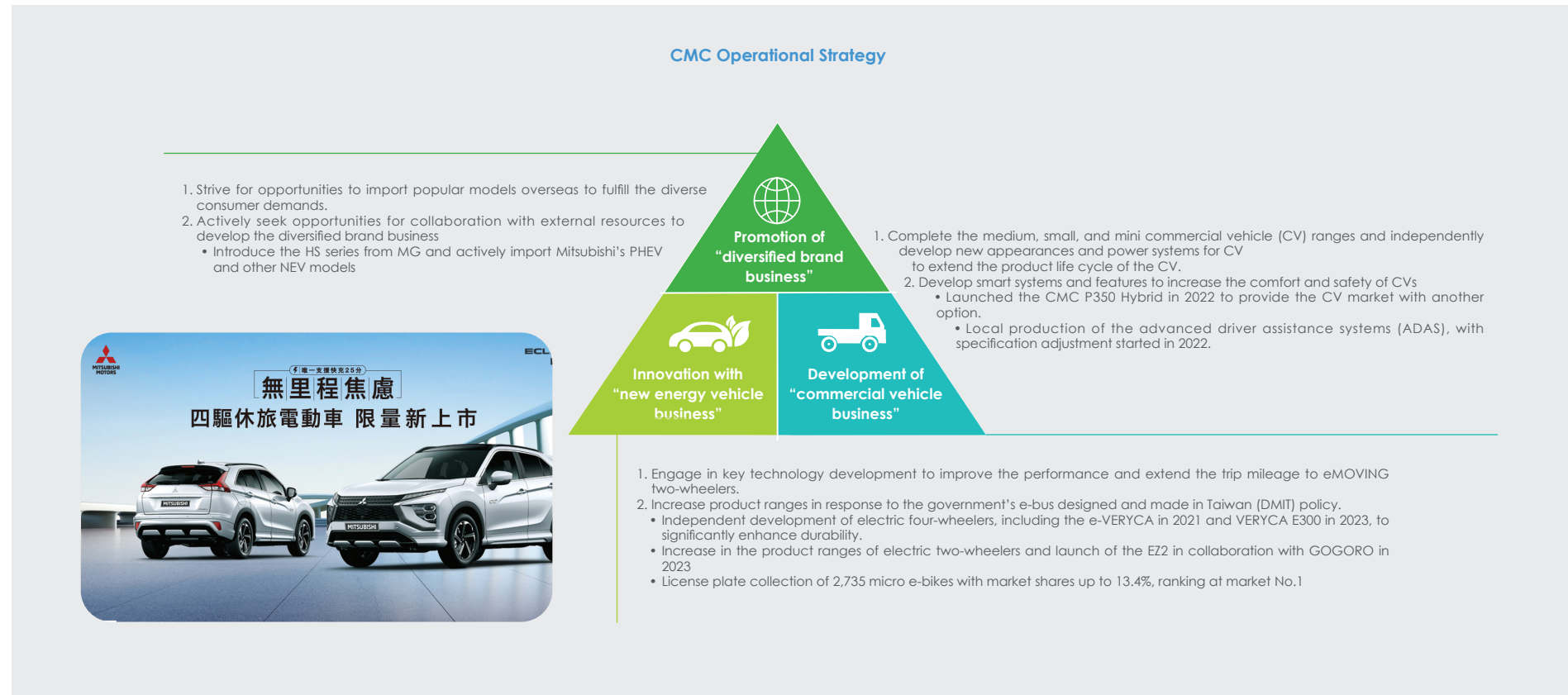
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Society
in Every Way
Possible

Appendix

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.



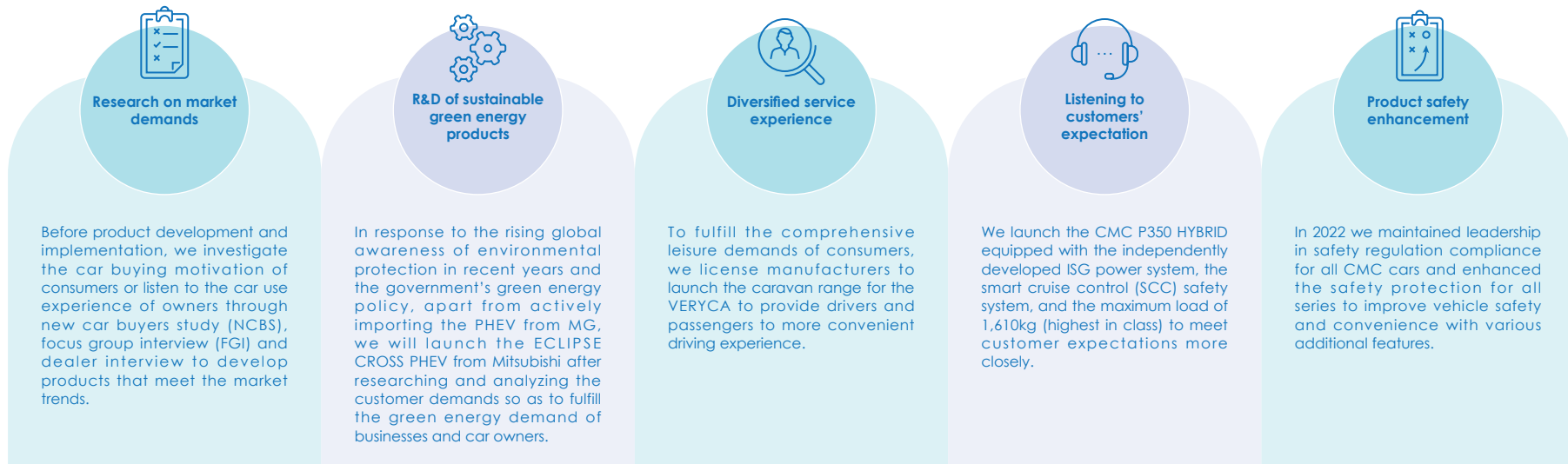
2.1.1 Advanced Technology and Process Innovation

Provision of Products that Satisfy the Market Demands

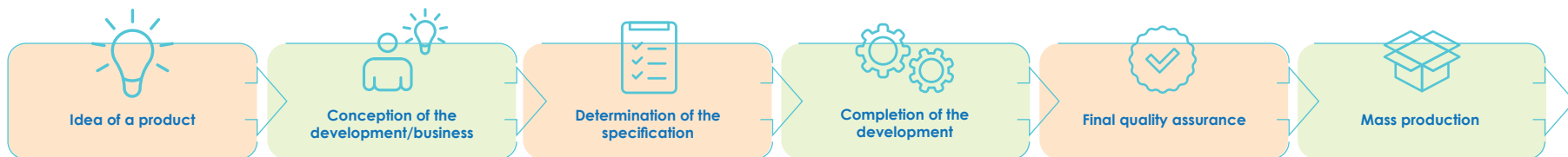
New product innovation and development matter continuous profit-making and sustainable operations. We invest resources in innovation and R&D and produce high-quality products with professional technology. Apart from engaging in body, interior/exterior, chassis, and part development, the R&D team also 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.



Product Development Strategies



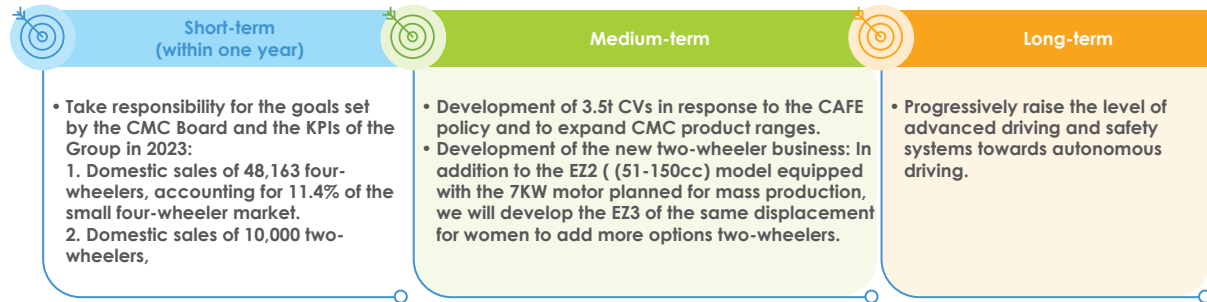
CMC Product Development Process




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.



Performance	
NEV Development and Technology Advancement R&D of lithium-ion power battery applicable to commercial use Enhancement of electric two-wheeler power system Fast charging system with a common charging specification Cooling system with cooling chips	<ul style="list-style-type: none"> 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. Developed the 7.2KV air-cooled power system Improved performance with high-torque motor (28Nm) Completed quality quality validation and design validation before mass production in 2022 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 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	<p>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.</p>  <p>▲ CMC commercial vehicle ADAS</p>


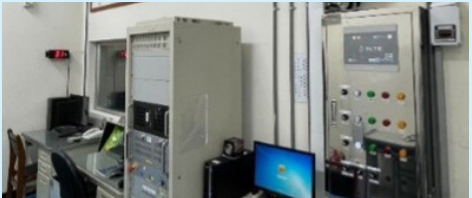

New Energy Laboratory

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	Project Description
Heater performance testing in the cryogenics laboratory	Validate compliance with the vehicle development targets of the vehicle heating system performance and fulfill the use demands of customers.
Defrost testing in the cryogenics laboratory	Validate defrost performance of the vehicle heating system to ensure clear vision for driving safety
Defog testing in the cryogenics laboratory	Validate defrost performance of the vehicle heating system to ensure clear vision for driving safety
Power margin test (winter)	Validate generator power supply meeting the winter demand to ensure driving safety.
Placement and freezing test in the cryogenics laboratory	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
Cold resistance testing of resin parts of actual vehicle	Validate the low-temperature tolerance of resin parts to prevent deformation and breakage.
Low-temperature cold startup test	Validate compliance with the development targets of low-temperature cold startup to meet customer needs.
Low temperature-related function testing	Validate the low-temperature performance of relevant functions to meet the use needs and vehicle safety demand of customers.

Innovative Laboratory Equipment

Laboratory Battery Recycling and Reuse



Description

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

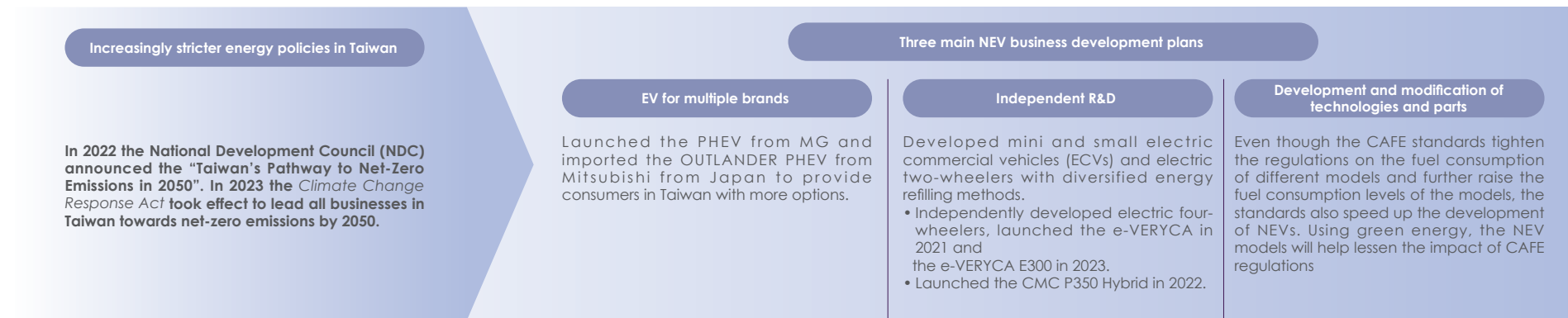


By matching the operation of the high energy consumption equipment, including battery charge and discharge equipment and immersion cooling equipment, we regenerate electricity from battery discharge, charge batteries in the night time (lower electricity rate), and regenerate electricity at peak hours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



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.



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

Model
Modification

Energy-
saving
Performance

EV can effectively reduce carbon emissions over petroleum cars: 186g vs. **110g** per kilometer

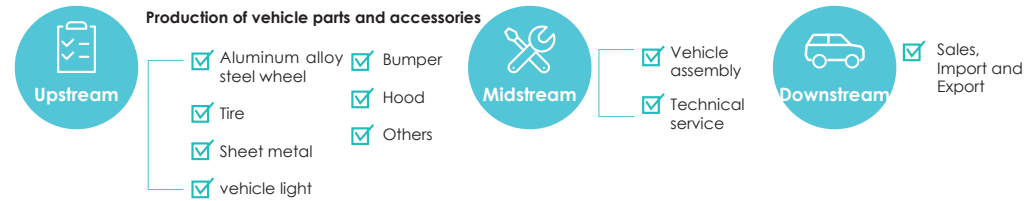
Petroleum engines can reduce emissions over diesel engines by **0.34kgCO₂e/liter**.

PHEV reduces carbon emissions over traditional oil-using cars without limiting daily vehicle use.

Zero range anxiety: **Save about NT\$270,000** vs. oil-using cars over a 10-year period.

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.



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 production, storage, transportation and supply, usage, and disposal, reuse or recycling, and boost the health and safety properties of products by improving the plans.

Life Cycle		CMC Action Plan	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
Product concept development		<ul style="list-style-type: none"> 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 NEVs, 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 25-45 years old, the survey included male and female users using both petroleum and electric scooters aged 25-45 years old. We also used the results in the development of the EZ2 for young male consumers 	
Research and development		<ul style="list-style-type: none"> 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. 	
Certification		<ul style="list-style-type: none"> 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. 	
Manufacturing and production		<ul style="list-style-type: none"> 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. 	
Marketing and promotion		<ul style="list-style-type: none"> 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 PHEV from MG, we will introduce the ESCLIPSE CROSS PHEV to promote plug-in hybrid EV and continuously distribute the e-VERYCA to promote pure electric driving. Launched the brand new CMC P350 HYBRID, with sales up to 212 units in 2022. 	
Storage, transportation and supply		<ul style="list-style-type: none"> 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 	
Usage and services		<ul style="list-style-type: none"> 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. 	
Disposal, reuse or recycling		<ul style="list-style-type: none"> 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

Category	Methods of Quality Management	Monitoring Method	Inspection Item
Raw Materials	<ul style="list-style-type: none"> Secondary Materials IQC Criteria Brake Fluid Check SOP 	<ul style="list-style-type: none"> Divided into "Regular Secondary Materials" and "General Secondary Materials" Once a month 	<ul style="list-style-type: none"> Subject to the inspection criteria Prevent brake fluid leakage or sputtering on the human body to cause bodily injury.
Part	<ul style="list-style-type: none"> Regulations for Supplier Quality Assurance During part development, the development department obtain "QC Passed" parts through the "Mass-Produced Part Approval Procedure" to ensure the quality consistency of part mass production. QC personnel will take over the quality management and assurance of part delivery. 	<ul style="list-style-type: none"> Subject to the "Inspection SOP" 	<ul style="list-style-type: none"> Arrange periodic training for personnel involving the manufacture of safety parts and components of suppliers.
Mass-Produced Products	<ul style="list-style-type: none"> Vehicle emissions and exhaust regulations and QC SOPs Motor vehicle noise QC SOPs 	<ul style="list-style-type: none"> Spot checks in accordance with the "Directions for Application for Certification of Motor Vehicle Noise Control" and "Regulations Governing the Ratio for New Vehicle Sampling Check" 	<ul style="list-style-type: none"> Stationary noise/acceleration noise

Product quality and safety protection

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

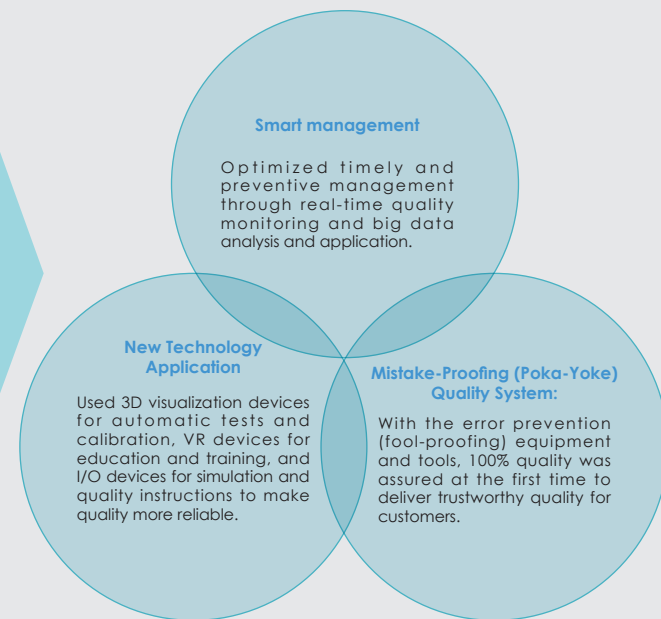
- (1) Internal management: Conduct personnel education and training, internal audits, and management reviews; and report the progress and results to the president.
- (2) External verification: External auditors audit Yangmei and Hsinchu plants, which smoothly passed the 3-year certificate renewal in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



Promoting "Total Quality Management" (TQM)

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.

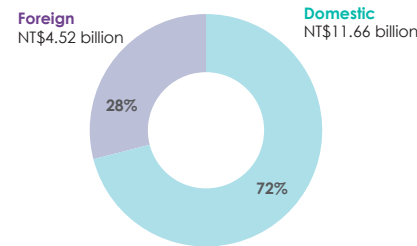
2.3 Mutual Prosperity and Existence: Pursuing sustainability with suppliers

2.3.1 Sustainable Supply Chain

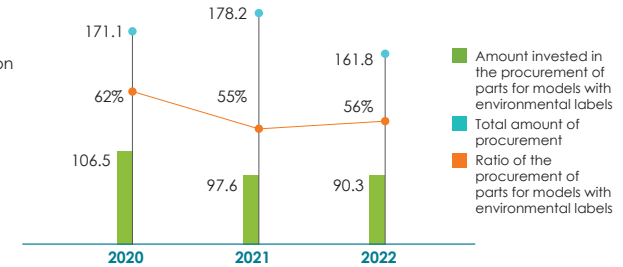
Eco-friendly and Local Procurement

To enhance the utilization rate and profitability of the local suppliers in Taiwan, we actively promote the part production localization by implement 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, modes including the OUTLANDER, LANCER, COLT PLUS, ZINGER, VERYCA and eMOVING earned recognition from the Environmental Protection Administration and passed the Green Mark certification.

Ratio of CMC Domestic and Foreign Procurement in 2022






Statistics on the Procurement of Parts for the Production of Models with Environmental Labels (NTD 100 million)









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	<ul style="list-style-type: none"> 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 valuation. Suppliers will only become qualified CMC suppliers after passing the evaluation of the relevant units and obtaining the management approval.
 Routine Management Mechanism	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 advance receipt of payables. We also encourage suppliers to practice legal compliance and will disqualify suppliers 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 a trophy and free overseas travels. Suppliers will be disqualified by discretion 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	<ul style="list-style-type: none"> 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

 <p>Supply chain sustainability policy</p>	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> a. Violation of our ESG policy and causing significant environmental and social impact to the local communities of their location. b. Violation or allegation 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". <ul style="list-style-type: none"> 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.
 <p>Encouragement to suppliers to achieve legal compliance</p>	<ul style="list-style-type: none"> 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 TQ 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 travels.
 <p>Request for Passing ISO 14001 Certification</p>	<ul style="list-style-type: none"> We have encouraged supplies 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.
 <p>Recycling and reuse of packaging materials, waste motor oil and repaired items with high unit prices</p>	<ul style="list-style-type: none"> 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 used, and 15,411 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.
 <p>Enhancement of environmental protection and occupational safety and health management of suppliers</p>	<ul style="list-style-type: none"> 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.
 <p>Calling for the suppliers to take part in environmental protection and social welfare activities</p>	<ul style="list-style-type: none"> 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

When COVID-19 broke out in 2020, we conducted a supplier financial survey to care about their financial status during the pandemic. In 2022 we audited 80 suppliers for supply chain management.



- 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.
- 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.
- 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.

Price Adjustment of Suppliers During Pandemic

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.

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

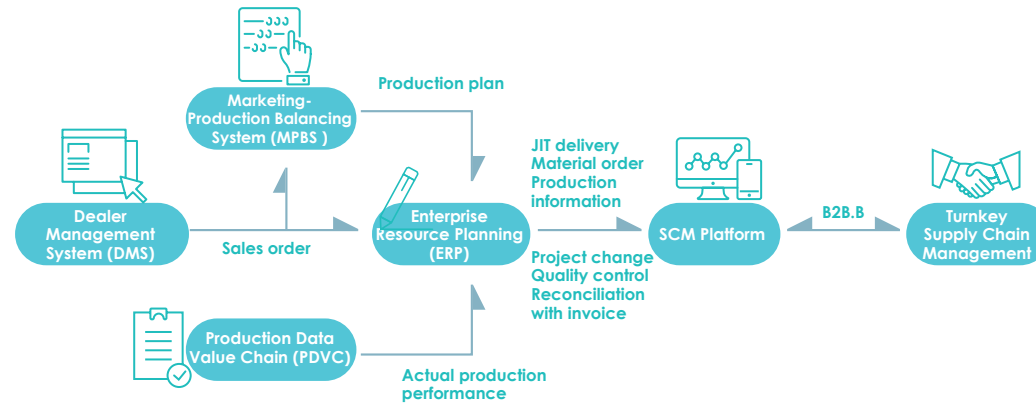
Safe
Workplace
Excellent
Development

Give Back to
Society
in Every Way
Possible

Appendix

2.3.2 Supplier Management

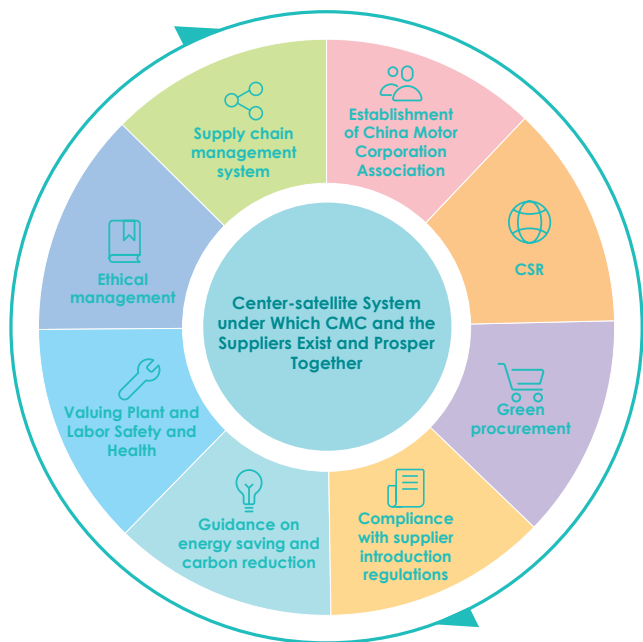
The Company has introduced the supply chain management (SCM) platform, global logistics management (GLM) system, order and delivery management system, electronic procurement management (EPM) platform, etc., to the supply chain management system, and incorporated the dealer management system (DMS), marketing 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.



Item	Description
SCM Platform	Enable communication with suppliers based on the procurement, production, purchase order (PO), QC, and engineering data received from the ERP system. Major functions include browse notice and sales information, engineering order (EO) and purchase order (PO) management, real-time delivery instructions, quality management, and account check and payment.
Global Logistics Management (GLM) System	Capture the raw materials flow through the management system. After sending a purchase request to overseas suppliers, the system keeps close track on processes from PO negotiation, supplier shipping, delivery and receipt, customs clearance and discharge, to arrival and entry to ensure real-time PO management, information transparency, and operation standardization to reduce the cost and enhance competitiveness.
Purchase Requisition and Delivery Management System	Allow suppliers to manage CMC POs and prepare for shipping. Additionally, the system supports PO information and report download and transfer, including delivery management, e-receipt, and material checking and management.
Electronic Procurement Management (EPM) Platform	Enable the procurement department to publish procurement information to suppliers and proceed with inquiries, bid collection, quotation, bid opening, price negotiation, and bid awarding based on the procurement information from the ERP system; and send the information of the successful bidder (supplier) to the ERP system through information interchange to simply the operating process and shorten the operating time of the center-satellite system.
Dealer Management System (DMS)	Include four sub-systems: vehicle supply system, warranty repair system, part logistics system, and server virtualization system. Support collective data management of suppliers through a consistent operating mode. Improve dealer management, quickly capture market information, and improve decision-making quality by sharing the same information platform between manufacturers and dealers.
Marketing-Production Balancing System (MPBS)	Integrate sales and capacity planning with production plans and manufacturing processes through production-sales coordination and communication, with major functions including sales planning, capacity planning, CKD planning, and production plan making.
Production Data Value Chain (PDVC)	The leading-edge production system that gathers shop floor data with advanced information technology for value-added processing, including the shop floor control system and optimal process control management.
Enterprise Resource Planning (ERP)	Provide suppliers with information of the related part orders, production intelligence, engineering change, quality management, and invoice checking and deliver it to suppliers to request for supply over the supply chain system.
Turnkey Supply Chain Management	Installed at the supplier side, the system supports CMC order and shipping process management and PO information and report download and transfer, including delivery management, e-receipt, and material checking and management.





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, management and operation can be achieved. Only with unceasing progression can we create more value to give back to the consumers compared to the competitors and enhance the benefits for the employees of the Company and the suppliers.





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.

Item	Description
 Director/supervisor meeting	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
 Supplier convention	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
 Courses and lectures	Education, training or observation activities are provided for each level of employees of the suppliers based on their position and professionalism
 Themed activities	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

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



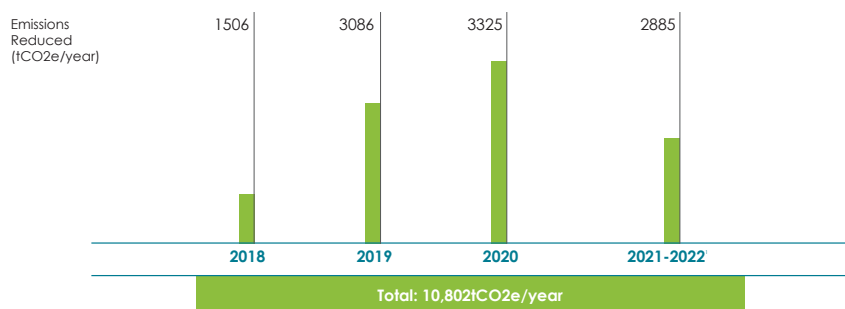
▲ Onsite visit of the energy improvement of Kenda Rubber on November 1 (Tue)



▲ CMCA achievement presentation on December 27 (Tue)

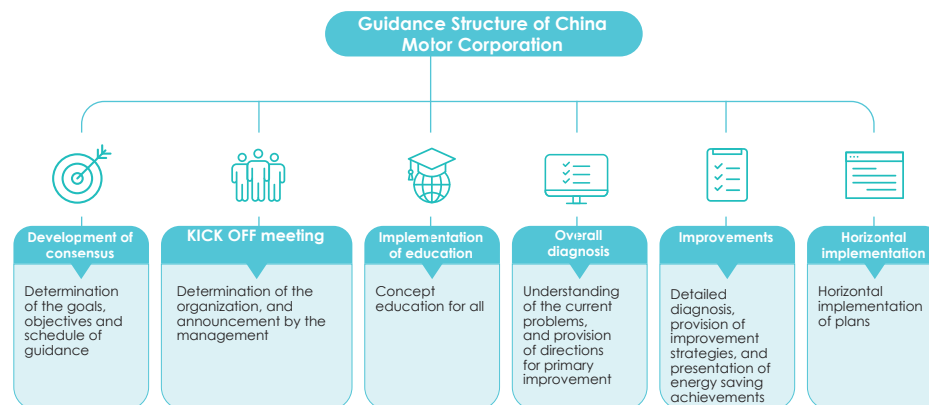
Carbon Reduction Together - Assistance for the Suppliers in Carbon Reduction with Smart Systems

To call for the support for energy conservation from suppliers, we have proactively gathered 115 suppliers through the CMCA to implement the Carbon Reduction for the Common Good Advancement Program through the "big brother" policy of the Industrial Development. By gathering experts with practical experience of energy conservation, we offer free guidance and consultation to suppliers and organize sharing meetings to extend our influence. Over the years we have recruited 28 suppliers (e.g., Kenda Rubber, Taiwan Yuasa Battery, Kian Shen Corporation, and Lioho Machine Works) to reduce emissions by about 10,802tCO₂e. On March 21, 2023 we activated the "2050 Net-Zero Emissions Carbon Reduction for the Common Good Advancement Program". In the future we will continue recruit more suppliers based on the experience and achievements in the year, hoping to recruit 115 suppliers to complete GHG inventory in five years.

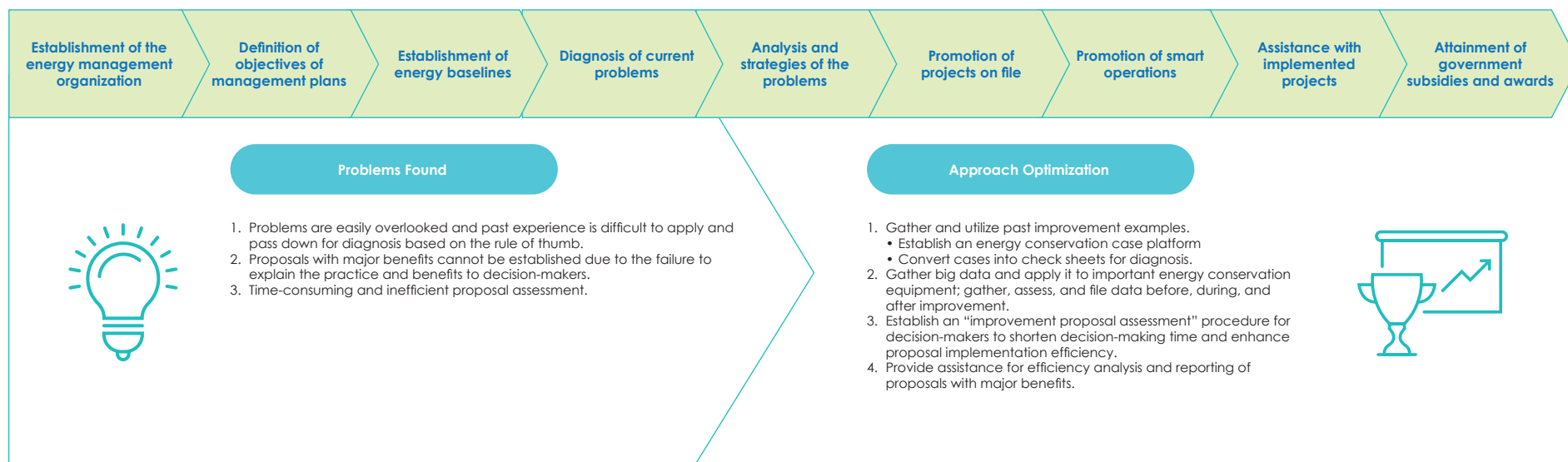


Note 1: Guidance was prevented by the pandemic in 2021 and resumed in 2022.

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 for Implementation and Approach Optimization



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.

	Description	Implementation Outcomes in 2022
 Telephone interviews after warranty repair	We conduct telephone interviews with randomly selected customers who took their cars in for warranty repairs the previous week	<ul style="list-style-type: none"> There were about 363 telephone interview samples per week and about 1,452 samples per month Request the two lowest-scored service centers to present an improvement proposal.
 Online market survey	We have performed online questionnaire surveys since March 2021 to gather more samples for market survey. More questions have been added to the questionnaires to understand the views of customers from multiple perspectives. Online survey messages are sent to all customers every week through SMS, except for those who have been interviewed via telephone	About 5,000 questionnaires were recovered per month
 Comments on the official website	Customers' comments are sorted and entered into the customer complaint system for subsequent handling every day	For comments entered into the customer complaint system for management, the 1.5-hour customer complaint response rate and five-day customer complaint closure rate must be ensured. The achievement rates for the two indexes were 99% and 91%, respectively, in 2022

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.

 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 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.
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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	Continuously enhance customer satisfaction and understand the car buying needs of consumers for the reference of product improvement, personnel service improvement, SOP performance validation, and environmental facility improvement.
Management Mechanism	<ul style="list-style-type: none"> 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

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.

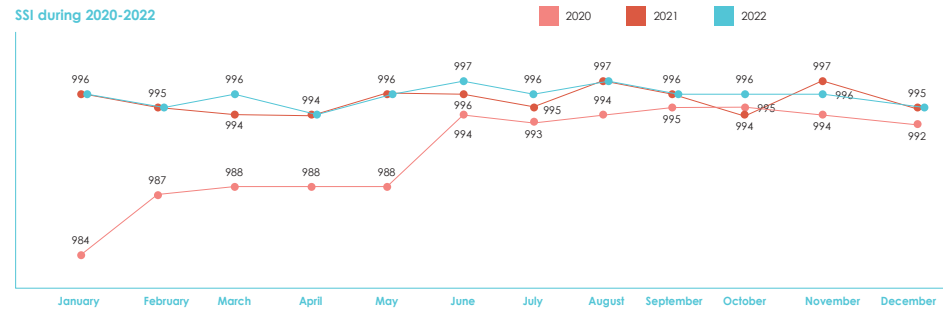
	Management approaches	Accomplishment rate in 2022
The monthly average score of new car owner satisfaction in 2022 was 996 marks	Customer satisfaction questionnaire scores, mystery shopping survey scores, the timeliness of responses to test drive appointments, sales representative evaluation results, and other indexes are included in our key customer service management indexes. We perform audits for locations with low scores and draw up improvement plans together therewith every month. As for complaints with low scores taken in via the 0800 hotline, divisional managers are responsible for customer care and relationship repair	99%
The pass rate of mystery shopping test: 90%	Locations failing a mystery shopping test are required to conduct regular simulations on a monthly basis and attend the simulation on the monthly education and training day to have a synergistic effect	98%
The pass rate of sales representative certification: 90%	In addition to monthly fixed courses, car model tests and simulations are arranged in order for the personnel to answer perceived questions out of a conditioned reflex	94%

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

Targets in 2022	Outcomes in 2022	Targets in 2023
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	Telephone survey score: 980 Online survey score: 928	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

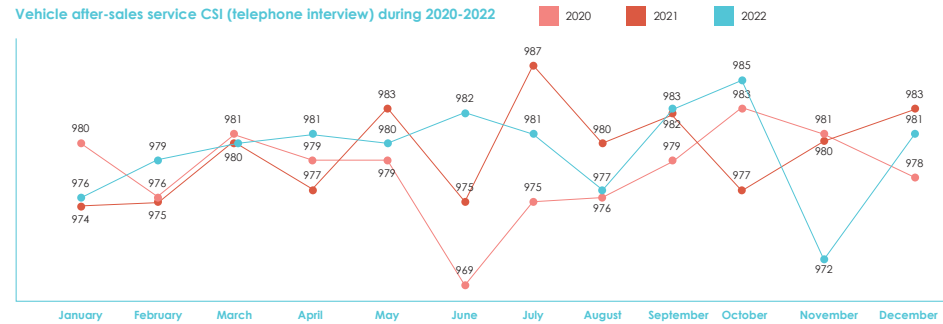
Statistics on customer satisfaction with new car sales and after-sales services in the past three years are as follows:

SSI during 2020-2022



Note 1: An SSI score of over 800 out of 1000 is considered a passing mark

Vehicle after-sales service CSI (telephone interview) during 2020-2022



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.

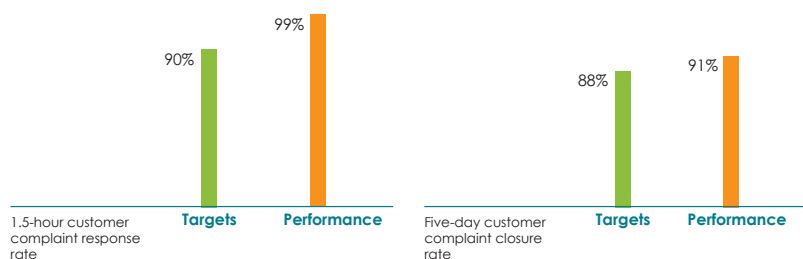
Customers' Inquiries or Complaints Made via the 0800 Hotline



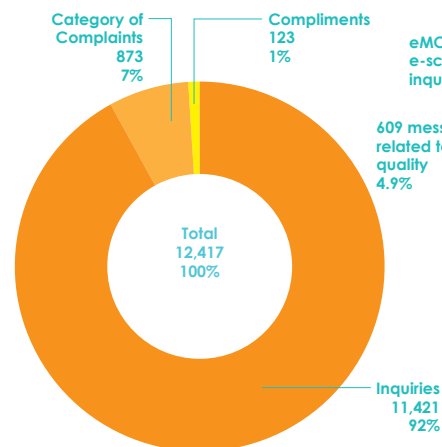
Customer Complaint Management Outcomes in 2022

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.

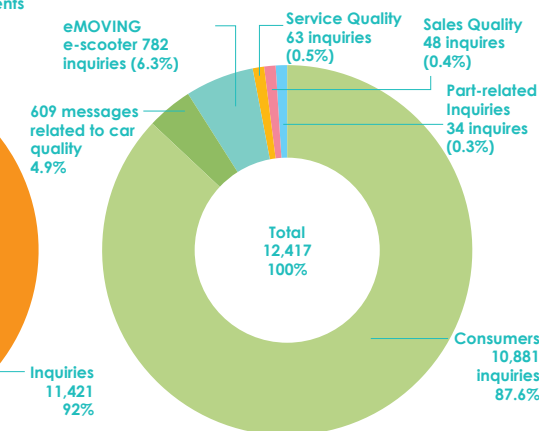
Customer Complaint-related Targets and Achievement Rates in 2022



Analysis of Customer Feedback



Analysis of Customer Service Requests via the 0800 Hotline in 2022



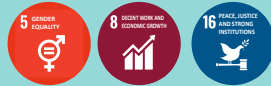
2.6.4 Improvement of Service Quality and Customer Experience

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.

Item	2020	2021	2022	2023 Targets
Total Sales Amount (NT\$)	3.517 billion	3.58 billion	3.65 billion	3.69 billion
Part Supply Rate	97%	97%	97.8%	98%
Total Number of Delivery Destinations	125	123	121	121

3 Excellent Governance Proactive Action



- 3.1 Sustainable Governance: Robust governance for a sure foundation
- 3.2 Ethical Management: Uncorrupted management for legal compliance
- 3.3 Risk Management: Preventive action for business continuity
- 3.4 Financial Performance: Business diversification for overseas expansion
- 3.5 Information Security: Impeccable defense for information security

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 2022 BSI Award for sustainable resilience



100%, 1,225 hours in total

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



75 suppliers

Audited 75 suppliers through the supplier operations audit program in 2022 after the pandemic.



Zero personal data leakage

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



Excellent Supplier Section

Encouraged suppliers selected as excellent suppliers and approved under the TQ program to implement environmental sustainability and CSR.



Implemented ISO 27001, with 104 persons participating in the education and training for information security.

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.

Material topic



Ethical management and legal compliance



Business continuity management



Anti-corruption and anti-competition



Economic performance and profit

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.

Strategic Goal

<ul style="list-style-type: none"> Top 5% of Corporate Governance Evaluation Zero case of major violation 	<p>Unceasing follow-up and identification of the risks to the Company, and discussion on the implementation results of risk control</p>	<p>Deployment in the domestic and foreign markets through diversified operation to achieve steady operation and profit growth</p>
Short-term	Medium-term	Long-term

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

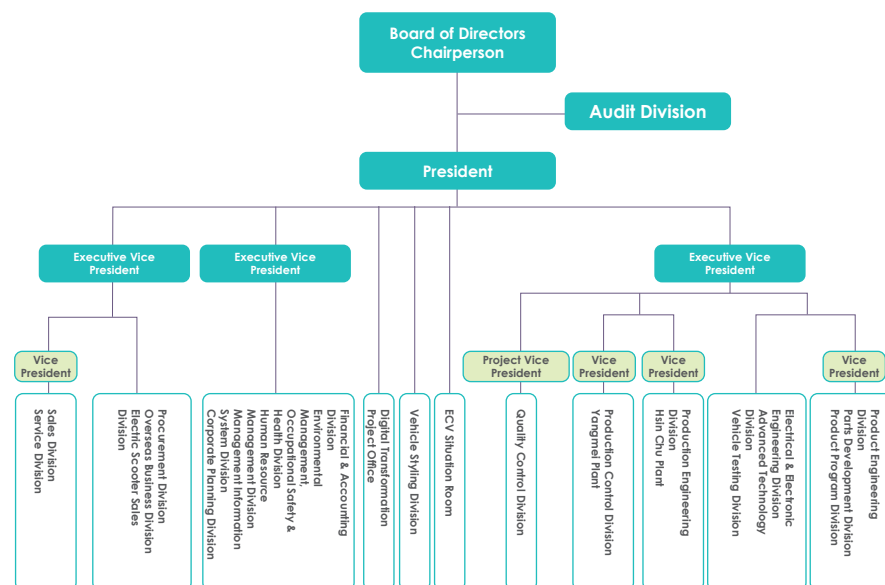
We select and review board members in terms of various criteria, including education attainment, work experience, gender, independence, professional experience, and nationality. We also consider their roles and performance in the board so as to maximize their contribution of the corporate interest. For example, a Japanese national with international business management capability was appointed director in 2022 to help CMC make international decisions. Scan the QR code below for more information regarding director backgrounds and the board composition.

Please visit the CMC website for more information regarding the CMC board.³

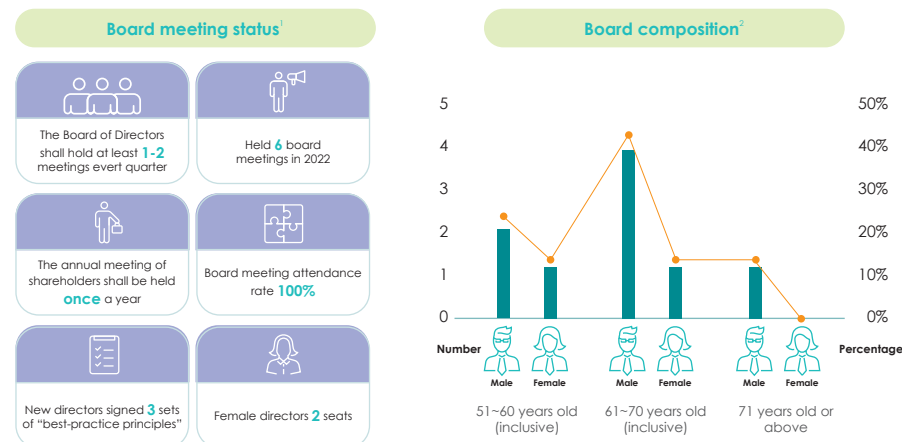


Note 3: Article 16 of the “Rules of Procedure for Meetings of the Board of Directors” stipulates that directors or the companies they represent having a conflict of interest with a proposal discussed in a board meeting should avoid the discussion and voting of such a proposal. Please refer to pp. 34-36 of the CMC Annual Report 2022 for more information regarding the avoidance of conflicts of interest of CMC directors in 2022.

Organizational Structure of China Motor Corporation



Formation of the Board of Directors



Note 1: The three sets of “best-practice principles” include the Corporate Governance Best Practice Principles, ESG Best Practice Principles, and Ethical Corporate Management Best Practice Principles.

Note 2: After the re-election in June 2022, currently there are nine directors, including three independent directors.

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

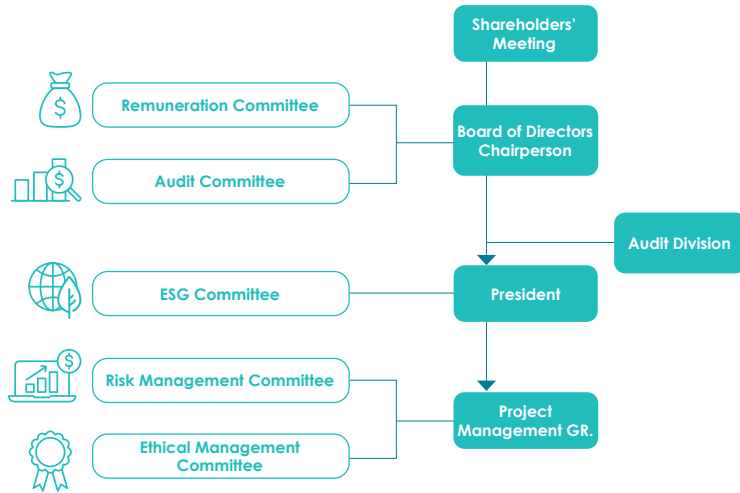
Safe
Workplace
Excellent
Development

Give Back to
Society
in Every Way
Possible

Appendix

3.1.2 Sustainable Governance Structure and Functional Committee

CMC Sustainable Governance Structure



Audit Committee

The Audit Committee is formed by all three independent directors to appoint and dismiss CMC certified public accountants (CPAs), determine CPA remuneration, review and discuss the annual financial reports and internal audit system, and revise and review the suitability of the statement of internal control.

Held **5** committee meetings in 2022

2022 attendance rate: **100%**

Note: Attendance included proxy attendance



Articles of Organization



Committee Operation in 2022

Remuneration Committee

The Remuneration Committee is formed by three independent directors to periodically establish and review the policy, system, criteria, and structure of performance evaluation, salary, and remuneration of directors and officers.

Held **3** committee meetings in 2022

2022 attendance rate: **100%**

Note: Attendance included proxy attendance



Articles of Organization

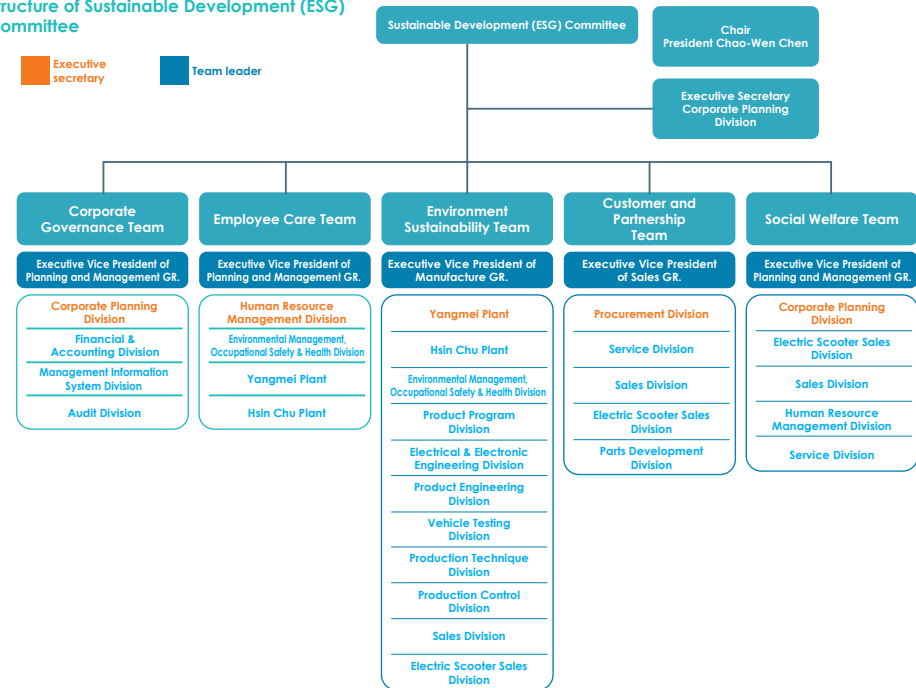


Committee Operation in 2022

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



Operation of ESG Committee

Two meetings are held annually with each team explaining the implementation status and establishing three-year implementation goals.

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 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 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.

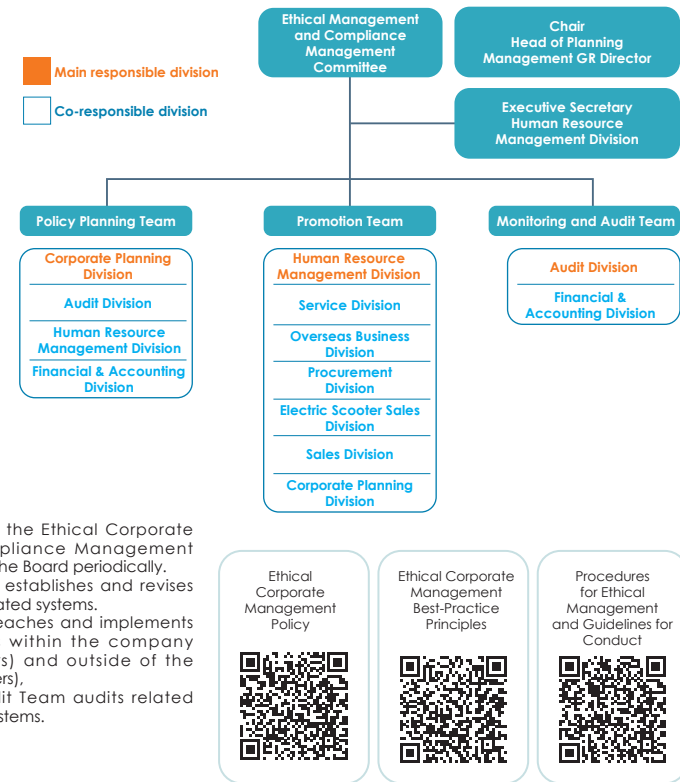
3.2.1 Ethical Management and Compliance Management Committee

Policies and Goals of the Ethical Management and Compliance Management Committee	
Policy	With the business philosophy of integrity, transparency and responsibility, CMC shall establish integrity-based policies and submit them to the Board for approval, and sets up thorough mechanisms for corporate governance and risk control to create an operational environment for sustainable development.
Commitment	<ul style="list-style-type: none"> CMC shall request the directors and senior management to make a statement that they will keep in line with the ethical management policies 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.
Committee Operation	<ul style="list-style-type: none"> 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.

Responsibility

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

Structure of the Ethical Management and Compliance Management Committee



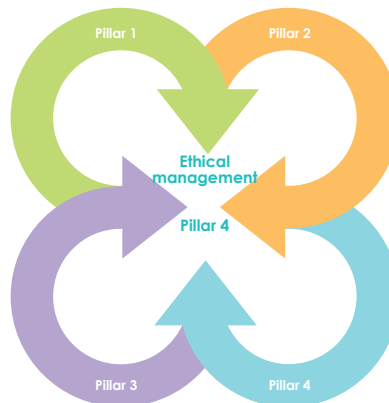
3.2.2 Ethical Corporate Management Policy and Implementation

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.



Regular Review and Amendment

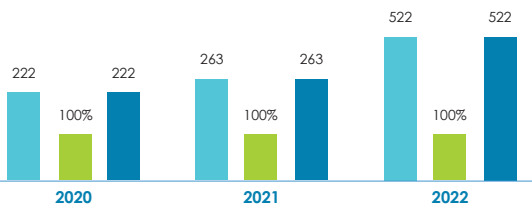
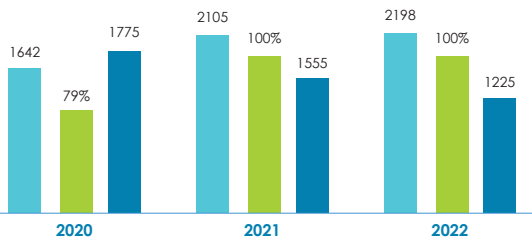
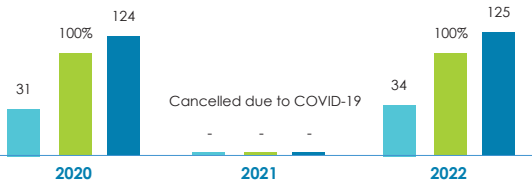
The "Ethical Corporate Management and Compliance Management Committee" holds at least one committee meeting every year for related departments to present and review the status of ethical corporate management, reports the achievements to the Board periodically, and discloses the results in the annual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

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

Number of participants
Percentage of participation
Total hours



Please refer to the ESG section on our corporate website for the details regarding the four pillars of ethical corporate management and related education, training, and outreach.



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 958 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, 48% of all 23 CMC departments have completed the self-assessment of risks.



1. Completed the KPI audit of ethical corporate management in 2022 and recommended observation of 3 items. Corrective action was proposed and completed as planned in the year.
2. There were three reports of unethical behavior, including one from the stakeholder email and two from the report system. All were reported to management and closed.



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 expatriate 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 the involved dealer. Eventually, that sales representative returned the sum and reached a settlement with the complainant.

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

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 at 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 conduct, CMC has the right to terminate or withdraw the contract.

 <p>A. Engagement in business activities in a fair and transparent manner.</p>	<p>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</p>
 <p>B. Termination or withdrawal of contracts in case of violations of the Ethical Management Clause</p>	<p>The supplier who acts in violation of the Ethical Management Clause shall compensate CMC for its damage, and CMC has the right to terminate or withdraw the contract without the need to assume the liability for breach of the contract</p>
 <p>C. Management of unethical behavior reports</p>	<p>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</p>
	<p>(1) We set up the CMC unethical behavior report hotline (03)-270-7781 in the Audit Office. All calls are tapped and the answering machine function is provided. Personnel of the Audit Office answer the calls or process the the tapped files.</p> <p>(2) CMC's unethical behavior report email (audit@china-motor.com) can only be accessed by CMC independent directors or their designated persons.</p> <div data-bbox="869 951 972 1054">  </div> <p>Whistleblowing section for stakeholders</p>

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.

Transparent information disclosure

We are dedicated to protecting the rights and interests of all the stakeholders, observe relevant regulations and the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", and set up multiple smooth information disclosure channels for the public to enquire.

Transparency of Information Disclosure

Publishing the ESG Report

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..

Establishment of Spokesperson Mechanism

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.

Establishment of the Online Public Information Filing System

We establish the "Online Public Information Filing System" in accordance with the *Guidelines for Online Filing of Public Information by Public Companies* promulgated by the Financial Supervisory Commission (FSC) to periodically file information relating to the monthly revenue, the quarterly audit and financial statement review report of CPAs, insider share transfer, and AGM information, as well as the information relating to the acquisition and disposition of assets from time to time. We also timely disclose material information regarding legal compliance to provide stakeholders with complete and timely financial and sales information to protect their rights and interests.

Note: After reviewing our (excluding investees) internal control and the laws and regulations governing environmental protection, tax, and labor, there was defect required for correction by the end of 2022, including investees.

Information Disclosure Channel

Official website	Investor section	ESG section	Live-stream of investor conference
			

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.



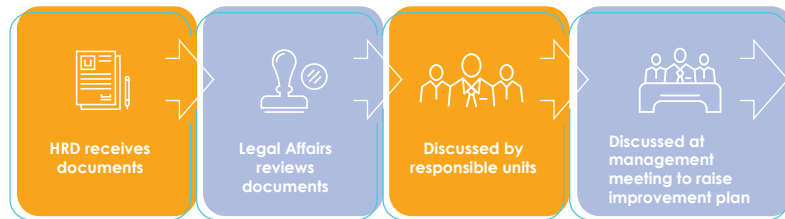
Legal Compliance Training Courses in 2022

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

Handling Process of Cases In Violation of Laws

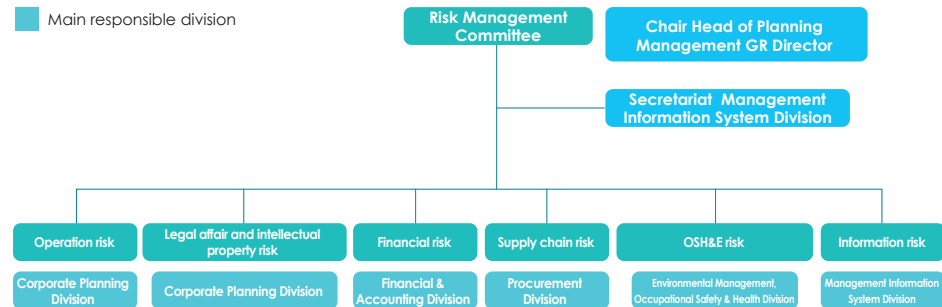


3.3 Risk Management: Preventive action for business continuity

We are 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.

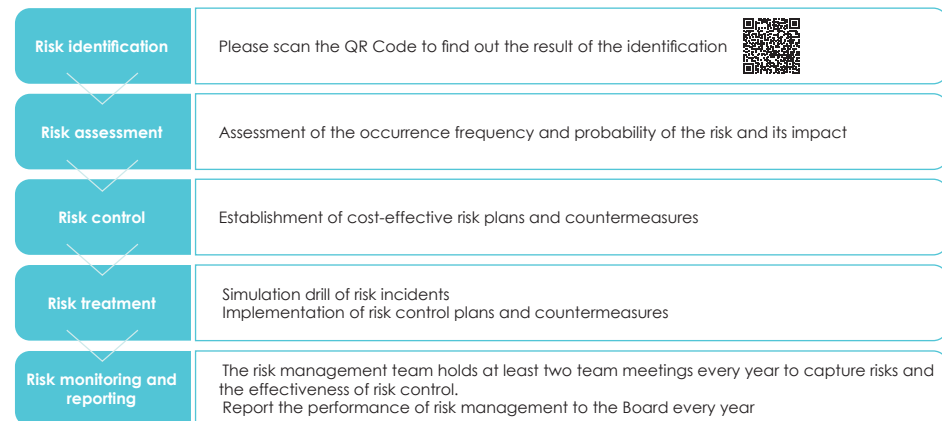
3.3.1 Risk Management Committee

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

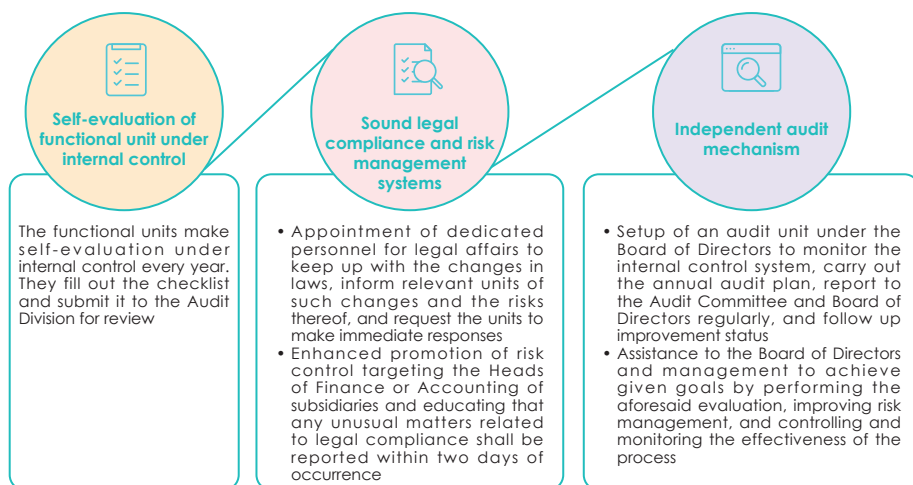
Our risk management process covers identification, assessment, control, handling, monitoring, and report. Through these steps we can proactively identify and assess potential risk incidents, establish corresponding measures and make rapid response in risk occurrence, and lower or prevent the impact of 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.



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.

The Three Lines of Defense Model



Items and Achievements of Routine Audits

Routine Audit		
Audit Item	Audit Focus	ESG Relevance
Procurement Cycle: Procurement, inspection and acceptance, payment (including legal compliance)	Ensure that all operations with in the procurement and payment cycles are implemented in accordance with the internal controls to lower internal control risks.	Green procurement
Information Security Check	Ensure that information security is managed in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.	Business continuity management
Acquisition and Disposition of Assets	Ensure that assets are acquired and disposed 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.	Green Bond Procurement
Management of Board Operation	Ensure that the Board is operated in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies.	Legal compliance
Subsidiary Supervision and Management Audit	<ul style="list-style-type: none"> Ensure that subsidiaries are invested in compliance with the securities-related regulations to prevent fines or sanctions on the chairperson by governance agencies. Strengthen the internal control system of subsidiaries to lower potential corruption risk. 	Ethical management

Targeted Audit		
Audit Item	Audit Focus	ESG Relevance
Management of the Rules of Procedure and Operation of the Ethical Management and Compliance Management Committee	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.	Ethical corporate management and compliance management
Environmental Management Audit	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.	Waste, emissions, and environmental sustainability audits
Payroll Cycle & Occupational Safety Audit	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.	Safe workplace

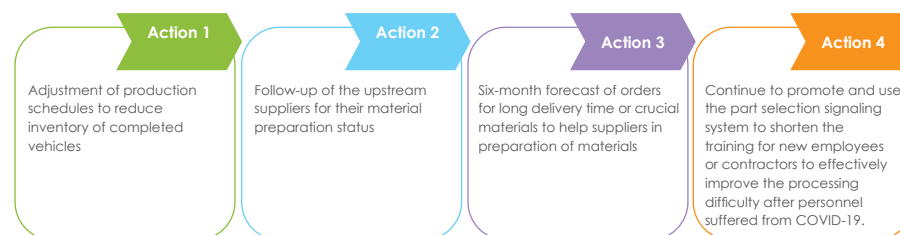
3.3.2 Critical Incident Risk Management

<p>Operation risk</p>	<p>Legal and IP Risk</p>
<p>Establish the Ethical Management and Compliance Management Committee and hold committee meetings periodically. The ethical corporate management achievements in 2022 were reported to the Board on December 20, 2022.</p>	<p>1. Arranged education and training on the "Trade Secret Management Mechanism" and the "Copyright Talk" in 2022. 2. Completed the Regulations for Trade Secret Management (Draft) to establish CMC's trade secret management mechanism; will be submitted to management for approval after gathering the opinions of all departments.</p>
<p>Financial Risk Management</p>	<p>Supply chain risk</p>
<p>Periodically assess the financial value of investees, keep track on exchange rate changes and adopt steady hedging policies, maintain sound relationships with various banks to ensure financing credits and prevent liquidity risk, and keep track on tax legal changes and draw up counteractions.</p>	<p>1. Audited the business visit plan of 75 suppliers and provided necessary support for them. 2. In the 2022 excellent supplier selection and TQ evaluation, marks were added to suppliers passing the ISO 45001 and ISO 50001 certification to encourage suppliers to establish and implement the occupational health and safety management systems (ISO 45001) and energy management system (ISO 50001), implement ESG management, and practice environmental sustainability and social responsibility.</p>
<p>HSE Risk</p>	<p>Information risk</p>
<p>In 2022 we passed the certification of the ISO 45001 (CNS 45001) Occupational health and safety management systems, the ISO 14001 environmental management system, and ISO 14061-1 GHG inventory and verification systems</p>	<p>1. Implemented the ISO 27001 Information Security Management System and passed the certification on December 16, 2022. 2. Identified 5 high-risk items and 18 medium-risk items and completed the improvement of all high-risk items. 3. 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 other systems. 4. Corrective action: Separate database use, design load balance, and optimize SQL programming to solve the performance issue.</p>
<p>Scan the QR code below for more information regarding our achievements in risk management in 2022 on the corporate website.</p>	

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



National Disaster Response Team

The climate change has been rank as one of the Top 5 risks, including flood, draught 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:

Name of Organization and Process



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.

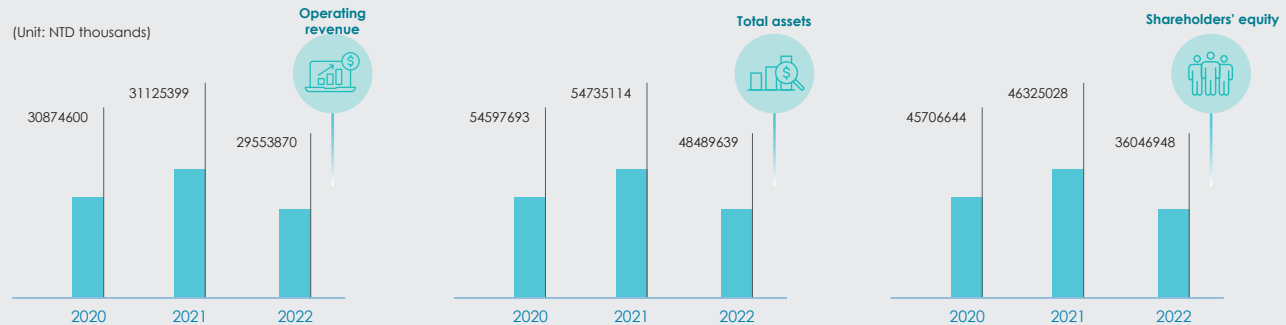
3.4.1 Building A Solid Financial Foundation

Financial Performance

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

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

Operation Performance in the Recent Three Years



Consolidated Financial Information of CMC in the Recent Three Years

(Unit: NTD thousand)				
Item	Basic element	2020	2021	2022
Direct economic value generated-A	Revenue	30874600	31125399	29553870
Economic value distributed-B	Operating costs	29099362	29083946	27611103
	Employee wages and benefits ¹	2592905	2564318	2413329
	Payments to providers of capital (cash dividend of the year)	3875342	3044912	2214481
	Payments to government ²	211918	674792	495539
	Investment in communities ³	3052	7206	2251
Economic value retained	Generated - Distributed (A- B)	(4,907,979)	(1,678,251)	(767,253)

Note 1: Including personnel expenses such as bonuses, pensions, as well as labor and health insurance

Note 2: The income taxes paid

Note 3: Social welfare expenses such as donation to government agencies, other clubs and community care activities

Note 4: The data were based on the consolidated financial statements in 2022 and the internal data of CMC; please refer to the Company's annual report of the year for details

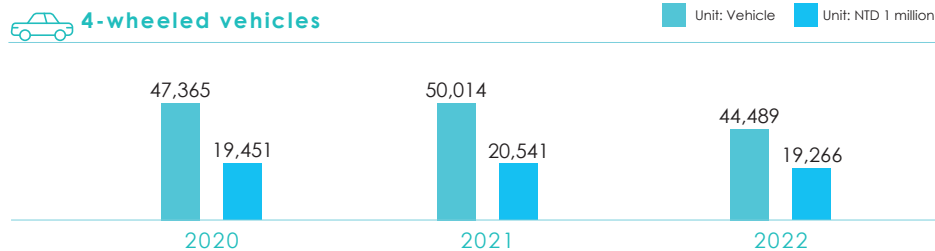
CMC's Dividend Policy for 2022

Due to the loss on the epidemic insurance policy sold by investee Tokio Marine Nawa 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 Nawa 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.

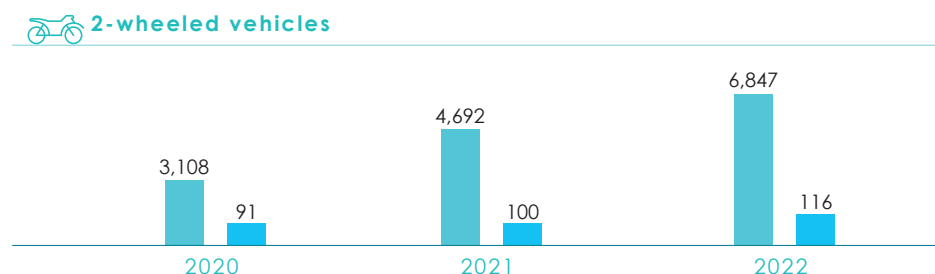


Note 1: After eliminating the influence of Tokio Marine Nawa Insurance, the 2022 EPS was NT\$8.34, showing that both the operating and non-operating (excluding Tokio Marine Nawa Insurance) incomes are growing continuously.

Production Value in the Recent Three Years



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

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

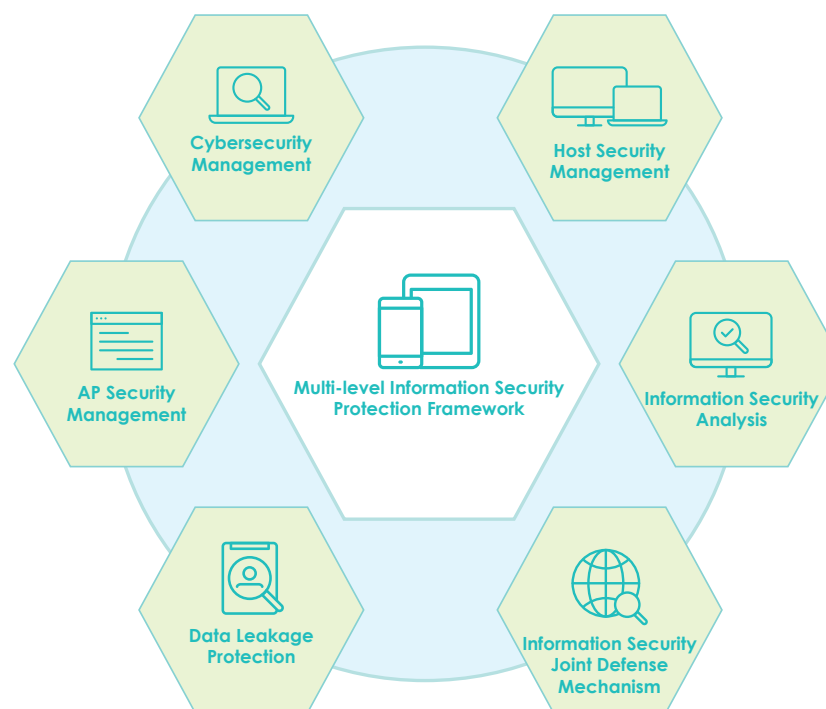
Note 1: Because the 4-wheeled electric vehicle is the new model was launched in 2022, it only has the data in 2022

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

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.



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.

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.

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

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 facilitation of the eVERYCA and system management improvement
- Expansion of the domestic two-wheeler business
1. Two-Wheeler Dealer Management System Revision Phase II (warranty repair system)
2. Two-Wheeler Dealer Management System Revision Phase II (extended applications, e.g., management preview)
3. Warranty repair system and management preview extended application. Data is encrypted during transmission and database storage, and traceability 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

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

Passed the certification of ISO/IEC 27001:2013 Standard.

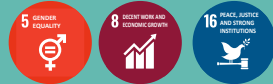
- (1) Implement the ISO 27001 ISMS and establish ISMS documents.
- (2) Enhance the information security control and lower the information security risk of core systems.
- (3) Establish methods for information security management and enhance overall information security protection.
- (4) Improve the information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



Continual Information Security through PDCA

- (1) Drill 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



- 4.1 Climate Change: Climate-related financial disclosures
- 4.2 Environmental Management: Energy conservation for carbon reduction
- 4.3 Pollution Prevention: Waste reduction for environmental protection
- 4.4 Circular Economy: Reclaiming and Recycling for connection with circulation

Outcomes and Performance in 2022

Energy Conservation Investment
Energy conservation related investment: **NT\$63.239 million**
Accumulative benefits: **NT\$3.284 million**

Reduced effluent discharge by **5.6% over 2021** compare 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
Reduced 2022 coating shop VOCs **emissions by 7.5%** over 56.48/m² in 2021 to 52.25/m².
Reduced air pollution fees and the cost of purchasing fresh solvents by **NTD 4.498 million/year** over 2021.

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 **5,500t/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 on Earth.

Strategic Goal

<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All five phases of PV installations will be completed by 2040 with a total capacity of 13,282.5kW, 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

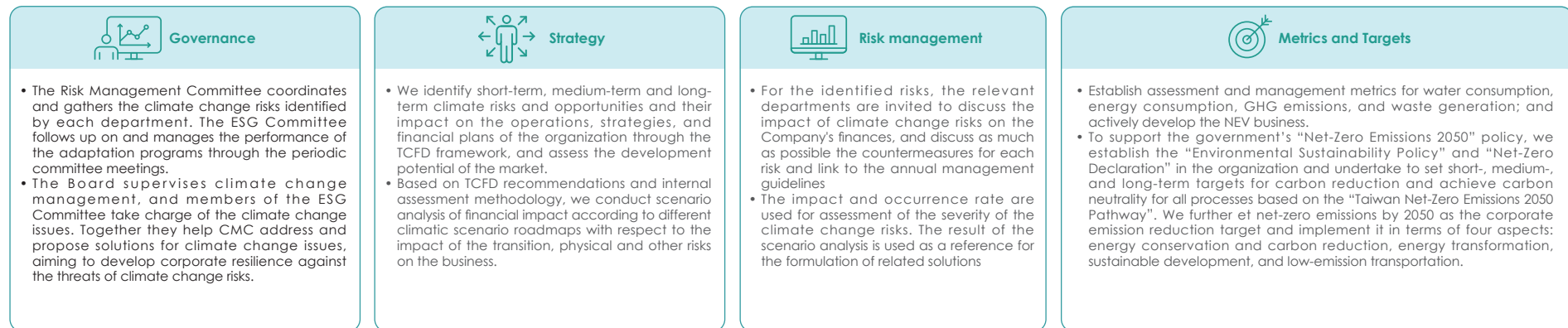
4.1.1 Implementation of TCFD-Recommended Climate-Related Financial Disclosures and Management Guidelines

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.

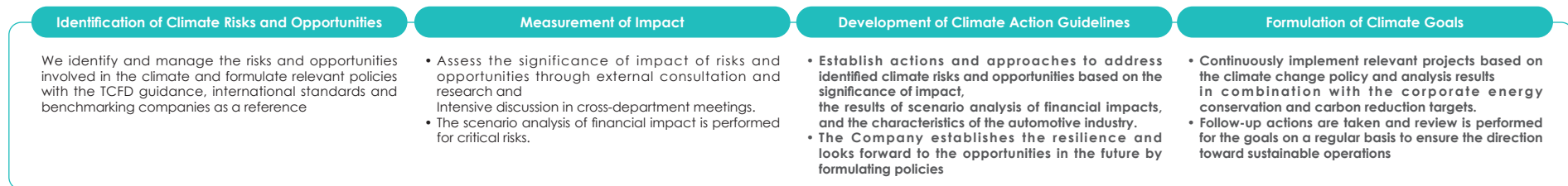
The Company has been concerned about climate change issues for many years and coped

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



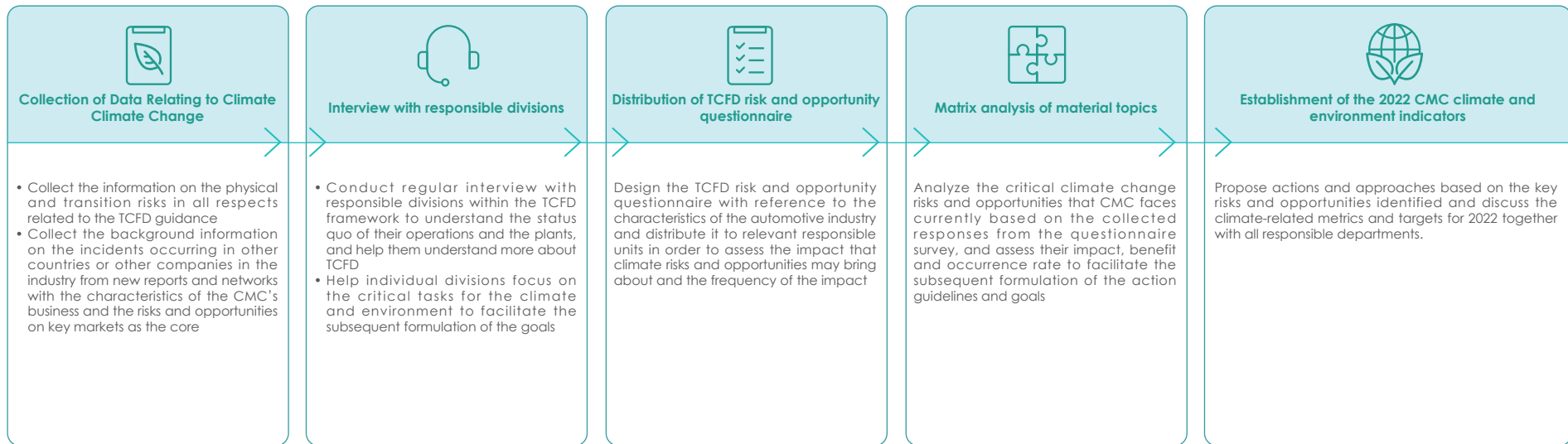
Climate Management Procedure



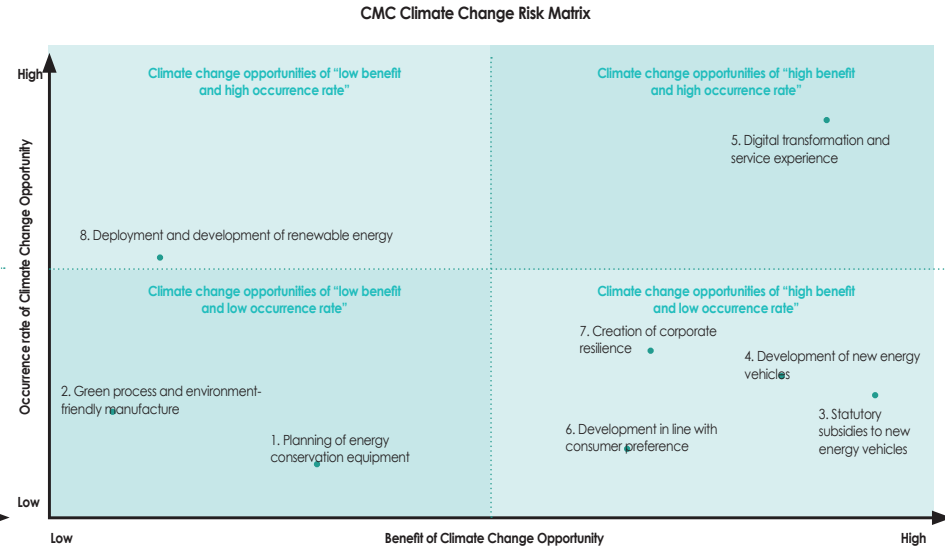
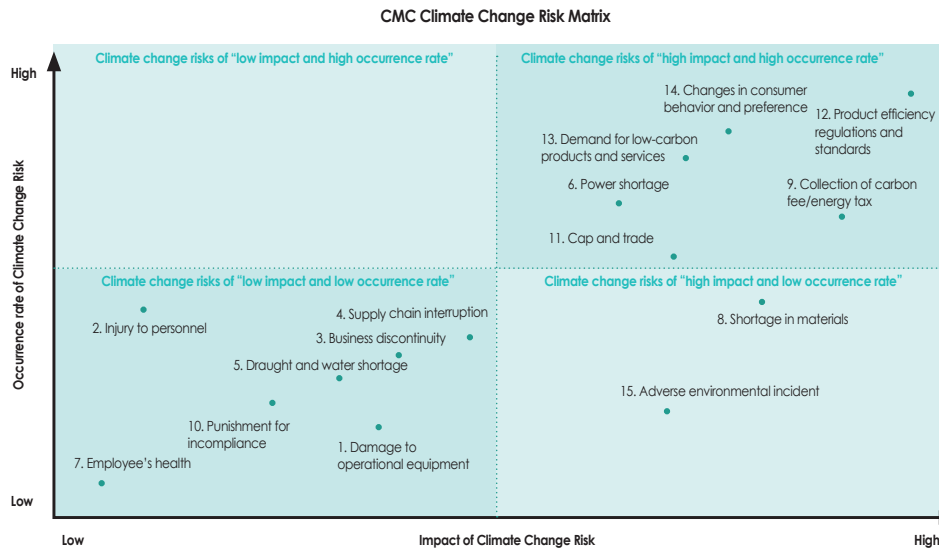
4.1.2 Identification of Climate Change Risks and Opportunities

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



Climate Change Risk Matrix Analysis Result



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 6. Power shortage 9. Collection of carbon fee/energy tax 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
Climate change risks of "low impact and low likelihood": Assumption of risk 1. Damage to operational equipment 2. Injury to personnel 3. Business discontinuity 4. Supply chain interruption 5. Draught and water shortage 7. Employee's health 10. Punishment for incomppliance	Climate change risks of "high impact and low occurrence rate": mitigation or transfer of risk 8. Shortage in materials 15. Adverse environmental incident

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".

CMC's Response to Climate-related Opportunities

Climate change opportunities of "low benefit and high occurrence rate": development after assessment 8. Deployment and development of renewable energy	Climate change opportunities of "high benefit and high occurrence rate": practice actions 5. Digital transformation and service experience
Climate change opportunities of "low benefit and low occurrence rate": long-term plans 1. Planning of energy conservation equipment 2. Green process and environment-friendly manufacture	Climate change opportunities of "high benefit and low occurrence rate": actions focusing on critical items 3. Statutory subsidies to new energy vehicles 4. Development of new energy vehicles 6. Development in line with consumer preference 7. Creation of corporate resilience

Description of Climate-Related Risks and Opportunities

Climate-Related Risks

No.	Category	Risk	Description
1	Physical Risks Typhoons, floods, and extreme precipitation	Damage to Operational Equipment	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.
2		Injury to Personnel	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.
3		Operational Interruption	Operational interruption caused by production halts due to extreme weather events, such as typhoons, floods, and intense rainfall.
4		Supply Chain Interruption	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.
5	Physical Risks Long-term Impact of Climate Change	Draught and Water Shortage	Potential risk of fires due to extreme droughts, increased operating costs due to water scarcity, leading to the crisis of operational interruptions.
6		Power Shortage	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.
7		Employee Health	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 long-term climate change.
8		Materials Shortage	Operational interruptions or production halts due to materials supply shortages caused by drastic environmental changes as a result of long-term climate change.
9	Transition Risk: Policy and Legal	Carbon tax/energy tax collection	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.
10		Sanction for Non-compliance	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.
11		Cap and Trade	Increased operating costs due to emissions control or carbon credit purchase as a result of the government's incorporation of mandatory reduction in the <i>Climate Change Response Act</i> and implementation of GHG cap and trade.
12		Product Efficiency Regulations and Standards	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.
13	Transition Risk: Market	Demand for Low-carbon Products and Services	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.
14		Changes in Consumer Behavior and Preference	Shift in consumer preferences towards NEVs aroused by the interest in NEV at the rise of environmental protection awareness.
15	Transition Risk: Reputation	Adverse Environmental Incident	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.

Climate-Related Opportunities

No.	Category	Opportunity	Description
1	Resource Efficiency	Planning of energy-efficient equipment	Enhanced energy efficiency and reduced operating costs due to the purchase of the latest energy-efficient production equipment with higher production efficiency.
2		Green process and environment-friendly manufacture	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.
3	Environmental Protection Regulations	Government subsidization for NEVs.	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.
4	NEV Development	NEV Development	Launch new models when developing low-emission, energy-efficient NEVs due to the tightening energy consumption standard.
5		Digital transformation and service experience	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 post-COVID era.
6	Market Development and ESG Trends	Development in line with consumer preferences	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.
7	Resilience	Creation of corporate resilience	Establish a more resilient CMC by building the disaster prevention mechanism and introducing the climate change risk management mechanism into CMC's existing system.
8	Renewables Development	Renewables installation and development	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.

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.

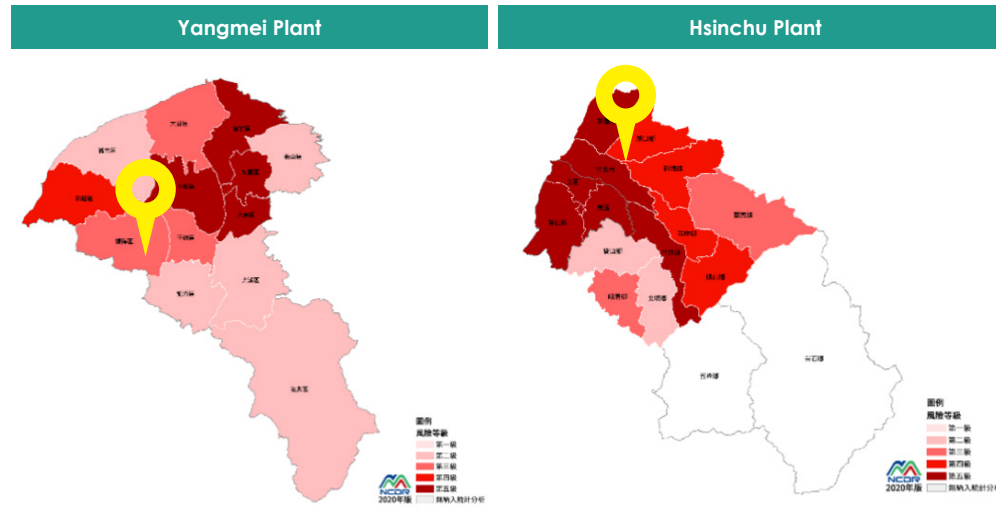
Analysis of Flood Risk at Business Locations

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.

Analysis of Flood Risk

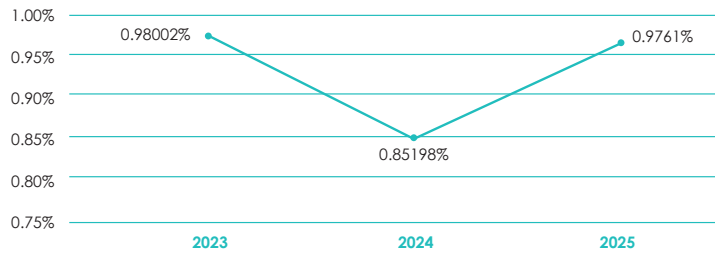


- Note 1: The flood risk is the analysis result of the hazard, vulnerability and exposure. It reflects the level of disaster risk presented in most GCM models (2036~2065) under the base period (1976~2005) and RCP 8.5 scenario.
- Note 2: The disaster risk is classified with the base period as the criterium. 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.

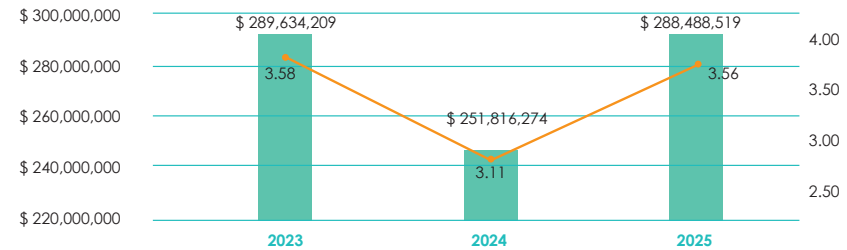
Power Shortage Probability (RCP 8.5 scenario)



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

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.

Assessment of Loss in Revenue Due to Power Shortage



Amount allowable for loss on power shortage
Business discontinuity days

Parameter Factor	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 hydropower generation, coal-fired power generation, oil-fired power generation, gas-fired power generation, nuclear power generation, and conventional hydropower 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. $CDD = \sum (T_i - 26)$ if $T_i > 28$, T_i = 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. This 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

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.

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

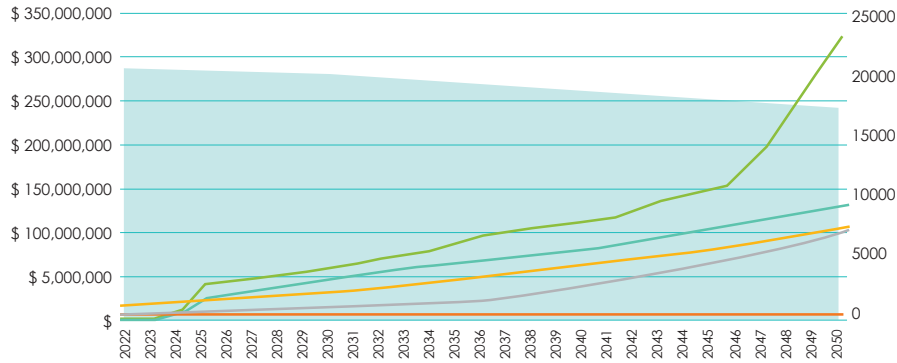
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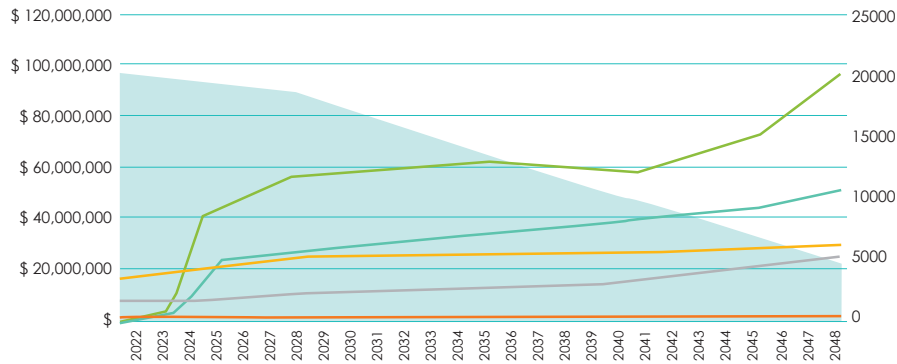
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Appendix

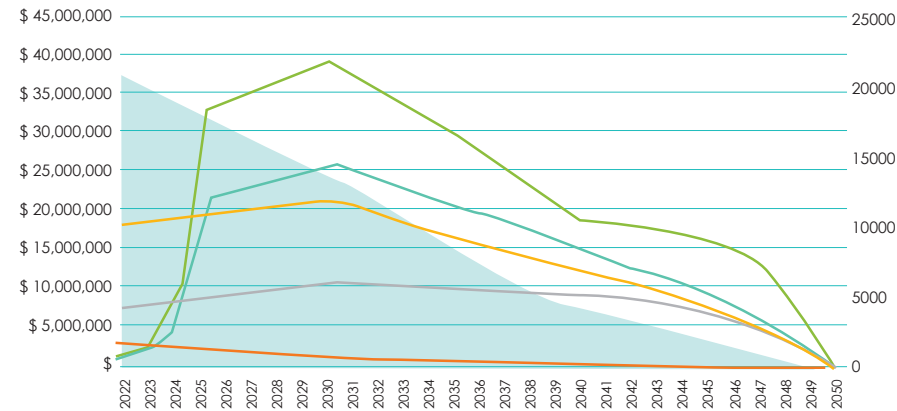
CMC Carbon Tax Analysis (STEPS)



CMC Carbon Tax Analysis (APS)



CMC Carbon Tax Analysis (NZE)



CMC CO₂ Emission Carbon Tax Rates-EPA Carbon Tax Rates-Greenpeace
Carbon Tax Rates-EU ETS Carbon Tax Rates-NGFS_2050 NetZero Carbon Tax Rates-NGFS_2050 Below 2DC

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

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

Carbon Emissions Scenario	Carbon Fee Scenario	Year		
		2030	2040	2050
NZE	Rate recommended by the Environmental Protection Administration	\$ 1,497,139	\$ 418,021	\$ 0
	Rate recommended by the Greenpeace	\$ 10,507,195	\$ 7,631,469	\$ 0
	Predicted carbon tax rate of EU	\$ 21,776,570	\$ 10,626,708	\$ 0
	Recommended Rates NGFS 2050 Net Zero	\$ 39,974,181	\$ 18,677,325	\$ 0
	Recommended Rates NGFS Below 2DC	\$ 26,933,425	\$ 12,723,177	\$ 0

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




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Society
in Every Way
Possible

Appendix

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.

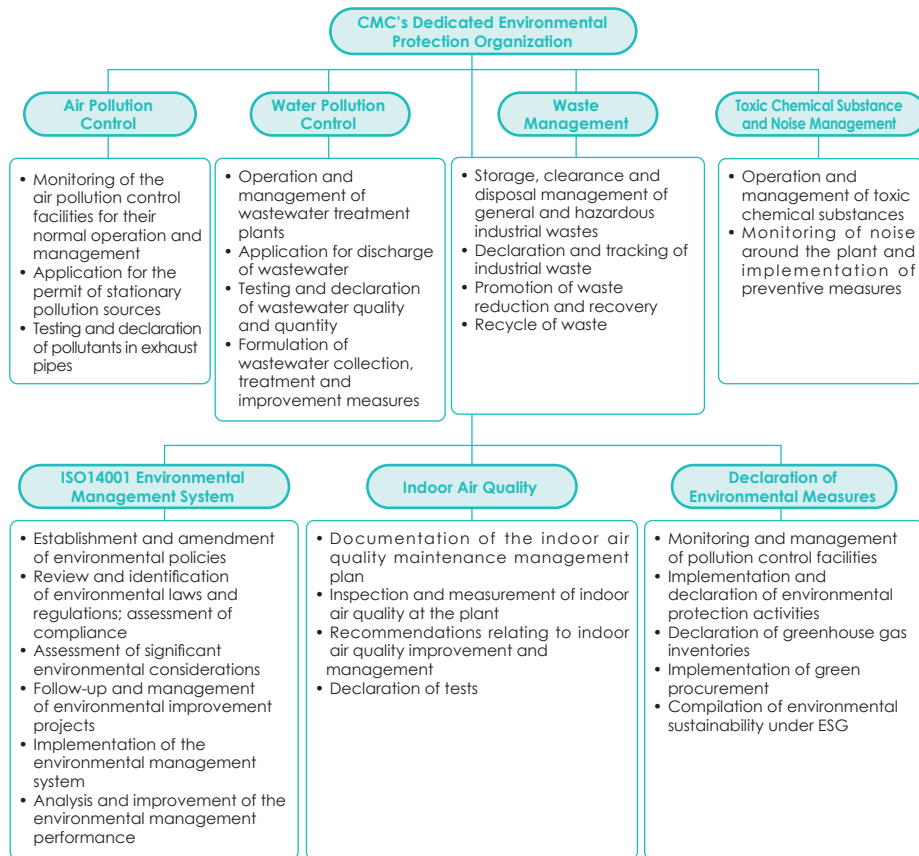
Item	 Action Guideline (1): Product energy efficiency enhancement	 Action Guideline (2): Renewables installation	 Action Guideline (3): Loss control action enhancement
Corresponding Significant Risks	<ul style="list-style-type: none"> Product Efficiency Regulations and Standards Changes in Consumer Behavior and Preference Demand for Low-carbon Products and Services 	<ul style="list-style-type: none"> Collection of Carbon Fee/Energy Tax Power Shortage Cap and Trade 	<ul style="list-style-type: none"> Supply Chain Interruption Damage to Operational Equipment Draught and Water Shortage
Development Opportunity	<ul style="list-style-type: none"> Actively develop electric two-wheelers, electric four-wheelers, PHEV, and their support measures to keep up with the global market trend and consumer preferences. Enhance vehicle energy efficiency and provide consumers with eco-friendly, low-emission vehicles. Reduce the energy consumption of vehicles during the life cycle and develop low-emission products and services. 	<ul style="list-style-type: none"> Develop renewable energy plans ahead of the schedule in the legal requirements, promote energy diversity, reduce Scope 2 GHG emissions, and lower the risk of power shortages. Strengthen energy management and enhance energy efficiency and implement new energy equipment to reduce operating costs. Implement energy conservation programs to address global warming and renewables issues. 	<ul style="list-style-type: none"> Invest in part manufacturers, integrate the supply chain, and plan new supply chain risk strategies. Enhance process water efficiency and water efficiency and reduce water costs. Review the opportunities for improving soil and water conservation and drainage capability of the plants to prevent floods and optimize loss control in advance.
Investments	<ul style="list-style-type: none"> In 2023 we will invest about NT\$1.28 billion in vehicle R&D and technology innovation. 	<ul style="list-style-type: none"> 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 309.94tCO₂e/year. 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. 	<p>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.</p>
Future Goal	<ul style="list-style-type: none"> Continue to invest in the R&D and launch of electric two-wheelers, electric four-wheelers, and PHEV to introduce products and services to meet the market demands. Set the sales target for electric four-wheelers to 6,000 units by 2027. 	<ul style="list-style-type: none"> Promote transformation in power utilization pursuant to the schedule of net zero emissions by 2050 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. 	<ul style="list-style-type: none"> Increase the recovery rate of process and domestic water 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.

*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 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.

2021

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.

June 21, 2022

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.
- Ensured compliance with related international laws and regulations and enhanced international competitiveness through carbon footprint and water footprint verification.

June 27, 2022

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.

July 12, 2022

Passed ISO 14064 GHG inventory



Effectiveness of continuous GHG management

2016

MOEA Excellence in Energy Conservation Award

2019

Excellence in Energy Conservation Service for Business Group

2020

Silver Award, the 2nd National Enterprise Environmental Protection Award (Yangmei Plant)

2021

Taoyuan City Subsidization for Low-Emission Technology

2018/7

Gold Award, MOES Energy Conservation Benchmark Award

June 21, 2022

Excellence in Green Procurement from Hsinchu County Government for two times

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

SI Award for Sustainable Resilience

Extension of the green factory certification of Hsinchu Plant



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
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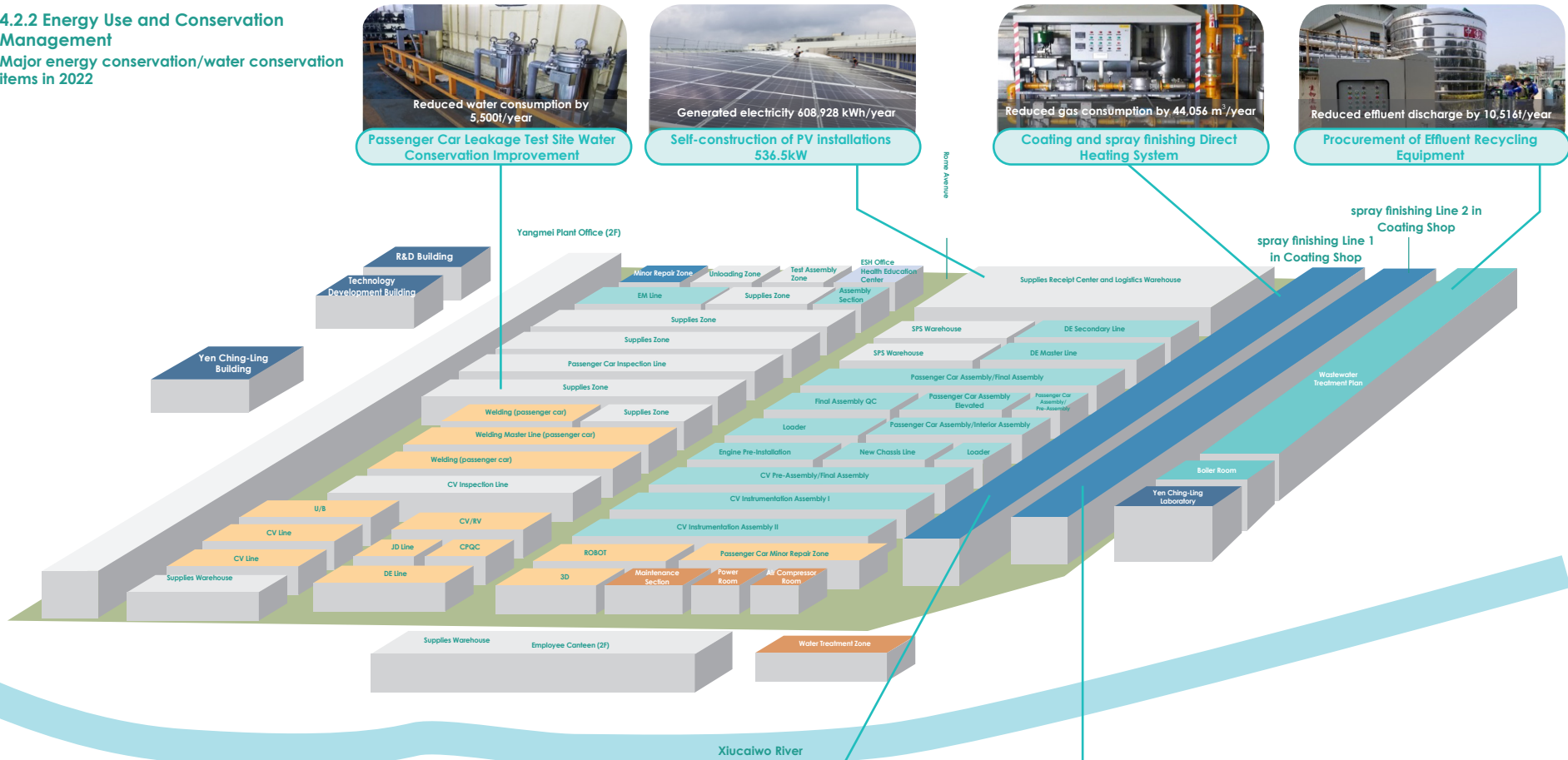
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Appendix

4.2.2 Energy Use and Conservation Management

Major energy conservation/water conservation items in 2022



Efficiency Improvement and Investment in 2022

	Amount Saved	Investment Amount
Electricity saving efficiency: 843,097 kWh/year	NTD 2,950,840	NTD 64,939,000
Gas saving efficiency: 44,056m³/year	NTD 378,900	NTD 6,380,000
Water saving efficiency: 6,636t/year	NTD 27,500	NTD 330,000

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

ED circulation pump replacement and adjustment



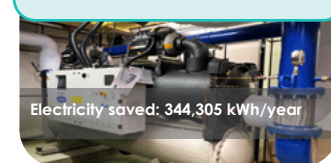
Electricity saved: 102,763kWh/year

spray finishing Line 2 A/C chiller replacement



Electricity saved: 92,016 kWh/year

Dormitory A/C chiller replacement



Electricity saved: 344,305 kWh/year

CMC's Energy Use Status (excluding renewable energy)

Yangmei Plant				
Category of Energy	Unit	2020	2021	2022
Purchase electricity	kWh	23404800	23529600	22402800
LPG	Thousand cubic meters	0	0	0
LNG	Thousand cubic meters	1578583	1721505	1532509
Diesel	Liter	14007	7285	11543
Gasoline	Liter	587506	570023	575087
Carbon emissions	tCO ₂ e	16746	16364	15614
Total energy consumption	GJ	161638	168349	157598
Number of vehicles produced	Vehicle/year	47363	48971	43934
Power energy intensity	MWh/vehicle	494.2	480.5	509.9
Energy use intensity	GJ/vehicle	3.41	3.44	3.59

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 1.879kgCO₂e.

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 CO₂ 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 0.509kgCO₂e/kWh.

Hsinchu Plant				
Category of Energy	Unit	2020	2021	2022
Purchase electricity	kWh	2868540	3206308	3109000
Gasoline	Liter	95607	107056	112788
Diesel	Liter	119462	142145	87006
LPG	Liter	76930	100590	123270
Carbon emissions	tCO ₂ e	1835	2124	2240
Total energy consumption	GJ	16444.45	19413.32	18981.494
Number of vehicles produced	Vehicle/year	97192	110335	93219
Power energy intensity	MWh/vehicle	0.0295	0.0290	0.0415
Energy use intensity	GJ/vehicle	0.1691	0.1795	0.2534

Note 1: LPG 1000 Kg = 1.818L

Note 2: The unit fuel heating value of is based on the MOEA Bureau of Energy - Heat Content of Energy Products: (1) electricity 860 kcal/kWh, (2) petroleum 7,800 kcal/L, (3) diesel 8,400kcal/L, (4) LPG 6,635kcal/L; 1 kcal=4.184 kJ.

Note 3: Hsinchu Plant's equivalent units = Motor production*1 + die casting production*0.8 + mechanically processed aluminum alloy*0.36 + truck production*2.68

Note 4: Electricity energy intensity (MWh/vehicle equivalent) = Power consumption (MWh)/Production volume of the plant (vehicle equivalent).

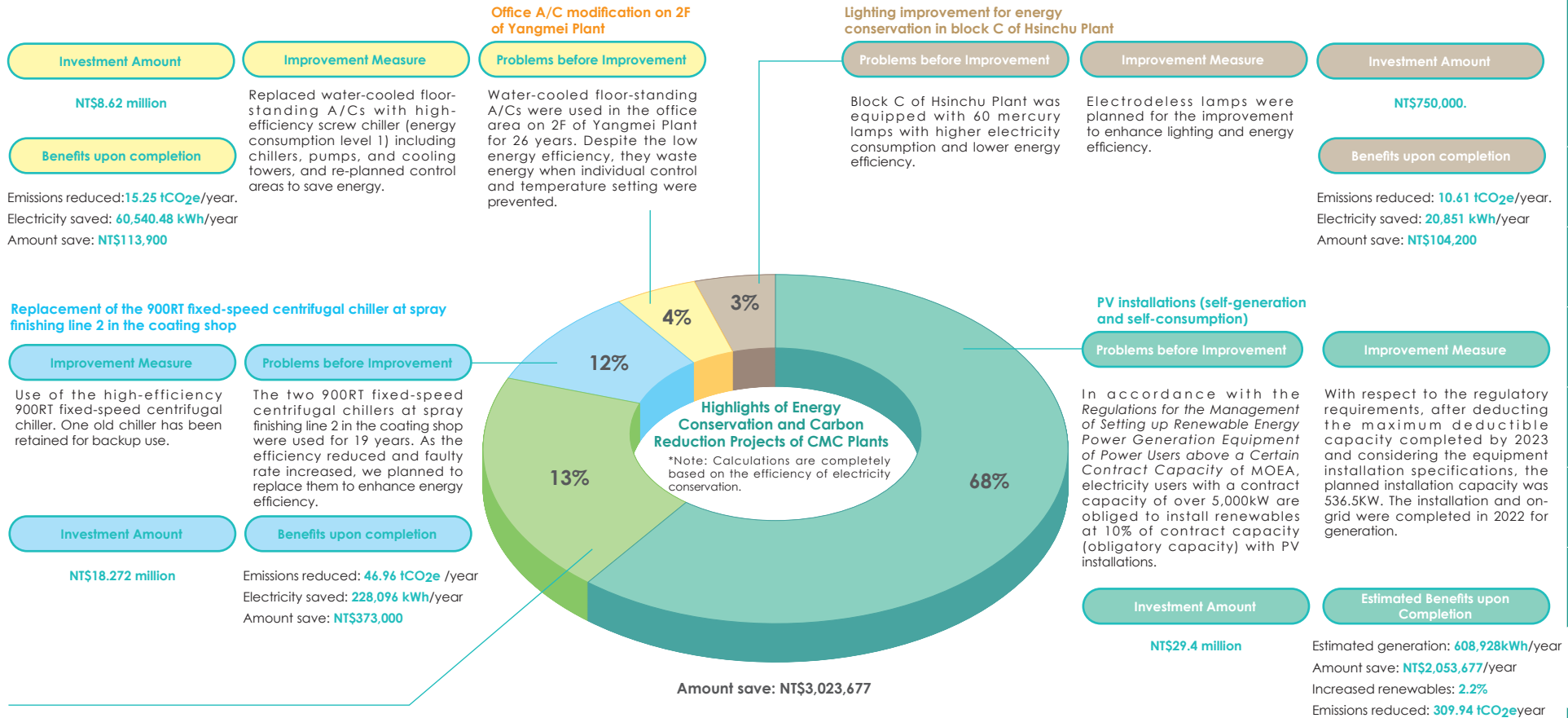
Note 5: Energy use intensity (GJ/vehicle) = Total energy consumption (GJ)/Production volume of the plant (vehicle).

Note 6: The energy consumption is the quantity consumed within the Company

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.

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 764,466kWh NT\$2.905 respective and gas and gas fees by 44,056 m³ and NT\$379,000 respectively. Together we reduced emissions by 389.1tCO₂e, with an annual average energy consumption by 3.3%, accomplishing the annual electricity conservation target of over 1.0%.



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

Problems before Improvement	Improvement Measure	Investment Amount	Benefits upon completion
Use steam for heating in the spray finishing line. In winter, heating water with the boiler to generate steam transported to the spray chamber air dispenser and subsequent heat exchange process consume lots of energy.	Energy conservation through process modification is key to this project. Combustion equipment is used to heat up fresh air which is delivery to the spray changer by fan via the vent to further reduce the thermal efficiency loss.	NT\$6.38 million.	Enhanced thermal efficiency by 20%, i.e., reducing steam purchasing cost by NT\$270,000/year. Reduced part and steam pipeline maintenance cost by NT\$330,000/year. Reduced combined production cost by NT\$600,000/year, payback period 7.5 years. Emissions reduced: 82.78 tCO ₂ e/year Gas saved: 44,056 m³/year Amount save: NT\$378,900/year



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



Yangmei Plant PV installation zone.



Introduction of direct heating and ASU modification

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.

Water Withdrawal in the Plants

Yangmei Plant	2020	2021	2022
Third-Party Water Withdrawal (ML)	49,345	37,134	39,403
Groundwater Withdrawal (ML)	180,380	167,031	158,752
Total Withdrawal (ML)	229,725	204,095	198,155
Water Consumption Intensity (t/vehicle) (Note 2)	4.850	4.107	4.51
Hsinchu Plant			
Third-Party Water Withdrawal (ML)	4,797	2,851	4,656
Groundwater Withdrawal (ML)	5,274	6,008	4,185
Total Withdrawal (ML)	10,071	8,859	8,841
Water Consumption Intensity (t/vehicle equivalent) (Note 3)	0.1036	0.0803	0.0948

Note 1: Numbers of the water rights certificates: H0113148, H0108471, H0123080, H0112073

Note 2: Yangmei Plant data source: Monthly water bills (including those for the plants and dormitories) from Taiwan Water Corporation and the monthly reported volume of groundwater used.

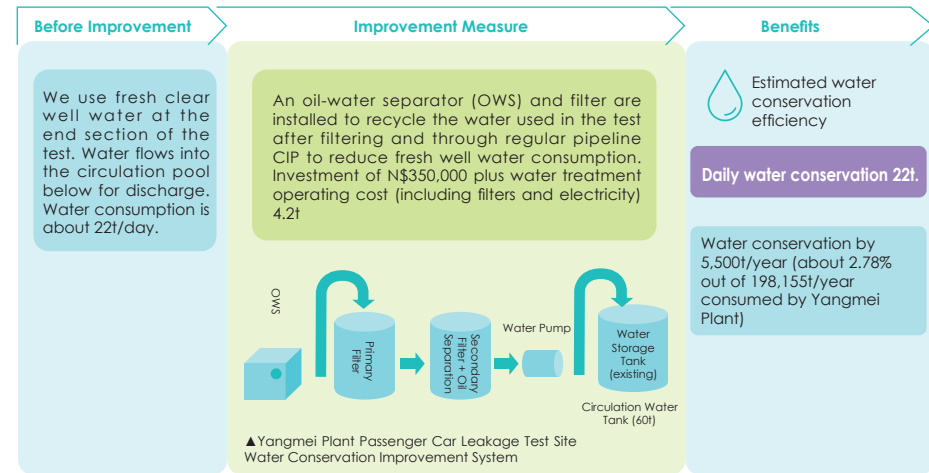
Note 3: Source of the data for Hsinchu Plant: Water bills and the regular wastewater testing data on the EMS

Note 4: As the volume of water used on water bills from Taiwan Water Corporation is not calculated from a fixed date (but from the middle of a month, in most cases), the period on the bill may be inconsistent with the period of time during which the water is used. The result, 201,126 tons of water used, was obtained after the volume of water used was recalculated based on the actual period on the bill

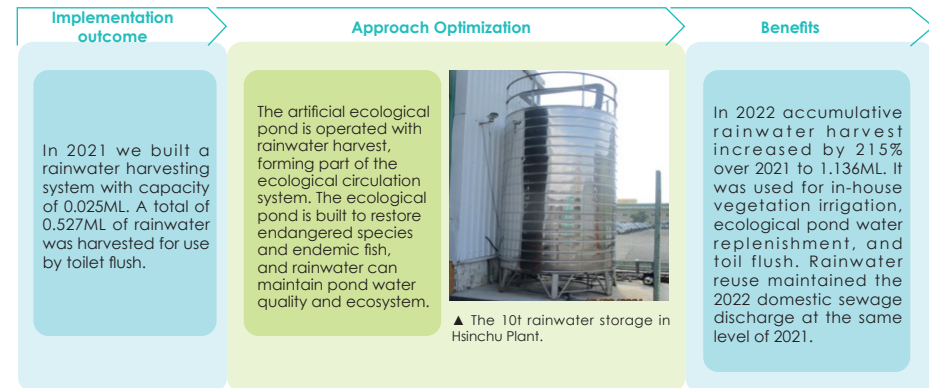
Note 5: Hsinchu Plant's equivalent units = Motor production*1 + die casting production*0.25 + mechanically processed bell housing production*0.57 + truck production*2.68

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

Yangmei Plant Passenger Car Leakage Test Site Water Conservation Improvement System



Hsinchu Plant Rainwater Harvesting System Ecological Circulation Project



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

4.2.3 Management of GHG Emissions

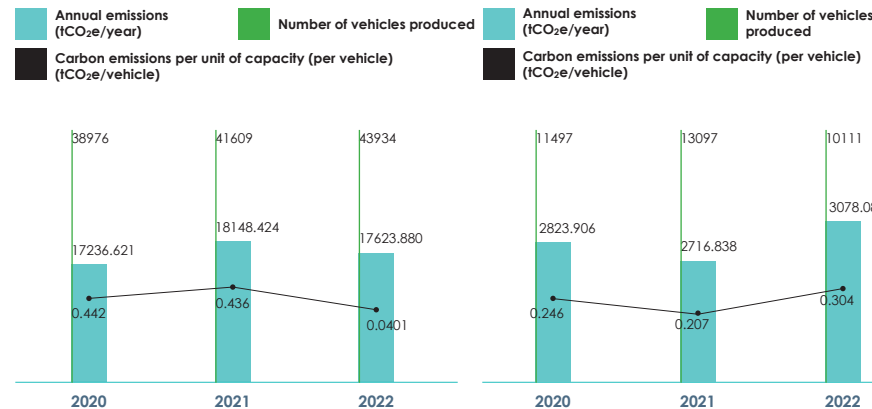
In 2018 we began the annual GHG inventory with third-party verification. In 2022 we introduced the ISO 14064-1:2018 (new version) GHG inventory management system. In addition to Scopes 1 and 2, we also included Scope 3 for inventory. The base year for Scopes 1 and 2 is 2018, while the base year for Scope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

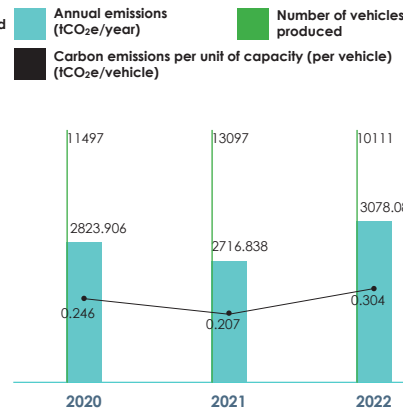
The carbon intensity of products reflects the process efficiency indirectly. Thus, we can calculate the carbon emissions intensity of the products based on the vehicles produced at the Yangmei Plant and Hsinchu Plant and their greenhouse gas emissions, in the hope to help the Company march toward the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

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



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

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



Note 1: Greenhouse gas emissions intensity (tCO₂e/vehicle/year = annual emissions (tCO₂e/year)/vehicles produced.
Note 2: The vehicles produced means the total number of four-wheelers

CMC GHG Emissions 2022 (t-e)



Note 1: 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 2: Indirect (Scope 2) GHG emissions result from the generation of purchased electricity.

Note 3: Other indirect (Scope 3) emissions occur outside of the organization. After filtering under the significance principle, we incorporate the indirect greenhouse gas emissions from transportation (Category 3), organization (Category 4), and use of organization's products (Category 5).

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.

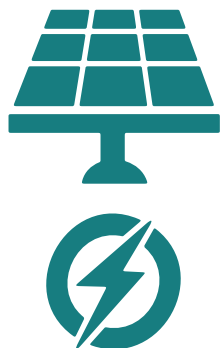
Note 5: Category 4 GHGs comprise (a) emissions generated from goods procurement and estimated based on the CO₂ emitted from upstream manufacturing of purchased bulk materials (e.g., electricity, fuels, coatings, body materials, and coolants); (b) estimated based on the CO₂ emitted from the purchased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

Note 6: Category 5 GHGs comprise (a) emissions generated or removed from product use and estimated based on the CO₂ emitted from the use to the end-of-life (EOL) of products (four wheelers and two wheelers) sold to consumers; (b) CO₂ emitted generated by the leased assets in the downstream; and (c) CO₂ emitted from investment.

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 Taipei 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

608,928 kWh/year

Estimated Generation

298tCO₂e/year

Carbon Reduction

NT\$2,053,677/year

Electricity Bill Saved

2.2%

Proportion of Achieved Renewables (%)

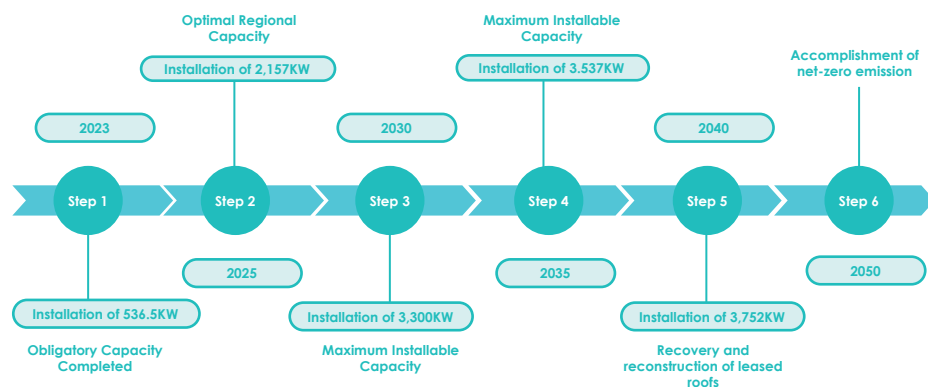
Performance of the Solar Power Equipment in 2022

Plant	Application	Accumulative Generation (kWh)	Annual Generation (kWh)	System Installed Capacity (kW)	Consumption (kWh)	Accumulative CO ₂ Reduced (kg)	Electricity Bill Saved
Yangmei Plant	Rented out	5426090	967866	852.0	-	3456419.2	-
	Self-Construction for Self-Consumption	12168	12168	536.5	12168	6437	42588
Hsinchu Plant	Rented out	9123415	2091647	2007.81	-	5811615.5	-

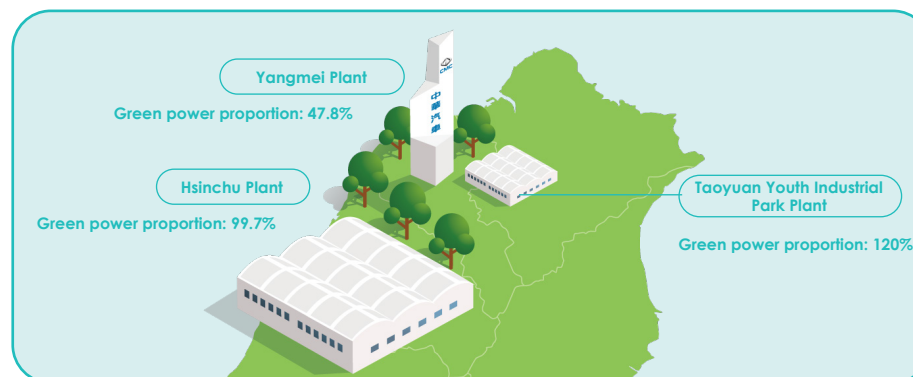
*Basis for calculation of electricity bill saved: NT\$3.5/kWh

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).



Green Power Use Target 2040



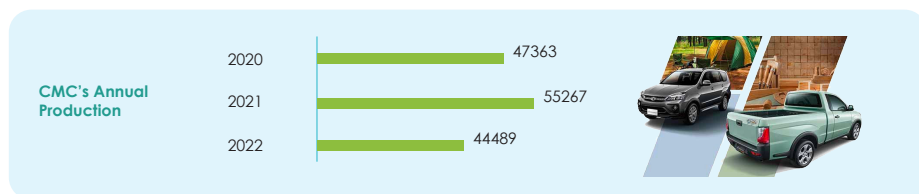
4.3 Pollution Prevention: Waste reduction for environmental protection

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 boiler 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.



Emission of Air Pollutants

Category	Emission Status	2020	2021	2022
Par	Emissions (tCO ₂ e/year)	1.519	1.926	1.686
	Percentage Reduced over 2014	-35.5%	-71.8%	-50.4%
SOx	Emissions (tCO ₂ e/year)	0.458	0.581	0.479
	Percentage Reduced over 2014	91.4%	89.0%	91.0%
NOx	Emissions (tCO ₂ e/year)	3.913	4.160	3.783
	Percentage Reduced over 2014	42.2%	38.5%	44.1%
VOCs	Emissions (tCO ₂ e/year)	264.666	264.499	225.596
	Percentage Reduced over 2014	8.7%	8.7%	22.2%
Combined Emissions (tCO ₂ e/year)		312.310	285.744	231.544
Unit Vehicle Emissions (kgCO ₂ e)		6.547	5.770	1.948

Note 1: 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: VOC emissions in 2018 increased due to process modification. VOC emissions began to reduce each year from 2019 after the modification.

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.

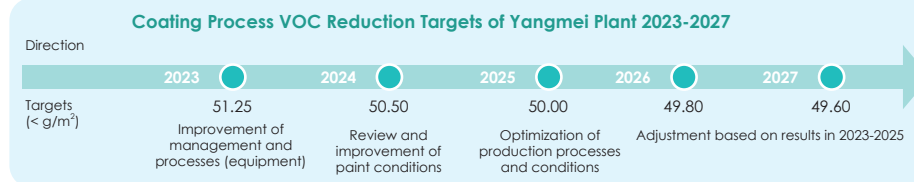
Note 5: The emissions of the air pollutants of the Yangmei Plant and Hsinchu Plant in Q4 2022 were calculated on the Control Fees and Emissions Reporting Integrated Management System

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 the 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.



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

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

Note 1: Percentage used of recycled solvents = Volume of solvents recycled/(Volume of solvents recycled + Volume of fresh solvents used)
Note 2: Percentage recycled of solvents = Volume of solvents recycled/(Volume of solvents recycled + Volume of waste solvents directed to disposal)

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





Annual Average /year	2020	2021	Targets in 2022	Actual Performance 2022
VOCs (g/m ²)	61.28	56.48	55.00	52.25
Reduced Emissions	0.63	4.8	1.48	4.23
Percentage Reduced over Previous Year	1.01%	6.82%	2.6%	7.5%

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.

Reduction of air pollution in the Yangmei Plant's painting process				Air Pollutant Reduction of Hsinchu Plant
Item	Adjustment of the frequency of washing robots for color changing	Control of the use of reclaimed solvents by contracted cleaning staff	Standardization of the method of washing spray guns to reduce the consumption of reclaimed solvents	Operating Filter Pack Replacement Project
Before improvement	Robot washing frequency of the spray finishing line #1 before color changes: Once for two robots using the same color.	Recycled solvent use control for outsourced cleaning: 896kg/month	Manual sprayer cleaning with jet.	Air pollution control equipment in Hsinchu Plant included: sedimentation chamber, jet pulse bag filter dust collector, and scrubber
After improvement	Optimization of washing frequency to reduce the frequency of color changing and washing.	Painting chamber wall cleaning: Replacing jet spray with rubbing. Recycled solvents control: Reduced from 896kg to below 640kg	Replaced jet washing with rubbing with solvents.	Replacement of the jet pulse bag filter dust collector once every five years.
Benefits	Reduced VOC emissions by 2.11g/ m ²	Saved recycled solvent consumption by 256kg Reduced VOC emissions by 0.83g/ m ²	Reduced VOC emissions by 1.14g/m ²	NT\$227,200/year Continuous operation of air pollution control equipment to ensure the continued compliance with the standards for air pollutant emissions.
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

Pre-planned Improvements Regarding the Reduction of VOCs during the Painting Process at Yangmei Plant in 2023

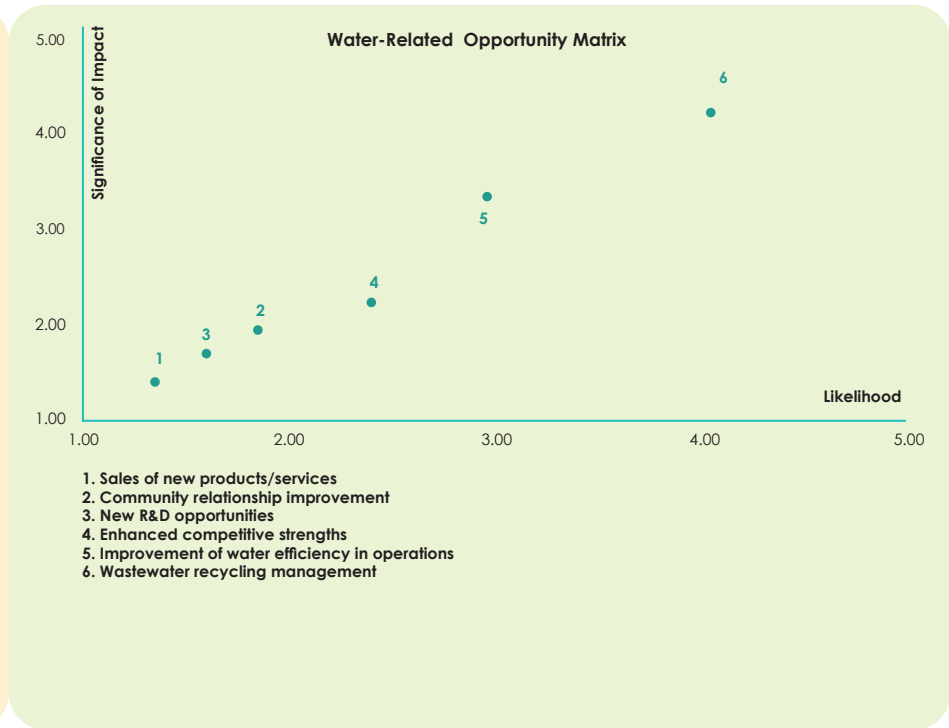
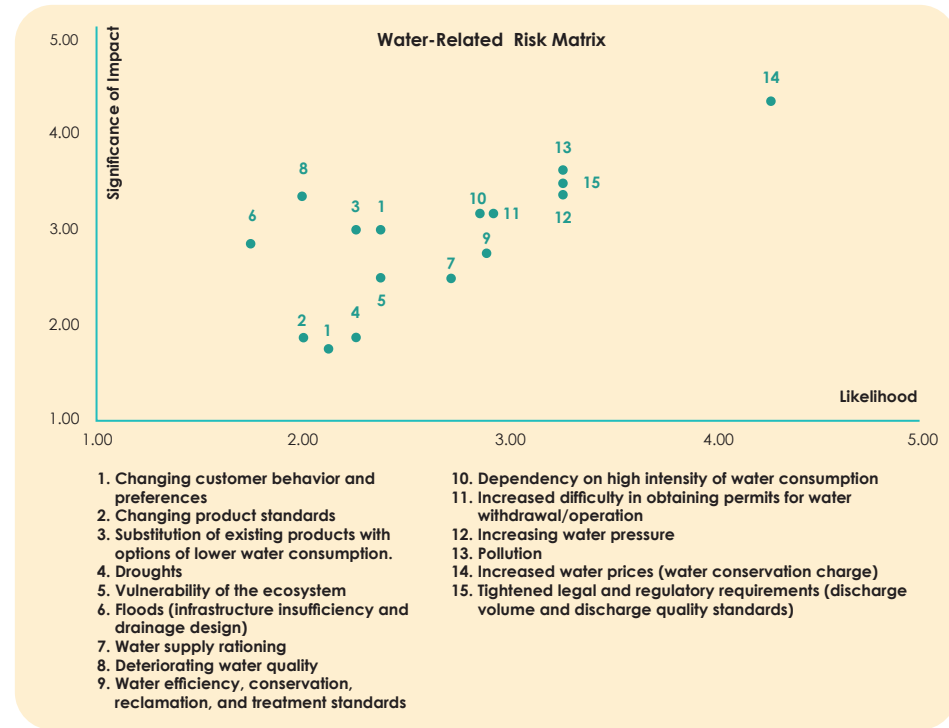
Planned Improvement	Purposes and Benefits of Improvement	Projected Efficiency of VOC Reduction (g/m ²)
Revitalization and improvement of the circulation system of spray finishing line #2	Use of the small circulation system by the line for low-volumed colors to reduce scrapping excessive mixed paints.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

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.

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 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, 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

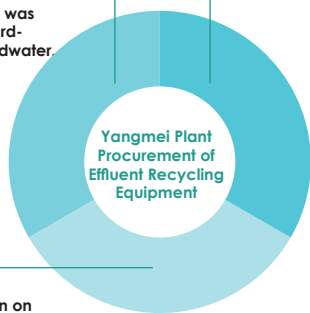
quantity at a fixed time interval in order to reduce the impact of a sudden inflow of high-concentration wastewater into the wastewater system. To maintain the water quality of wastewater treatment and effluents, we periodically outsource water quality measurement and monitoring and create the run chart 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 Xiucaiwo 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.

Water Management & Wastewater Reduction Projects

Before Improvement

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



Improvement Measure

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



Benefits

Completed and started operation on March 31, 2022

10.138ML/year

Project water saved

4.6%

Usable water reduced

10.516ML/year

Wastewater and effluent discharge reduced

10%

of the total

1.6t/year

Carbon Reduction

Project Description

- Enhancement of wastewater management capacity, digitalization and automatic recording to wastewater treatment volume
- Chemical and treatment volume signage
Real-time volume, total volume, yesterday discharge, chemicals, and treatment trend management

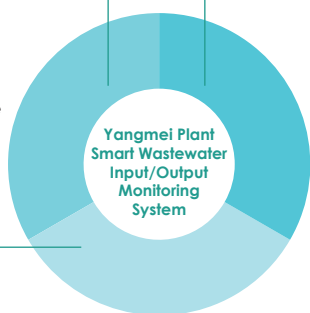


Benefits

- 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.

Project Description

Consolidate the real-time volume data of process wastewater, domestic sewage, and effluents and equipment operation monitoring system for effective monitoring of wastewater input/output volume, fire water, water leakage, and overflow tank wastage, and detection and immediate report of anomalies.



Process Improvement

- Install smart water meter for process wastewater and domestic sewage to capture real-time data.
- Integrate with the water management system for analysis and management.

Benefits

NT\$1.5million

Investment Amount

4,700t/year

Reduce leakage and overflow wastage

NT\$61,900 /year

Amount Saved

Major Improvement Items for 2023-2024



Wastewater Reduction

- Domestic Sewage Reduction Project: Investigate the points and pipelines of rainwater infiltration in wastewater and make improvement for anomalies through pipeline segregation.
- Use water-efficient equipment (two zones in the west of the assembly lines and one zone in the testing equipment (jig) section in 2023) through toilet renewal.



EMS Function Expansion and Strengthening

- Expansion of the EMS management points: Increase water meters from 47 units to 73 units.
- System expansion mainly includes: (1) Modify software functions in line with smart water meter expansion (2) Increase EMS functions from 82 items to 92 items, including green energy management and chiller performance monitoring and calculation.



Introduction of New Technology and Equipment

- Assessment and test of reuse applications (including laws and regulations) of effluent after recycling.
- Participate 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

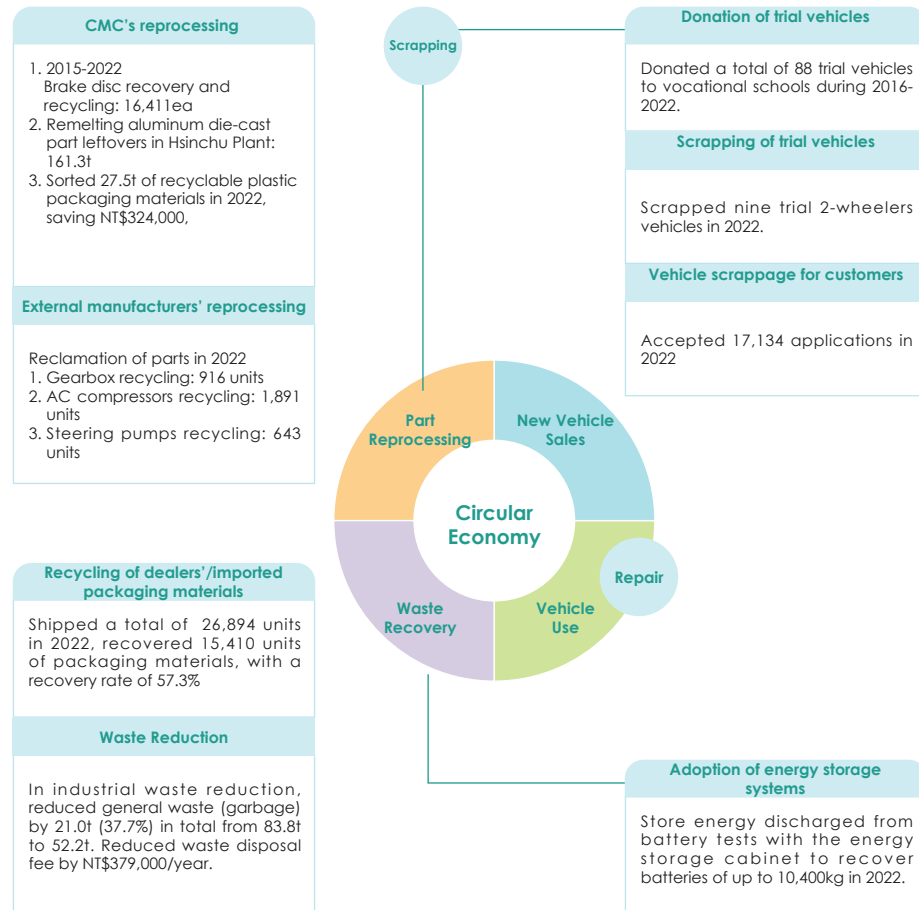


4.4 Circular Economy: Reclaiming and Recycling for connection with circulation

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.

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.



▲ CMC's Circular Economy Performance

Reclamation and Recycling Connection with Circular Economy

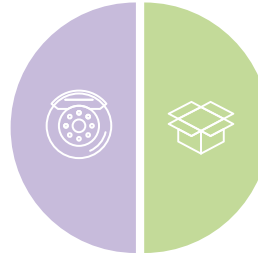
CMC's efforts to create a circular economy are as follows:

- 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.
- 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.
- Part detachable design facilitate recovery after vehicle abandonment.
- Replace the wooden bed of wooden truck bed with recyclable plastics to promote materials reuse and reduce wood consumption.

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

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

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

After forming, die-cast parts were trimmed before gathering. Die-cast leftovers are remelted proportionally to reduce raw material consumption and waste generation.

About 161.3t accumulatively.

Industrial Waste Sorting and Reuse

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

Reduced general waste (garbage) by 21.0t (37.7%) from 83.8t to 52.2t. Reduced waste disposal fee by NT\$379,000/year.

Adoption of energy storage systems

Store energy discharged from battery tests with the energy storage cabinet

Recovered batteries of up to 10,400kg in 2022.

Yangmei Plant Procurement of Effluent Recycling Equipment

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

1. Projected volume of water saved 10,138 t/year to reduce water consumption by about 4.6%.
2. Reduce wastewater and effluent discharge by about 10,516t/year

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, compiling fire-retardant materials not only occupies space but also different forms of energy for management, and so on. Hence, we need to mitigate impacts through various procedures. As the paint leftover from the spray finishing line may contaminate both soil and water, and untreated organic sludge will produce odor, we mitigate their environmental impact through thermal 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.

Statistics on Waste Resource Recycling and Reuse in Past 3 Years¹ (Unit: t)

Year	parts with high unit prices									Total Waste	Recycling Rate %
	Iron	Aluminum scraps and copper	Paper	Waste lubricant	Packaging materials and plastics	Waste Wood	Glass	Non-packaging plastics	Total		
2018	2118.95	23.92	413.55	18.43	0	689.67	0	0	3264.52	4195.38	77.81
2019	2106.27	15.65	425.82	10	0	682.3	0	0	3240.04	4029.92	80.46
2020	2155.67	12.46	392.6	7.64	0	606.29	0.83	0	3175.49	3893.02	81.57
2021	2169.65	19.87	405.09	1.09	66.34	641.24	5.91	8.89	3318.08	3932.55	84.37
2022	2018.89	22.32	578.58	6.37	82.81	1249.98	4.2	61.35	4024.5	4558.57	88.28

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 oil 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

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 80kg.

2

Reduced **3,264 kg/year** after improvement

CC paint leftovers: Annual generation
80kg*240 days = 19,200kg

3

Reduced clearance expense of
NT\$146,880 at the end of year

2022 clearance fee: NT\$45/year



Modified racks based on the clearance methods of contractors.

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

Year	Plant	General commercial waste										Hazardous commercial waste			Non-recyclable waste
		Thermal treatment, incineration		Reuse		Thermal treatment	Cleaning	Physical treatment		Incineration	Landfill	Incineration	Solidification	Physical treatment	
		Organic sludge	Paint residues	Inorganic sludge	Waste heat-resistant materials	Non-hazardous oil sludge	Waste iron containers	Waste ion exchange resin	Waste oil	General waste	Plastic-containing waste	Medical waste	Chemical compounds containing chromium	Solvents	
2020	Yangmei Plant	78.39	89.76	-	-	-	14.92	-	0	315.61	-	0.0163	-	103.95	913.1963
2021		86.43	108.33	-	0.1	-	11.93	-	3.79	231.26	-	0.0149	-	76.39	856.4349
2022		61.81	114.24	-	-	-	17.23	3.6	4.38	218.75	1.02	0.0142	-	43.92	464.96
2020	Hsinchu Plant	5.77	-	0	-	0	4.84	-	0	103.71	-	-	0.57	-	411.46
2021		0	-	1	-	6.61	4	-	0	83.79	-	-	0.83	-	414.08
2022		5.48	-	-	-	6.28	4.18	-	-	52.26	-	-	0.91	-	69.11 311.91

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.

5 Safe Workplace Excellent Development



- 5.1 Workforce Deployment: Driving corporate sustainable development
- 5.2 Attraction and Retention: Diversifying benefits and remuneration
- 5.3 Training and Development: Optimizing competencies through complete learning
- 5.4 Safe Workplace: Enjoying the experience of work satisfaction



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**



Free neonatal insurance service for **23 newborns** Birth gifts for **38 employees**



CPR and AED education and training in **4 sessions** for **238 employees**



Summer internship for **20 students**



Voluntarily employees suggestion **1,470 pieces** Completed improvement of **192 items** Saved costs of **NT\$2,061,912**

Material topic



Recruitment and retention



Safe workplace

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.

Short-term

Medium-term

Long-term

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

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

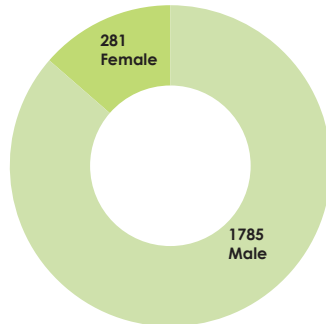
- Workforce composition and structure

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

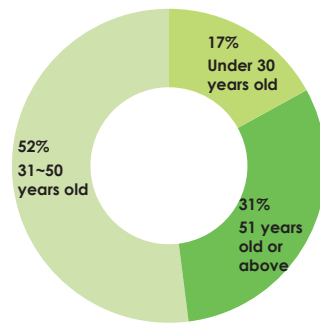
2022 we continued to hire sufficient talents to drive overall corporate growth. At CMC, about 44.2% of employees (914 persons) have a seniority of over 20 years, demonstrating that the sense of happiness we create is the fundamental power that ease their worries.

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.

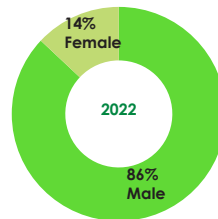
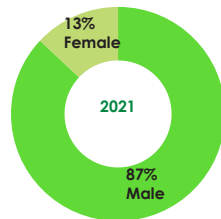
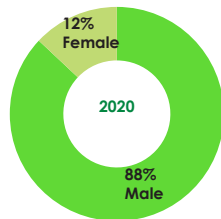
2022 Employees Composition by Gender



2022 Employees Composition by Age



Women to Men Ratio of Employees in Past 3 Years



Age	Female	Male
Under 30 years old (inclusive)	49	307
31- 50 years old (inclusive)	180	902
51 years old or above	52	576

Job Grade	Female	Male
Employee	259	1539
Onsite Supervisor (team leader, CTO, DCTO)	0	90
Middle Management	16	117
Senior Management	6	39
Total Number of Employees	281	1785



New Employees Hires and Employee Turnovers

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



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)

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.

Proportion of Local Employees

Year	Total Number of Employees 1 (A)	Number of Employees with Local Household Registration 2 (B)	Local Employment Rate (B)/(A)	Number of Senior Officers 3	Male	Male
2020	2076	1242	59.83%	47	14	30%
2021	2048	1277	62.35%	40	24	60%
2022	2066	689	33.35%	45	5	11.11%

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

Note 2: Local is defined as within Taoyuan

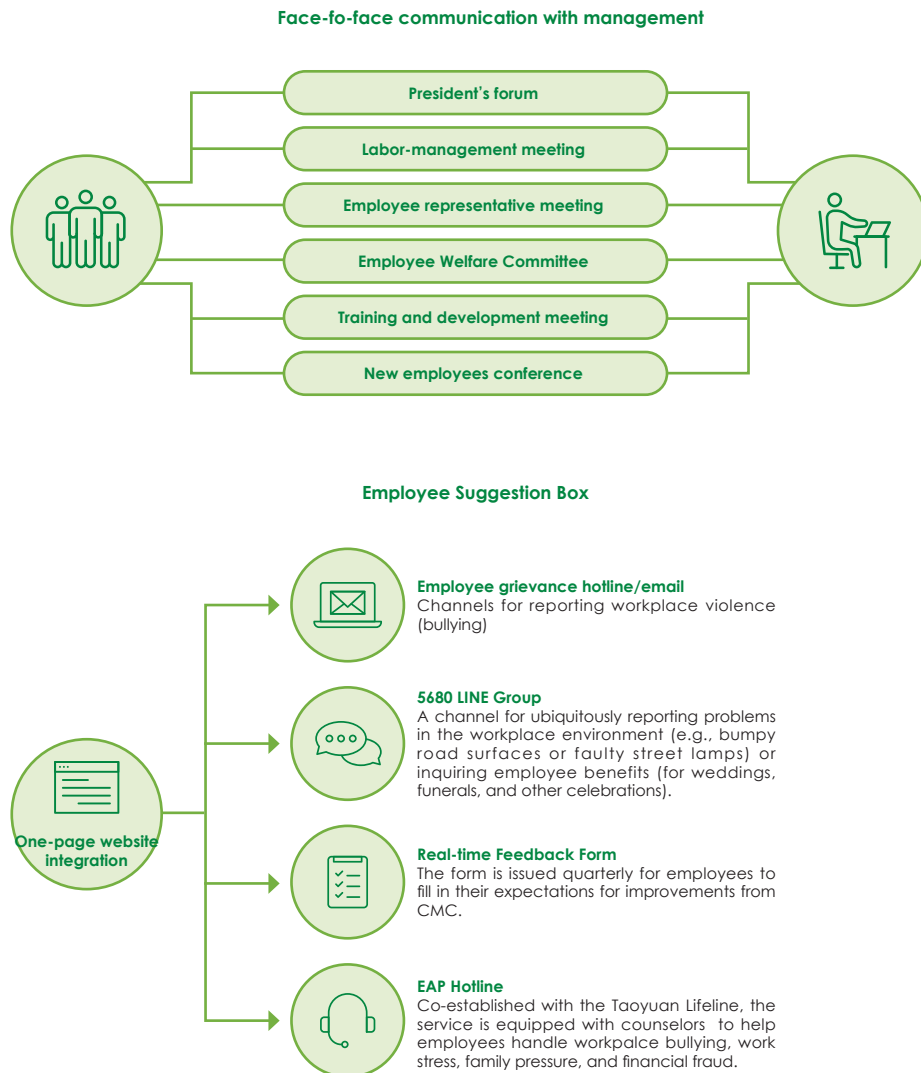
5.1.2 Employee Communication and Work Satisfaction

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.

Employee Communication Channels

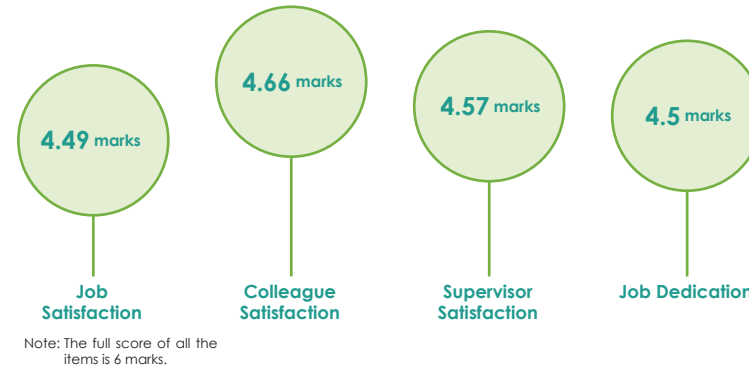


Employee Job Satisfaction

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.

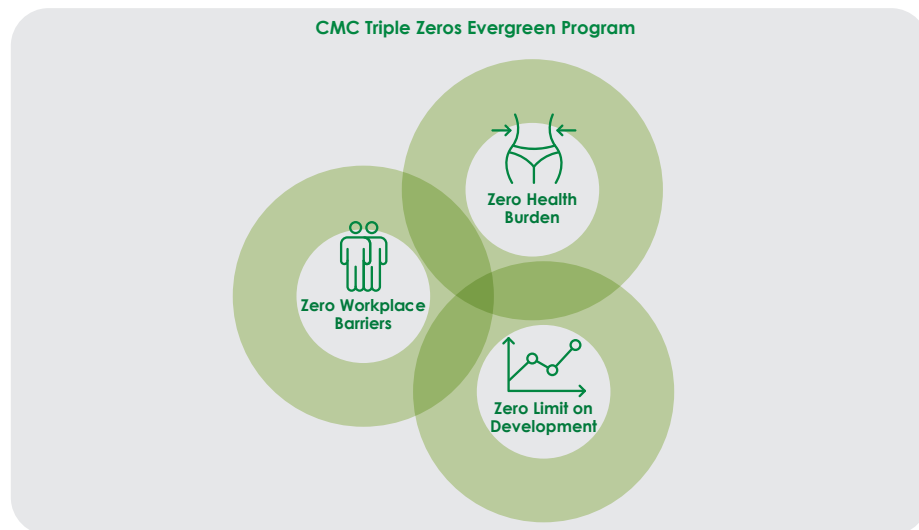


5.1.3 Aging Workplace and Career

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

Category	Ergonomic Improvement	Environmental Improvement	Noise Reduction
Q1	27	7	3
Q2	26	10	6
Q3	39	11	3
Q4	21	18	6
Total	113	46	18

Number of Employee Improvement Suggestions and Amount Saved In 2022

Scope	Type of Award	Number of Award
Enterprise-wide	First Prize	0
	Second Prize	3
	Third Prize	27
	Fourth Prize	162
	Creativity Prize	1024
	Basic Prize	74
	Total Number of Awards 2022	1470
Amount Saved (NT\$)		2061912



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.

Monthly Overwork (OT hours) Control and Prevention

Employees at high risk: We remind and alert them through an overtime system and have their managers keep an eye on their conditions. We also limit the number of overtime hours of employees to below 37 hours on average each month within six months.



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.

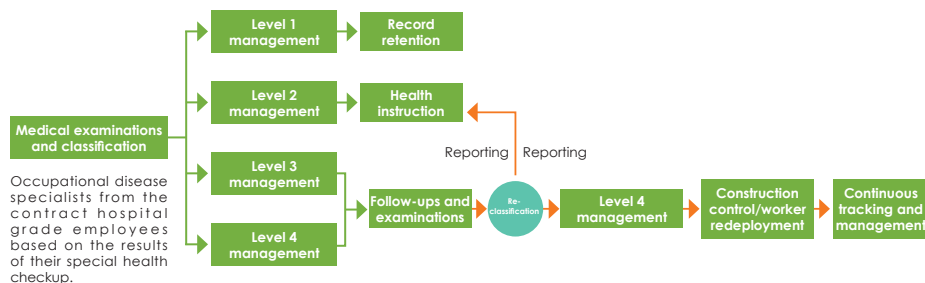
Implementation of health management and promotion activities

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.

Health condition assessment through the health checkup every October

Reassessment of health status is conducted in the Company's annual medical examination held every October, and then appropriate health improvement advice is given by doctors

Special Health Classification Flow Chart



Zero Limit on Development

Taiwan's automotive industry has a complete supply chain and internationally competitive technology and knowhow. 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.

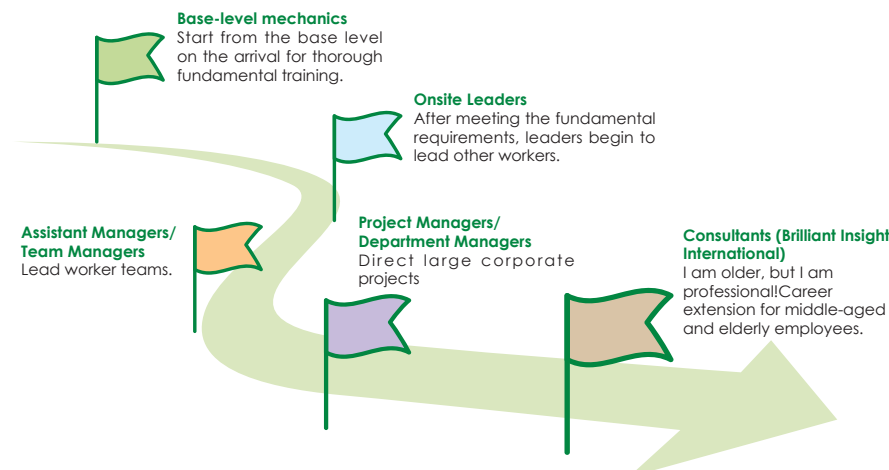
For members who are about to retire of senior management and junior management, after assessing the corporate development needs before their retirement, we interview them to understand their retirement plan. Then, in consideration of their family care and transportation needs, we match them with jobs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

Year	2020	2021	2022
Annual transitions	3	8	0
Accumulated transitions	32	40	40

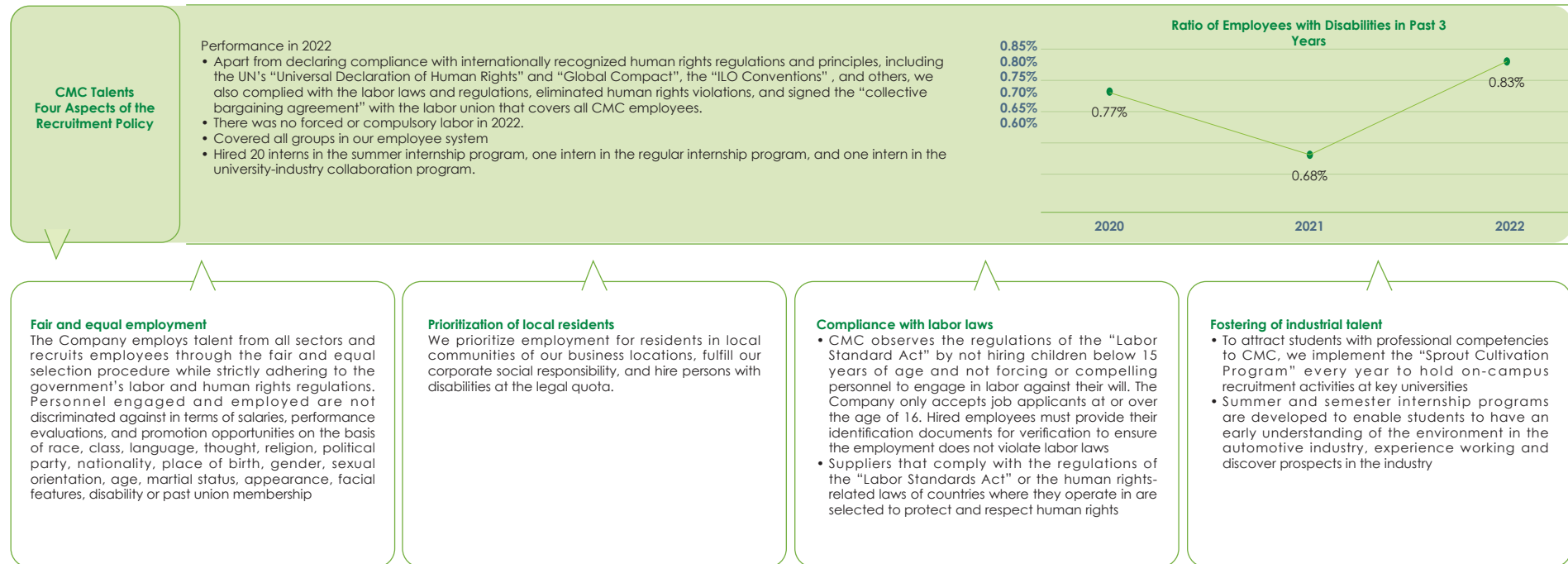
Unlimited competencies for employees



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.

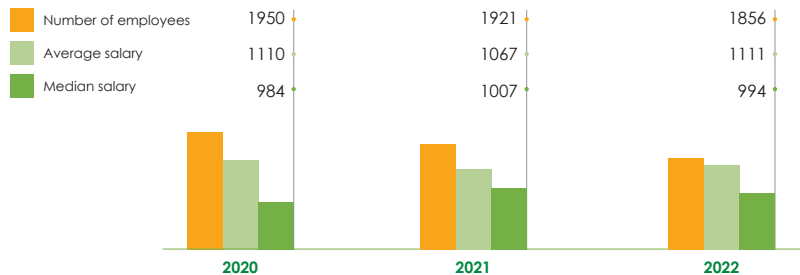


5.2.2 Well-Planned Remuneration and Retention Action

Competitive remuneration policy

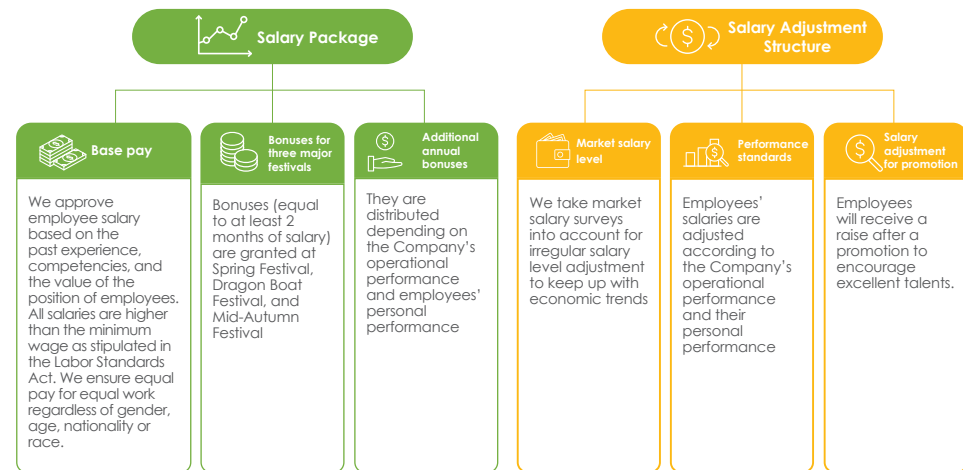
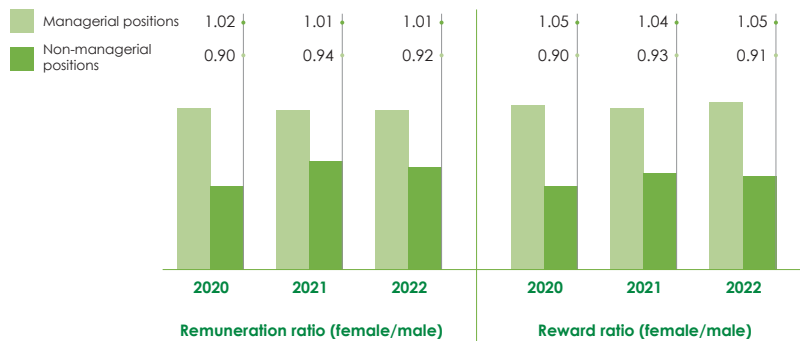
We offer a competitive remuneration system to attract and retain outstanding talents to grow with the Company. The median salary for our full-time non-managerial employees ranks among the top 15% of listed automotive manufacturers. We are committed to becoming a happy business that guarantees a worry-free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

Number and Salary of the Full-time Non-managerial Employees (Unit: NT\$ thousand; person)



"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



Talents Retention Action Plan

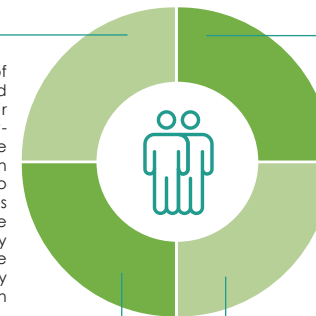
In 2022, the Company's new hire rate and turnover rate were 14.81% and 14.81%, respectively. We performed follow-ups with certain groups where the termination of employment took place the most frequently and drew up and implemented a talent retention program. The action plan for 2022 is as follows.

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.



Employee 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 with the corporate development direction.

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.

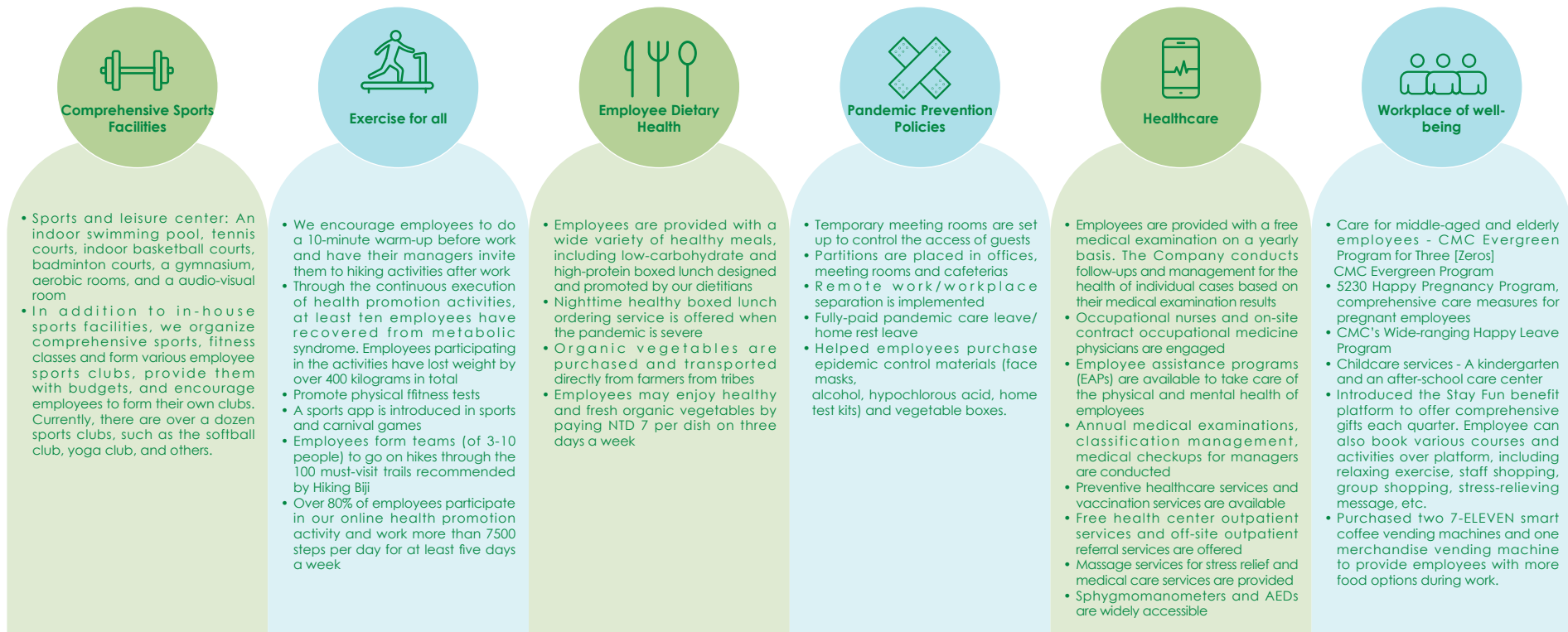
5.2.3 Benefit Diversity

In 2022 we were awarded the "Work-Life b 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.

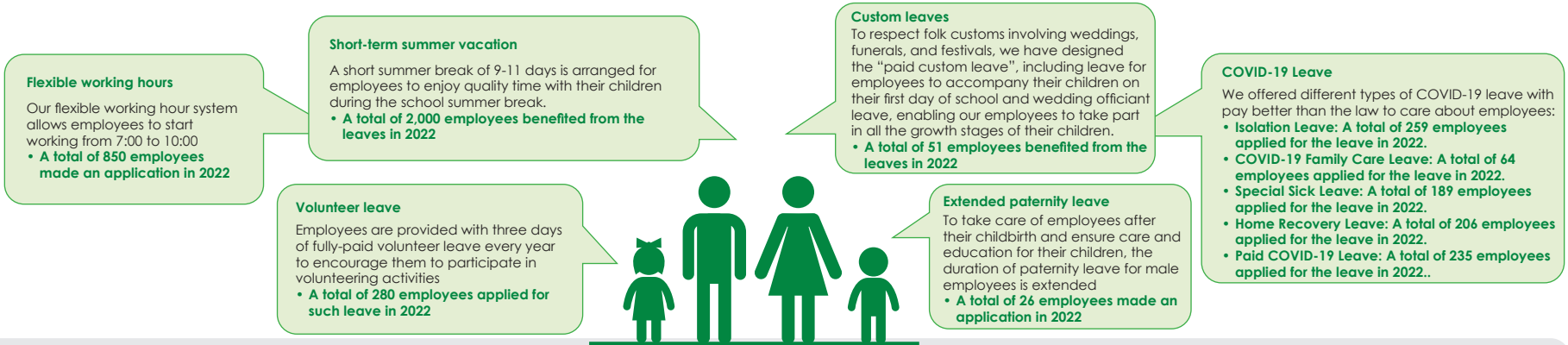


CMC places great importance on physical and mental care and welfare systems for our employees. Our employees are provided with a diverse range of benefits and care measures to meet their needs at different life stages. In response to the pandemic in the past few years, we have formed an emergency response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



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.

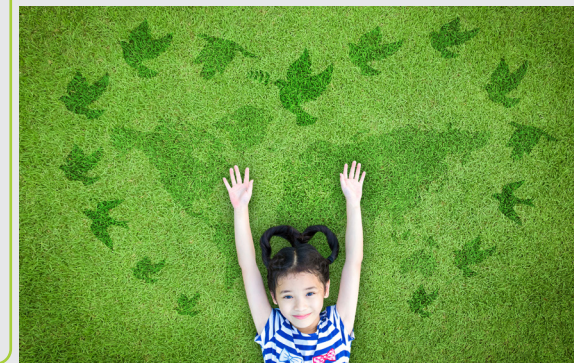


Birth Benefits

Parental Leave Application in 2022



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 2022, the total number of employees that took parental leave 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 returned to work in 2022, the total number of employees that applied for returning 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.
(D/C): Return to work rate = Total number of employees that did return to work after parental leave / Total number of employees due to return to work after taking parental leave*100
(F/E): Retention rate = Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period*100



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.

Before childbirth

Maternal 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.
- Free neonatal insurance services benefited 23 employees in 2022**

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.
- Benefited 5 employees in 2022**

After childbirth

Birth Gift

- A birth cash gift of NT\$1,600 for each baby
- Benefited 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 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 NTD 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 workdays and weekends. Since its establishment, the kindergarten has accepted the children of **827 employees**.
- Benefits: If the children of employees attend our kindergarten from baby class to senior class, the employees may save about NTD 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 NTD 151,610/child.

Family-friendly care center

- Since the opening in 2001, the after-school childcare center has provided services for **168 children aged 6-12 years of employees**.

After-school temporary childcare services

- The services help employees maintain work-family balance. About 15 employees apply for the services per year.

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, Mortar 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.



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, shuttle buses for employees to return to their hometowns, 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

3.18%

NT\$149,635,253
thousand
(Provided by the Financial Department)

Pension System

Contribution rate

Pension liability amount

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 workdays 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\$7,787,590**, employee claims and allowances **NT\$6,345,286**

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 NT\$3 million and medical plan of NT\$300,000. 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 583 employees** (family 173) to encourage them 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.

Mother's Day: Organized the "Flowers for the Good of Mothers" preserved flower DIY activity with **156 participants**

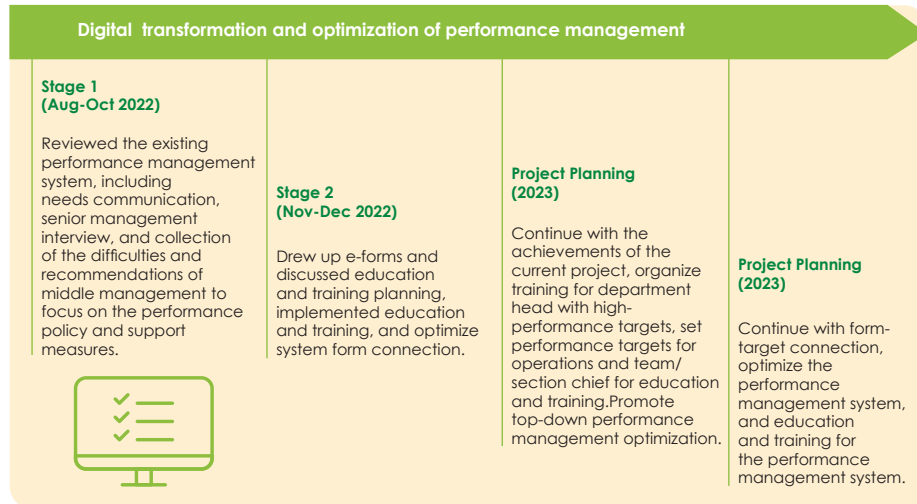
Father's Day: Organized the "Show Your Dad" for 260 participants to show the photos of their family. As the pandemic slowed, we organized the one-day Father's Day Camp again to increase the opportunity for employees to maintain intimacy with their family. A total of 70 children joined the camp as team 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.

5.3 Training and Development: Optimizing competencies through complete learning

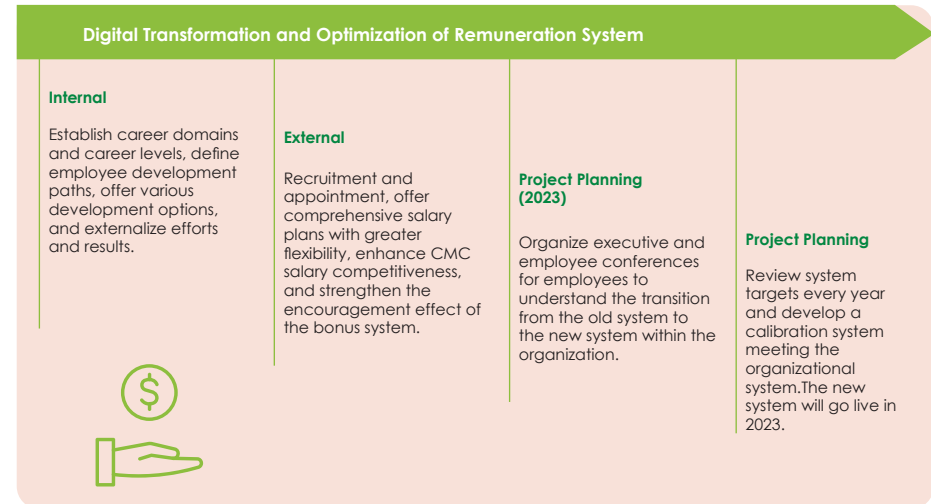
5.3.1 Talents Development

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



By linking to digital transformation, we reorganize the performance management system to culminate 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.

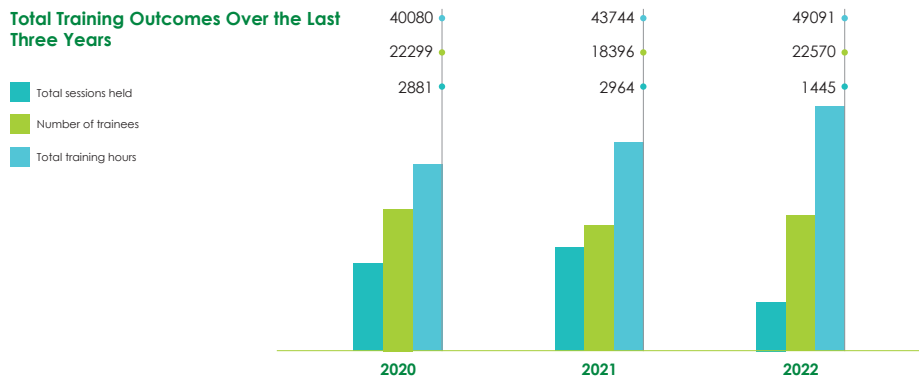
CMC Five Training Systems



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 leaning 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.

Total Training Outcomes Over the Last Three Years



Education and Training 2022



Organized **1,445** sessions in total

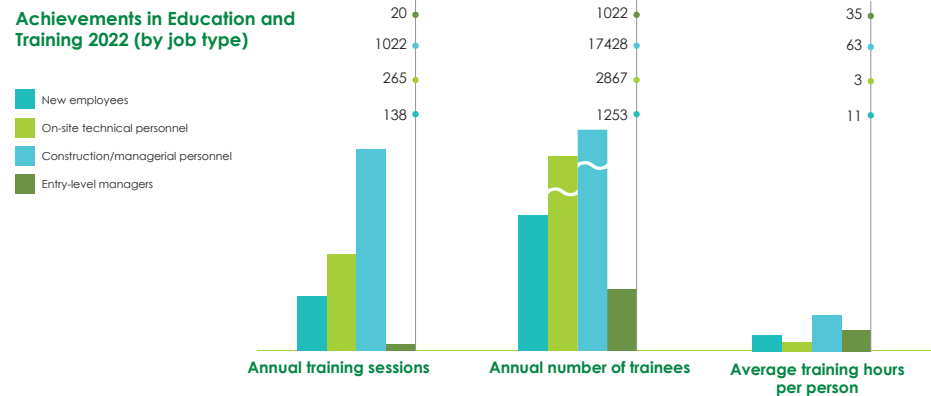


Up to **22,570** participants



Training hours up to **49,091** hours


Achievements in Education and Training 2022 (by job type)



5.3.2 Performance Development

Performance Evaluation Mechanism

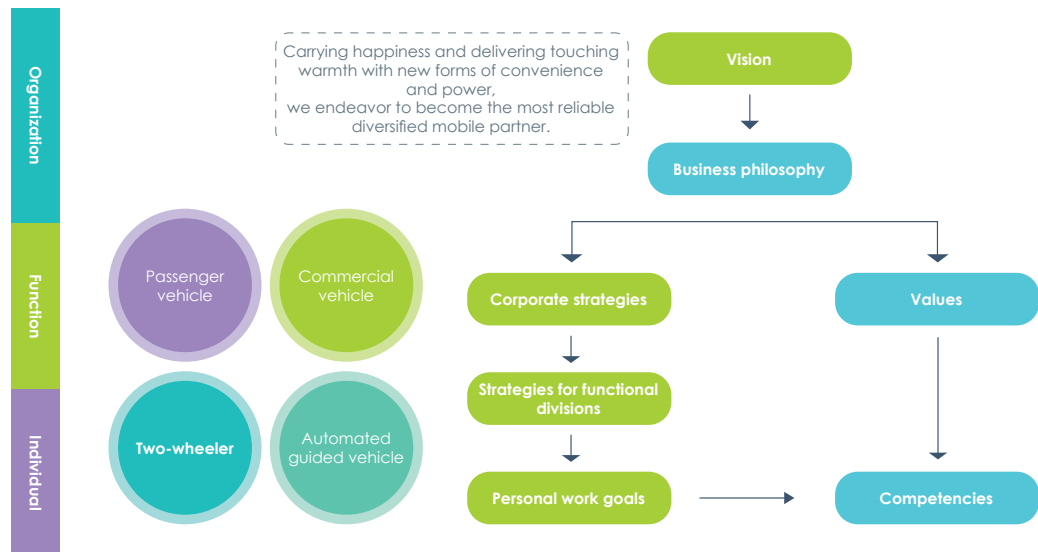
To live up with the CMC's business philosophy: "harmony, innovation, top, and sustainability" (HITS), we add a departmental development plan of 3-5 years to the annual strategy of each division. By setting and regularly reviewing departmental targets, we integrate our business philosophy into sustainable 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.

Performance Development (Performance Management System)



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.

Excellent Employee Recommendation and Assessment Process

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.

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.

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.

Candidate Nomination

Each unit nominates candidates by filling in the "Model Employee Nomination Form".

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

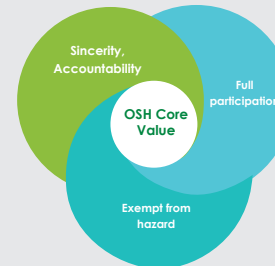
In order to facilitate and improve safety and health management for equipment, contractors, firefighting, emergency responses, and working environments/premises, CMC has formed a professional safety and health organization and created a safety and health inspection system.

- 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).

Level	Meeting Frequency	Chair
Corporate	One meeting every three months	Management Representative
Departmental	Indirect Departments	One meeting every three months
	Direct Departments	One meeting every month
Sectional	One meeting every month	Section Chief

- 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 unit, patrol inspections by all units, etc.. Any deficiencies are tracked until relevant improvements are made to prevent the occurrence of incidents

CMC OSH Core Value



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 (OH&S) 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 management 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.

- As CMC takes equipment safety very seriously, the "Safety and Health Procurement Management Guidelines" have been established to make sure the machinery equipment 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



- 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
- 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

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

Achievement in 2022	Accomplishment rate 100% Improvement rate for deficiencies found in safety and health inspections	Accomplishment rate 90% Achievement rate for annual safety and health targets and management programs	Accomplishment rate 100% Accomplishment rate of abnormal workload follow-up on high-risk cases
Targets in 2023	Accomplishment rate 100% Improvement rate for deficiencies found in safety and health inspections	Accomplishment rate 100% Achievement rate for annual safety and health targets and management programs	Accomplishment rate 100% Accomplishment rate of abnormal workload follow-up on high-risk cases

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 construction projects with more severe hazards (e.g., fall, fire, electric shock, and cut), we conduct onsite inspection from time to time and unannounced audits to prevent violation of the occupational safety and health regulations and occupational accidents, supervise contractors to maintain occupational safety and stay alert, enhance the effectiveness of accident precautionary actions, and lower the operational risk. 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.

Source:	Monitoring and Measurement Criteria	Monitoring and Measurement Results	Protective Action
Environmental monitoring data in 2022 (divided into H1 and H2)	Dust: 1. Respirable dust: 5mg/m ³ 2. Total dust 10mg/m ³ Noise: Subject to "§300 of the Regulations for Occupational Safety and Health Equipment and Measures" Organic Solvents & Specific Chemical Substances: Subject to the statutory limits for the permissible concentrations of organic solvents/specific chemicals Working in hot temperatures: 1. Regarding working in the boiler room, in accordance with Article 8 of the Regulations for Implementation of Labor Work Environment Monitoring, as wet-bulb globe temperature (WBGT) time-weighted average (TWA) for working in the boiler room is below the limit set by the competent authorities, there is no need for the WBGT test once every three months. However, we monitor the temperature once every six months. 2. In accordance with the working hours and break for working in hot temperatures, as the workload of the boiler room is minor, the WBGT-TWA is below 30.6, continuous operation is allowed.	Respirable dust/Total dust: Wholly compliant Noise: Wholly compliant Organic solvents/specific chemical substances: Wholly compliant WBGT: Wholly compliant	General management measures: 1. Regular annual work environment monitoring and operation management 2. Special operation health checkup each year Dust: 1. Using local exhaust ventilation systems 2. Wearing respirators correctly Noise: 1. Developing a hearing protection plan 2. Wearing ear protectors correctly Organic Solvents & Specific Chemical Substances: 1. Equipment automation, separation, remote-controlled operation 2. Using exhaust ventilation systems to prevent contaminant dispersion 3. Respirator education and training and regular annual qualitative fit-testing WBGT: 1. Install ventilation devices and fans in the interior. 2. Provide sufficient drinking water.

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 20 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.

3933664

Total number of working hours of CMC employees in 2022^(Note 1)

34872.5

Total number of working hours of non-CMC employees in 2022

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

Occupational Accident Statistical Item		CMC		Contractors	
		Male	Female	Male	Female
Injury Rate (IR)	Proportion	0	0.464	0	0
	Total	0.054		0	
Occupational Disease Rate (ODR)	Proportion	0	0	0	0
	Total	0		0	
Lost Day Rate (LDR)	Proportion	0	170	0	0
	Total	19.93		0	
Work-related Fatalities	Number of Fatalities	0	170	0	0
	Total	0		0	

5.4.3 Promoting Safety Culture

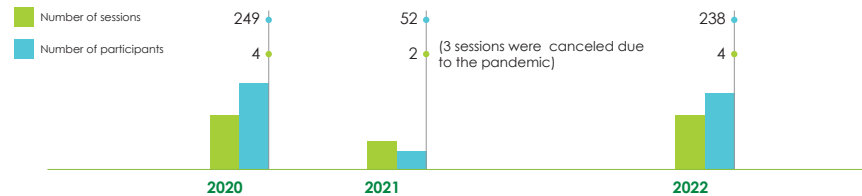
Emergency Response and Management

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.



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



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 slinging 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.

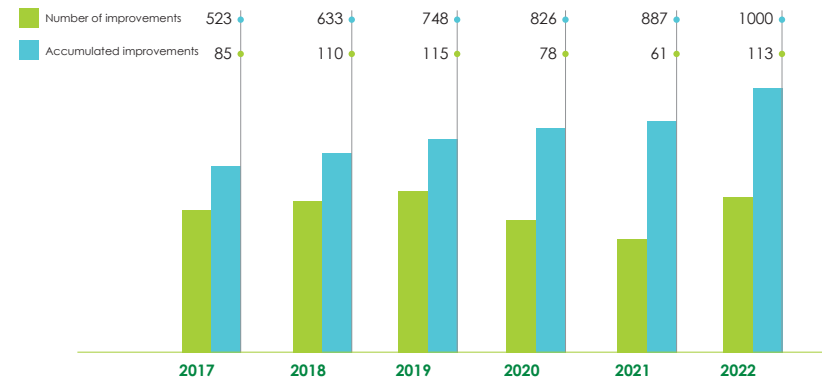
Health service management services

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,

Management Item	Process Management Regulations	Assessment Target	Assessment Frequency	Improvement Measures
Ergonomic Hazards	Ergonomic Hazard Prevention Plan	Once every three years for onsite units, and one musculoskeletal symptoms survey every year.	Once a year	Sequence of improvement: Engineering improvement, administrative improvement, health management.
Excessive workload	Disorders triggered by abnormal workloads prevention plan	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.	Once a year	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.
Maternity Protection	Maternity Health Protection Plan	The date of pregnancy report until one year after delivery. Breastfeeding one year after delivery	Implement on employees with pregnancy and after delivery	Change work conditions (e.g., workload adjustment), work time adjustment, and job accommodation based on the assessment and advice of occupational medicine specialist.
Workplace Violence	Workplace Violence Prevention Plan	When employees file a workplace violence grievance	Subject to individual grievance	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.

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.

Accumulated Ergonomic Improvements Made



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.

6

Give Back to Society in Every Way Possible

6.1 Social Inclusion: Finishing the sustainability roadmap together

6.2 Urban and Rural Sustainability: Safeguarding society with cars

6.3 Indigenous Development: Regional revitalization with the Indigenous Dream Project

6.4 Knowledge and Education: Ingraining and talents development

Achievements and Performance in 2022

Bu Bu Sharing subscribers **19,608 persons**
Accumulative shuttle mileage **54,800 km**

Accumulatively donated **12** 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**

Internal volunteers and contractors
Participation in coastal clean-ups and mountain clean-ups **25 sessions**

Vehicle Maintenance Service Tour **856 vehicles**

Tire Service Check
126 vehicles of children's welfare organizations returned to CMC for the tire service check

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

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

Short-term

Medium-term

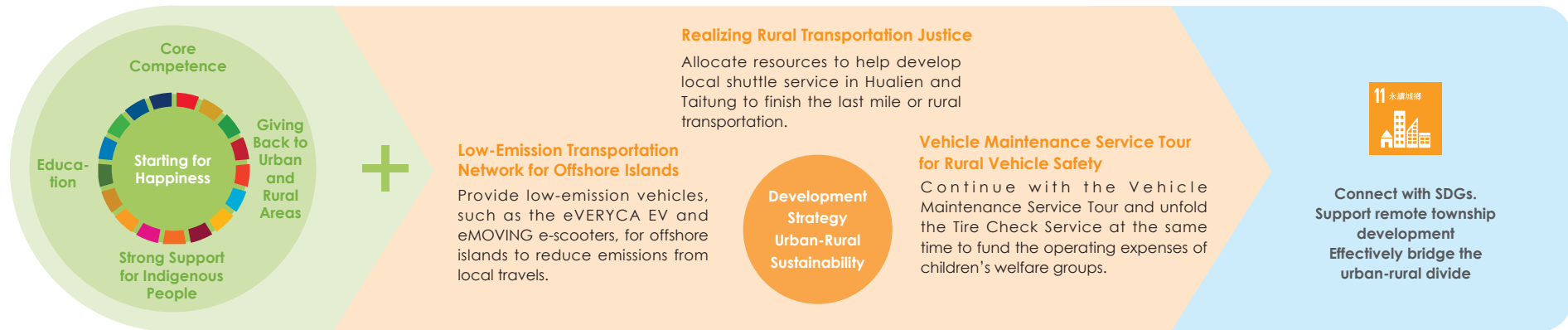
Long-term

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

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.



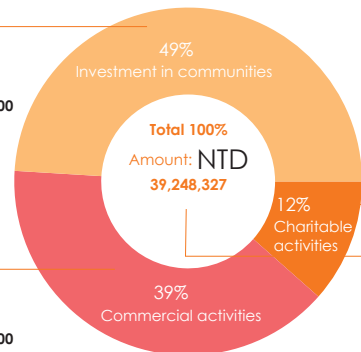
Achievements and Amount for Social Inclusion 2022

Investment in communities

Money invested: NTD 19,242,236
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 4,521,807
Volunteers involved: 4
Expenses for volunteers: NTD 6,400

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 1,600

CMC's Social Inclusion Roadmap

Core Competence

4 教育品質

11 永續經營

15 環境生態

14 海洋生態

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

Vehicle Maintenance Service Tour

Accumulated outcomes:
Recruited students from the Taipei City University of Science and Technology, National Taitung Junior College and National Lotung Industrial Vocational High School to the Vehicle Maintenance Service Tour through university-industry collaboration to provide 24 tours across Taiwan and fix 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.

Strong Support for Indigenous People

1 消除貧窮

2 消除飢餓

4 教育品質

11 永續經營

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 Chiayi 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 >556 missions
Revenues >NT\$3.54 million

Goal in 2024:
We will take advantage of our modified Mitsubishi commercial vehicles to promote local revitalization and public welfare vehicle programs

Knowledge and Education

4 教育品質

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 Yisheng Primary School, Paichi Elementary School, Gaoyi Elementary School, and Hsinle Elementary School in Hsinchu.

Goal in 2024:
Extend the Traffic Safety Camp to indigenous townships in Hsinchu 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 the mileage of Read for Hope to > 240,000 km

Giving Back to Urban and Rural Areas

11 永續經營

15 環境生態

Bu Bu Sharing

Accumulated outcomes:
Assisted the MOTC in promoting the Bu Bu Sharing: 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).

Goal in 2024:
The Company will extend the Bu Bu Sharing service to more areas and facilitate integrated passenger and freight transportation in rural areas

Discovery Tour

Accumulated outcomes:
Due to the pandemic, the Discovery Tour, which combines domestic travel and tourism have been shifted to the online mode, and the car owners have been invited to travel on their own to stimulate the local tourism industry. The number of participants accumulated 133,153 persons.

Goal in 2024:
Accumulate participants to >140,000 persons.

Environmental Ecology

Accumulated outcomes:
Successfully restored 9 species of the Fagaceae in the ecological pond for native species and the Fagaceae.

Goal in 2024:
The ecological pool will be opened for guided tours to ensure sustainable ecology through community renovation

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

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.



3 days/year
Volunteerism
Leave

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 with talents recruitment and university-industry collaboration projects, such as the "Vehicle Maintenance Service Tour" and "Anchor Program", we ingrain automotive resource and professional technology on campuses to improve the practical capability of students as well as develop the brand favorability of CMC Mitsubishi in students.

Focus of Volunteering Activities



Care for Indigenous Peoples



Environmental Protection

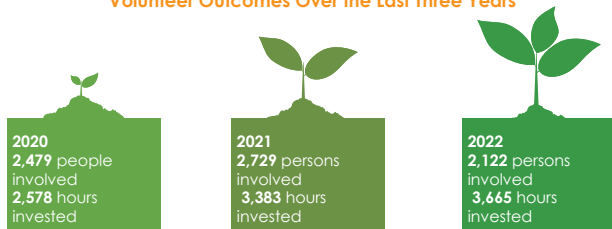


Automotive-Related

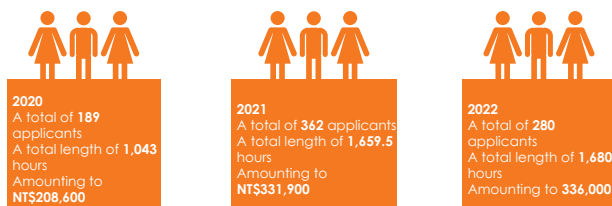


Continuing Education

Volunteer Outcomes Over the Last Three Years



Volunteerism Leave Application in Past 3 Years



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.

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.

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 we aim to 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 volunteering.



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 through mountaineering 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 one 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 mountaineers to work for "leave no trace".

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 Taiwan. 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.

Services Covered by the Happiness Guardian Program

Children's Shuttle Safety Solution

We accept applications for shuttle services from children's welfare groups and elementary schools in remote townships across Taiwan and donate 3 shuttle vans each year.



Children's Vehicle Safety Solution

We funded children's welfare groups and elementary schools and affiliated kindergarten 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.

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



6.2.2 Implement the Vehicle Maintenance Service Tour

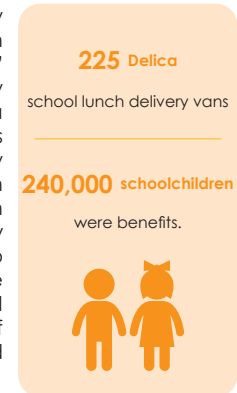
China Motor Corporation has a dense distribution and service network to ensure the safety of large-scale car owners. In order to further guarantee driving safety for car owners in remote areas, we integrate the service system of Fortune Motors with that of Shung Ye Motor to launch the "Vehicle Maintenance 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 Electronic, and San Chien Electric, 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.

Services	Vehicle Maintenance Service Tour	
Service Contents	<ul style="list-style-type: none"> 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 Electronic TPMSes at service stations Free replacement of tire valve caps by San Chien Electrical 	
Maintenance session/Location	Four tire check sessions and 20 general maintenance sessions in Thyakan Community of Hsinchu, Tapang Community of Chiayi, Aoba Community of Pingtung, and Tafalong Community of Hualien.	
Number of ambulances maintained	856	

Services	Station Vehicle Check	
Service Contents	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	CMC Mitsubishi service stations across Taiwan	CMC Mitsubishi service stations across Taiwan
	77 Number of ambulances maintained	126 Number of ambulances maintained

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

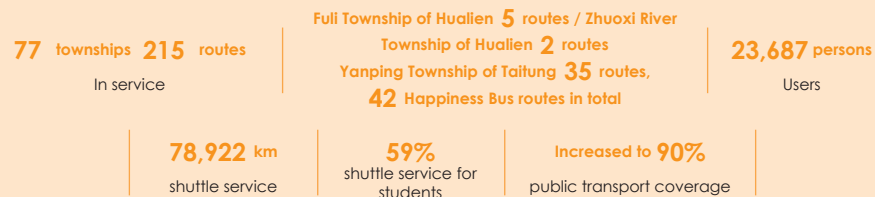


6.2.4 Promotion of transportation and carpool: Bu Bu Sharing



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 Wanrung Township in Hualien for transportation to reach every part of remote townships through flexible arrangements.

Achievements of Happiness Bus 2.0



"Bu Bu Sharing" Program			
Year	Region	Ridership	Shuttle Mileage
2021	Fuli in Hualien	9583	32612
	Yanping in Taitung	8849	16631
2022	Zhuoxi in Hualien	1176	5557

More about Bu Bu Sharing

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

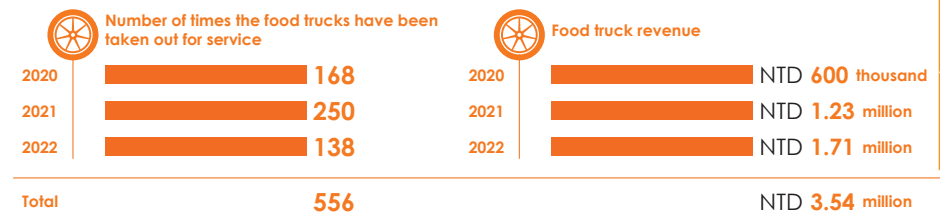
By linking various stakeholder groups, we facilitate multifaceted collaboration through the "social innovation" business model and invest in corporate resources to solve environmental and social issues. In 2019 we assisted the "Association of South-Link Health Care Promotion for Taitung County" in developing 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.



CMC sponsors the working trucks for "Yowash Social Innovation" to build the urban "Yowash".

In addition to sponsoring vehicles, we offer the additional free 300,000km vehicle maintenance for "Yowash Social Innovation" for the long-term support of the "Yowash" floor washing service for "Yowash" to enjoy maintenance service by booking with the meticulous Mitsubishi maintenance network when they give service in different regions. Moreover, through the cloud maintenance record system, users can capture the maintenance status and progress ubiquitously to make flexible dispatch.

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



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-Sinquimi (Heliu) Community in Fuxing (Pyasan) Township of Taoyuan, Llyung (Maliguang) Community in Jianshi (Nahuy) Township of Hsinchu, communities in Taiwu (Kulaljuc) 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 township 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 11 units on the Happiness Guardian Program and 250 picture books to Dapeng Primary School in Chiayi under the Indigenous Dream Project. By the end of 2022, the Indigenous Dream Project benefited a total of 15,000 persons accumulatively.



Fraternity for Remote Townships through the Indigenous Dream Project

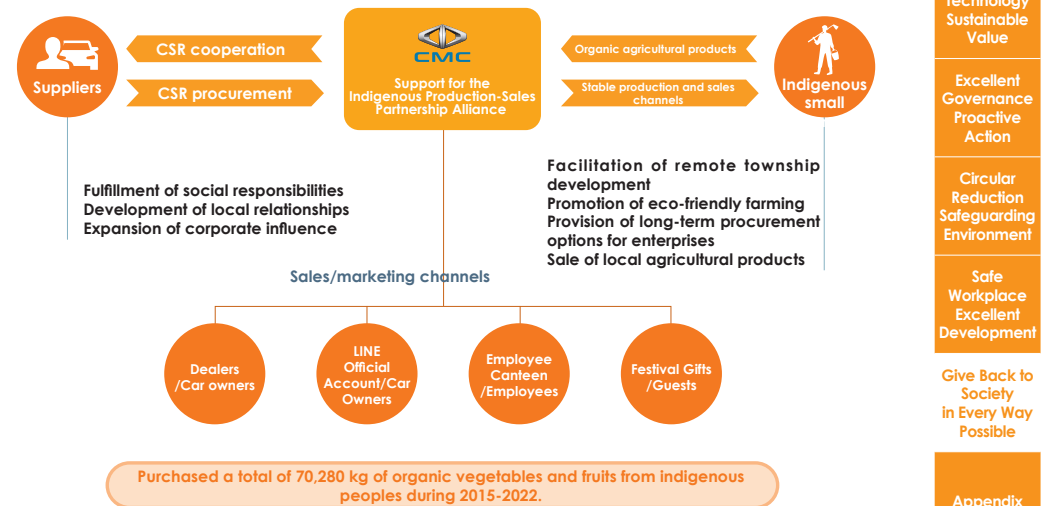


More about the Indigenous Dream Project

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.



6.4 Knowledge and Education: Ingraining 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.



Traffic Safety Camp for Campus		
Year	School	Number of Students Benefited
2019	Ha-Yun Primary School	47
	San-Min Primary School	71
2020	Jie-Shou Elementary School	100
	Pai-Chi Elementary School	91
2021	Chang-Shing Elementary School	64
	Kuei-Huei Elementary School	56
2022	Hsin-Le Elementary School	103
	Yi-Sheng Primary School	55
	Pai-Chi Elementary School	107
	Gao-Yi Elementary School	33
Total		727



More about the Camp

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.



Car Test Course

Donation of trial vehicles

Service Center Internship

Vehicle Maintenance Service Tour

88 test cars to TVET schools across Taiwan.

Donation

Over 3,000 students of in the automotive major

Benefiting



Electric two-wheeler



Four-Wheelers

Enable students to understand the future EV market trend.
Combine theory (academic courses) and practice (practical courses)
Improve the EV maintenance and repair capabilities of students

Introduction to automotive high/low temperature tests
Real car durability and driving tests
Brief introduction to TPMS and ESC tests
Noise & vibration tests
Reliability test
Introduction to electric control technologies for braking and handling

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.

"Anchor"'s Outcomes Over the Last Three Years			
Year	Number of Schools/Units	Number of Participants	Number of Hours
2020	3	500	24
2021	4	325	32
2022	13	343	52
Total	20	1168	108



Vocational High School Attached to National Taitung Junior College



Vocational High School Attached to National Taitung Junior College



More about the Anchor Program
Please visit the CMC website

2022
Environmental, Social &
Governance

Sustainability
Commitment
from the
Chairperson

ESG
Highlights

About CMC

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Blueprint for
Corporate
Sustainability

Innovative
Technology
Sustainable
Value

Excellent
Governance
Proactive
Action

Circular
Reduction
Safeguarding
Environment

Safe
Workplace
Excellent
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Appendix

Details on Trial Vehicle Donations



2022 CMC University-Industry Collaboration Projects and Programs

Program name	Partner Academic Institution	Project Contents
Integration of the visual and lidar dynamic avoidance technology for AGV navigation system and HDI development	National Taipei University of Technology	Development of the advanced items for AGV automated navigation functions the status monitoring, mission deployment, and route planning of AGV
Li-ion battery module real-time SoC estimation and realization	Chung Yuan Christian University	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.
Strategic development of the emergency steering assist system	National Taipei University of Technology	This project aims to design an emergency steering assist system to enhance the performance and safety of VCU products in the market.

Appendix 1 Membership Associations and Professional Organizations

	Organization Name	Membership
1	China Motor Corporation Indigenous Cultural and Educational Foundation	Director
2	Yen Tjing Ling Industrial Development Foundation	Director
3	Yen Tjing Ling Medical Foundation	Director
4	Taiwan Transportation Vehicle Manufacturers Association	President
5	Car Safety Association	Executive Director
6	Chinese National Association of Industry and Commerce, Taiwan	Member
7	The Third Wednesday Club	Member
8	SAE Taipei Section	Director
9	SAE International	Member
10	Chinese Society of Sound and Vibration	Member
11	Taiwan Motor Industry Association	Member
12	Taipei Automobile Distributors Association	Director
13	Task Force for the Promotion and Development of Common Electric Scooter Battery Swapping Technologies	Member
14	Organization for the Promotion and Development of Common Electric Scooter Charging Technologies	Member
15	Taiwan V-team	Member
16	Automotive Research Testing Center (ARTC)	Executive Director

Appendix 2 Climate-Related Information of TWSE/TPEX Listed Company Risks and opportunities on the company due to climate change and the countermeasures

Item	Performance and Corresponding Report Sections	Page No.
1. Describe the board's and management's oversight and governance of climate-related risks and opportunities.	For details, please refer to: 4.1.1 Implementation and Management Overview of Task Force on Climate-Related Financial Disclosures (TFCD)	59
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	For details, please refer to: 4.1.2 Identification of Climate Change Risks and Opportunities	60-63
3. Describe the financial impact of extreme weather events and transition actions	For details, please refer to: 4.1.3 Scenario Analysis of Financial Impact Related to Climate Change	63-66
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	For details, please refer to: 4.1.2 Identification of Climate Change Risks and Opportunities	60-63
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.	For details, please refer to: 4.1.3 Scenario Analysis of Financial Impact Related to Climate Change	63-66
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.	For details, please refer to: 4.1.4 CMC Climate Action Guidelines	67
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Currently, we do not use internal carbon pricing as a planning tool	
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	For details, please refer to: 4.1.4 CMC Climate Action Guidelines	67
9. Greenhouse gas inventory and assurance status.	<ul style="list-style-type: none"> Company basic data: A company with an authorized capital over NT\$5 billion but under NT\$10 billion. Minimum disclosures of the year as per the Sustainable Development Roadmap for TWSE/TPEX Listed Company: Undetermined. Current status: We have completed the GHG inventory of individual companies and passed the external verification. 	117-160

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
GRI2-5	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				
GRI2-9	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 2- 15	Conflicts of interest	3.2.3 Tax Governance and Transparent Information Disclosure		51
GRI 2- 16	Communication of critical concerns	3.3.3 Critical Incident Risk Management		54
GRI 2- 17	Collective knowledge of the highest governance body	2.1.2 Digital Transformation Roadmap		34
GRI 2- 18	Evaluation of the performance of the highest governance body	3.1.1 Organization and Operation of the Board of Directors		47
GRI 2- 19	Remuneration policies	5.2.2 Well-Planned Remuneration and Retention Action		89
GRI 2- 20	Process to determine remuneration	5.2.2 Well-Planned Remuneration and Retention Action		89
GRI 2- 21	Annual total compensation ratio	5.2.2 Well-Planned Remuneration and Retention Action Please refer to the CMC 2022 Annual Report		89
Strategy, policies and practices				
GRI 2- 22	Statement on sustainable development strategy	Sustainability Commitment from the Chairperson		2-3
GRI 2- 23	Policy commitments	1.1.2 Sustainability Strategy Blueprint		12
GRI 2- 24	Embedding policy commitments	1.2.6 Management Approaches and Visionary Targets		24-33
GRI 2- 25	Processes to remediate negative impacts	3.3.1 Risk Management Committee		52-53
GRI 2- 26	Mechanisms for seeking advice and raising concerns	5.1.2 Employee Communication and Work Satisfaction		84
GRI 2- 27 Compliance with laws and regulations	Legal compliance	3.2.4 Legal Compliance		52
GRI 2- 28	Membership associations	Appendix 1 Membership Associations and Professional Organizations		112
Stakeholder engagement				
GRI 2- 29	Approach to stakeholder engagement	1.2.3 Dialogue with Stakeholders		16-19
GRI 2- 30	Collective bargaining agreements	5.2.1 Recruitment Diversity		88
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 Stakeholders 1.2.3 Dialogue with Stakeholders		15 15 16-19
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

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

Topic-Specific Standard					
Specific Topic Standard					
Indicator	Disclosure	Report Section or Explanation	Omission	Corresponding Material Topic	Page No.
Economic					
GRI201 Economic Performance 2016	201-1 Direct economic value generated and distributed	3.4.1 Building A Solid Financial Foundation		Economic performance and profit	55-56
	201-2 Financial implications and other risks and opportunities due to climate change	4.1.1 Implementation and Management Overview of Task Force on Climate-Related Financial Disclosures (TFCD)		Climate change	59
	201-3 Defined benefit plan obligations and other retirement plans	5.2.3 Benefit Diversity			90-93
	201-4 Financial assistance received from government	3.4.1 Building A Solid Financial Foundation			55-56
GRI204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.4.1 Sustainable Supply Chain			38-39
GRI205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	3.2.1 Ethical Management and Compliance Management Committee 3.2.2 Ethical Corporate Management Policy and Implementation		Ethical management and legal compliance	49 49-51
	205-2 Communication and training about anti-corruption policies and procedures	3.2.4 Legal Compliance			55
	205-3 Confirmed incidents of corruption and actions taken	3.2.4 Legal Compliance			No relevant matters in 2022
GRI207 Tax 2019	207-1 Approach to tax	3.3.1 Risk Management Committee 3.4.1 Building A Solid Financial Foundation			52-53 55-56
	207-2 Tax governance, control, and risk management	3.2.3 Tax Governance and Transparent Information Disclosure			51
Environment					
GRI302 Energy 2016	302-1 Energy consumption within the organization	4.2.2 Energy Use and Conservation Management			69-72
	302-2 Energy consumption outside of the organization	4.2.2 Energy Use and Conservation Management			69-72
	302-3 Energy intensity	4.2.2 Energy Use and Conservation Management			69-72
	302-4 Reduction of energy consumption	4.2.2 Energy Use and Conservation Management			69-72

GRI303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.3.2 Water Management and Pollution Prevention			77-78
	303-2 Management of water discharge-related impacts	4.3.2 Water Management and Pollution Prevention			77-78
	303-3 Water withdrawal	4.3.2 Water Management and Pollution Prevention			77-78
GRI305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2.3 Management of GHG Emissions		Waste emission management	73
	305-2 Energy indirect (Scope 2) GHG emissions	4.2.3 Management of GHG Emissions			73
	305-3 Other indirect (Scope 3) GHG emissions	4.2.3 Management of GHG Emissions			73
	305-4 GHG emissions intensity	4.2.3 Management of GHG Emissions			73
	305-5 Reduction of GHG emissions	4.2.3 Management of GHG Emissions			73
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.3.1 Air Pollution Management and Mitigation Projects			75-76
	306-1 Waste generation and significant waste-related impacts	4.4.2 Waste Management			81
GRI306 Waste	306-2 Management of significant waste-related impacts	4.4.2 Waste Management			81
	306-3 Waste generated	4.4.2 Waste Management			81
GRI308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	2.4.2 Supplier Management			40
	308-2 Negative environmental impacts in the supply chain and actions taken	2.4.1 Sustainable Supply Chain			38-39
Society					
GRI401 Employment	401-1 New employee hires and employee turnover	5.1.1 Workforce Composition		Recruitment and retention	83-84
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.3 Benefit Diversity			90-93
	401-3 Parental leave	5.2.3 Benefit Diversity			90-93
	403-1 Occupational health and safety management system	5.4.1 Occupational Safety and Health Management			97-98
	403-2 Hazard identification, risk assessment, and incident investigation	5.4.1 Occupational Safety and Health Management 5.4.2 Statistics on Occupational Accidents			97-98 99

GRI403 Occupational safety and health	403-3 Occupational health services	5.4.1 Occupational Safety and Health Management		Safe workplace	97-99
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.4.1 Occupational Safety and Health Management			97-99
	403-5 Worker training on occupational health and safety	5.4.1 Occupational Safety and Health Management 5.4.3 Promoting Safety Culture			97-99 99-100
	403-6 Promotion of worker health	5.1.3 Ageing Workplace and Career 5.4.1 Occupational Safety and Health Management 5.4.3 Promoting Safety Culture			86-87 97-99 99-100
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.1.3 Ageing Workplace and Career 5.4.1 Occupational Safety and Health Management 5.4.3 Promoting Safety Culture			86-87 97-99 99-100
	403-8 Workers covered by an occupational health and safety management system	5.4.1 Occupational Safety and Health Management			97-99
	403-9 Work-related injuries	5.4.2 Statistics on Occupational Accidents			99
	403-10 Work-related ill health	5.4.2 Statistics on Occupational Accidents			99
GRI 404 Training and Education	404-1 Average hours of training per year per employee	5.3.1 Talents Development			94-96
	404-2 Programs for upgrading employee skills and transition assistance programs	5.1.3 Ageing Workplace and Career 5.3.1 Talents Development			86-87 94-96
	404-3 Percentage of employees receiving regular performance and career development reviews	5.3.2 Performance Development			96
GRI405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	3.1.1 Organization and Operation of the Board of Directors 5.2.1 Recruitment Diversity			47 88
	405-2 Ratio of basic salary and remuneration of women to men	5.2.2 Well-Planned Remuneration and Retention Action			89
GRI407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.2.1 Recruitment Diversity			88
GRI414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	2.4.2 Supplier Management			40
	414-2 Negative social impacts in the supply chain and actions taken	2.4.2 Supplier Management			40

GRI416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	2.2.1 Advanced Technology and Process Innovation		Customer relationship management Product safety and quality management	31-32
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.2.1 Advanced Technology and Process Innovation			No relevant matters in 2022
GRI418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6.3 Customer Complaint Management and Service Optimization		Customer privacy	No relevant matters in 2022


Material Topic without Specific GRI Standards				
Material Topic without Specific GRI Standards				
Indicator	Disclosure	Report Section or Explanation	Omission Description	Page No.
Product and service innovation				
GRI 3- 1	Process to determine material topics	1.2.1 Process of Materiality Analysis 1.2.2 Identification of Stakeholders 1.2.3 Dialogue with Stakeholders		15 15 16-19
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
Low-emission products and services				
GRI 3- 1	Process to determine material topics	1.2.1 Process of Materiality Analysis 1.2.2 Identification of Stakeholders 1.2.3 Dialogue with Stakeholders		15 15 16-19
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
No Corresponding Specific GRI Standards		2.1.2 Low-Emission Products and Development Diversification		34

Appendix 4 SASB Content Index																																																					
Disclosure Topic	METRIC CODE	Disclosure Metric	Description			Page No.																																															
	TR-AU-250a.1	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	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 item.			Refer to the column on the left																																															
Product Safety	TR-AU-250a.2	Number of safety-related defect complaints, percentage investigated	There were 473 customer complaints related to vehicle quality in 2022, and all of them were investigated.			45																																															
	TR-AU-250a.3	Number of vehicles recalled	Four recalls were announced in 2022. As of the end of the year, the total average completion rate was 52%. <table><tr><td>Model</td><td>Recall Cause</td><td>Number of Vehicles</td><td colspan="2">Subsequent Handling</td></tr><tr><td>PAJERO</td><td>Passenger seat cylinder replacement.</td><td>130</td><td colspan="2">Recall in progress</td></tr></table>			Model	Recall Cause	Number of Vehicles	Subsequent Handling		PAJERO	Passenger seat cylinder replacement.	130	Recall in progress		Refer to the column on the left																																					
	Model	Recall Cause	Number of Vehicles	Subsequent Handling																																																	
PAJERO	Passenger seat cylinder replacement.	130	Recall in progress																																																		
Labor Practices	TR-AU-310a.1	Percentage of active workforce covered under collective bargaining agreements	In 2022, all full-time employees with non-fixed term contracts were protected under the "collective bargaining agreement".			Refer to the column on the left																																															
	TR-AU-310a.2	(1) Number of work stoppages (2) Total days idle	There were no work stoppages and days idle in 2022			Refer to the column on the left																																															
Fuel Economy & Use-phase Emissions	TR-AU-410a.1	Sales-weighted average passenger fleet fuel economy, by region	<table><tr><th colspan="5">Commercial vehicle</th></tr><tr><th>Vehicle Type</th><th>Sales (unit)</th><th>Proportion (%)</th><th>Fuel Consumption (km/L)</th><th colspan="2">Weighted Fuel Consumption (km/L)</th></tr><tr><td>ZINGER</td><td>5630</td><td>22%</td><td>10.5</td><td colspan="2">2.4</td></tr><tr><td>ZINGER PICK UP</td><td>872</td><td>3%</td><td>10.2</td><td colspan="2">0.4</td></tr><tr><td>DELICA</td><td>3191</td><td>13%</td><td>8.9</td><td colspan="2">1.1</td></tr><tr><td>VERYCA PICKUP</td><td>10684</td><td>43%</td><td>13.4</td><td colspan="2">5.7</td></tr><tr><td>VERYCA VAN</td><td>4701</td><td>19%</td><td>13.7</td><td colspan="2">2.6</td></tr><tr><td>Sum</td><td>25078</td><td>100%</td><td>NA</td><td colspan="2">12.1</td></tr></table> <p>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.</p>			Commercial vehicle					Vehicle Type	Sales (unit)	Proportion (%)	Fuel Consumption (km/L)	Weighted Fuel Consumption (km/L)		ZINGER	5630	22%	10.5	2.4		ZINGER PICK UP	872	3%	10.2	0.4		DELICA	3191	13%	8.9	1.1		VERYCA PICKUP	10684	43%	13.4	5.7		VERYCA VAN	4701	19%	13.7	2.6		Sum	25078	100%	NA	12.1		Refer to the column on the left
Commercial vehicle																																																					
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Fuel Economy & Use-phase Emissions	TR-AU-410a.1	Sales-weighted average passenger fleet fuel economy, by region	<table><tr><th colspan="5">Passenger vehicle</th></tr><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><tr><td>COLT 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>26%</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></table>					Passenger vehicle					Vehicle Type	Sales (unit)	Proportion (%)	Fuel Consumption (km/L)	Weighted Fuel Consumption (km/L)	COLT PLUS series	4375	58%	16.1	9.3	ECLIPSE CROSS series	450	6%	13.1	0.8	OUTLANDER	1964	26%	13.3	3.5	LANCER	763	10%	15.5	1.6	Total	7552	100%	NA	15.1	Refer to the column on the left
			Passenger vehicle																																								
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			LANCER	763	10%	15.5	1.6																																				
			Total	7552	100%	NA	15.1																																				
			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.																																								
			<table><tr><th colspan="5">MG</th></tr><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><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></table>					MG					Vehicle Type	Sales (unit)	Proportion (%)	Fuel Consumption (km/L)	Weighted Fuel Consumption (km/L)	EHS PHEV	693	54%	75.2	40.7	HS 1.5T	587	46%	13.5	6.2	Total	1280	100%	NA	46.9											
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Total	1280	100%	NA	46.9																																							
TR-AU-410a.2	(1) Zero emissions (2) Hybrid vehicles (3) Plug-in hybrid vehicles Sales	Model		Total Sales in 2022																																							
		Zero emission vehicles		87																																							
		Hybrid vehicles		0																																							
		Plug-in hybrid vehicles		649																																							
TR-AU-410a.3	Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	• Vehicle performance improvement: 2.2.2 Low-Emission Products and Development Diversification, 2.3.1 Sustainable Supply Chain • Vehicle technology Optimization: 2.2.1 Advanced Technology and Process Innovation • Vehicle regulatory requirements and countermeasures: 2.2.2 Low-Emission Products and Development Diversification • Vehicle development targets and planning: 2.2.1 Advanced Technology and Process Innovation			Refer to the column on the left																																						

Appendix 5 Verification Statement

Materials Sourcing	TR-AU-440a.1	Description of the management of risks associated with the use of critical materials	Corresponding chapter: 3.3.3 Business Continuity Management (BCP) <ul style="list-style-type: none">Key materials: Imported electronics or imported materialsRisk identification and items: L/T that has been delivered for six months is considered a high-risk material that will affect both production and punctuality of product delivery to customers.Risk control measures:<ul style="list-style-type: none">(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	54													
Materials Efficiency & Recycling	TR-AU-440b.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%.	81													
	TR-AU-440b.2	Weight of end-of-life material recovered, percentage recycled	Corresponding Section: 4.4.1 CMC's Circular Economy Framework	79-81													
	TR-AU-440b.3	Recyclability rate of vehicles sold	<table><thead><tr><th>Model</th><th>Model</th><th>Recyclability rate</th></tr></thead><tbody><tr><td rowspan="3">Passenger vehicle</td><td>OUTLANDER</td><td>91.96%</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>ZINGER</td><td>81.51%</td></tr></tbody></table> <p>Note: Only the ZINGER was disclosed for the CV range. The recycling rate of the VERYCA is under calculation and will be discussed in the future</p>	Model	Model	Recyclability rate	Passenger vehicle	OUTLANDER	91.96%	LANCER	87.03%	COLT PLUS series	87.03%	Commercial vehicle	ZINGER	81.51%	Refer to the column on the left
	Model	Model	Recyclability rate														
Passenger vehicle	OUTLANDER	91.96%															
	LANCER	87.03%															
	COLT PLUS series	87.03%															
Commercial vehicle	ZINGER	81.51%															
Activity Metrics	TR-AU-000.A	Number of vehicles manufactured	A total of 44,489 units in 2022	56													
	TR-AU-000.B	Number of vehicles sold	A total of 44,437 units 2022 (including those sold domestically and abroad)	25													



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
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by China Motor Corporation (hereinafter referred to as China Motor) to conduct an independent assurance of the ESG Report for 2022 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during on-site verification (2023/04/14~2023/05/17) in China Motor headquarter. 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 SGS 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: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages 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:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 2 Moderate (AA1000AP Evaluation plus evaluation of Specified Performance Information)

TWLPP5008 Issue 2305

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

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included 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 (2018)
3	SASB (AUTOMOBILES)

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics at a moderate level of scrutiny for China Motor and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.
- evaluate of the report against the SASB Disclosures and Metrics included in the AUTOMOBILES Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees and superintendents in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data 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 SGS Group of companies is the world leader in inspection, 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 affirm our independence from China Motor, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 50001, EMS, CFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

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 fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation 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 underpin the organization's understanding of stakeholder concerns. For future reporting, China Motor may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

TWLPP5008 Issue 2305

Materiality

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.

Impact

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 complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 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 details of its management processes, especially impact identification on economy, environment, and people issues.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

China Motor has referenced with SASB's 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 SASB 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
13 June, 2023
WWW.SGS.COM



AA1000
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