



裕融企業股份有限公司
Yulon Finance Corporation

2021 Yulon Finance Corporation

Sustainability Report





About This Report

GRI 102-46, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

Sustainability management is the management goal of Yulon Finance Corporation (hereinafter referred to as “YFC”) and also the important mission of all stakeholders. We incorporate all dimensions of the agenda related to governance, society, and the environment concerned by stakeholders into the corporate management guidelines and operational activities. In response to such agenda of stakeholder concerns, we develop the relevant policies and corporate sustainability objectives for execution, examination and improvement accordingly, thereby completing the strategic blueprint of YFC’ s sustainability development eventually.

Report Publishing

YFC published its first 2014 Corporate Social Responsibility Report in 2015. The most recent version was published in September 2021. Based on the “Corporate Governance 3.0 -Sustainable Development Roadmap” released by Financial Supervisory Commission, the report was renamed to Corporate Sustainability Reports in 2020. The Company is scheduled to publish the Corporate Sustainability Reports each year and all reports from prior years have been disclosed on the YFC company website

Scope of Report

The Report content includes YFC’ s promotional activities and outcomes in governance, society, and the environment in 2021 (January 1, 2021, to December 31, 2021). To clearly depict the profile and context of the management strategy and execution performance of corporate sustainability, some information includes the information and performance before January 1, 2021, and after December 31, 2021.

The Report mainly discloses the scope of Yulon Finance Corporation. However, due to the association of synergy of YFC in the operation of all business divisions, the content of some topics will also include the execution outcome of group-affiliated enterprises and subsidiaries, which will be indicated in this Report.

The financial data disclosed in this report adopt the published information with attestation by CPA. The description of all data shall be described in numerical values of general prices or compilation of statistics. Any special condition will be explained in the report.

Report Writing Principles

This report complies with the GRI Standards promulgated by the Global Reporting Initiative (GRI) in 2016 and the version of specific topics updated each year as the writing framework, the consumer finance industry standards released by the Sustainability Accounting Standards Board (SASB), and the relevant Task Force on Climate-related Financial Disclosures (TCFD) from the Financial Stability Board, corresponding to the Sustainable Development Goals (SDGs) of the United Nations as the standards of compliance for writing the report and the disclosure of relevant information.

Report Auditing

To assure the reliability of the information published in this report, the Company commissions the British Standards Institution (BSI) Taiwan Branch to conduct auditing. All data and information published in this Report were audited



by BSI for inclusivity, materiality, responsiveness, and impact according to AA1000 AS v3 and GRI standards. After auditing, the report is validated with conformity to the “core” options of GRI standards and the moderate guarantee in AA1000 AS v3 Type 1. In particular, please refer to the last page of this report for the Independent Assurance Opinion Statement presented by BSI.

Contact Information

The complete content of this report will be available in an electronic file for reading and download from the YFC company website (<http://www.tac.com.tw/>). Please contact us for any opinion and feedback on this report.

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Chairman Li-Lien Yen Chen



President Kuo-Hsing Hsu



Words from Management

GRI 102-14

Yulon Finance Corporation celebrated its 30th anniversary of achievement in robust company operation and complimented the most substantial 2021 management performance over the last 30 years, generating an annual operating revenue of NTD31.962 billion and hitting a record high earnings per share (EPS) of NTD12.96. Not only do we generate and share value and profits with shareholders and employees, but we also bear the mission of co-prosperity with society on the path to corporate sustainability management. We implement corporate social responsibility through co-existence and co-prosperity with society, thereby accomplishing the mission of corporate sustainability development.

In 2021, Taiwan society faced the rigid test of level 3 epidemic alert from COVID-19. Upholding the philosophy of building better “people, car and life”, Yulon Group integrated the thee YFC and Group related corporate sources to jointly devote the pandemic prevention actions, responding to the “New Taipei City Anti-Pandemic Hope Project” using its principal operations, supporting vehicle and transport service resources and providing pandemic prevention suppliers used for vehicle cleaning station. Moreover, the Group supports New Taipei City through the co-protection of green medical passage, establishing the pandemic prevention transport network and establishing the social care network through the professional services of Yulon Group. Additionally, during the severe pandemic period, Yulon Group not only implemented the office pandemic-prevention policy inside the enterprises and activate working from home but also apply for vaccination insurance for all employees, which premiums are fully paid by the Company as an appreciation and solitude for the hardship endured by the employees during the pandemic prevention period, providing employees with secured protection and implementation of corporate and work responsibilities.

YFC helps all stakeholders understand the concepts and conducts of YFC in sustainability management through different communication channels. In 2021, the Company complied with the strategic guidelines of social co-prosperity, environmental-friendly and sustainability governance to implement the activities. With regards to sustainability management, the Company is highly recognized by winning the Sustainability Resilience Award presented by BSI and the 16th Golden Torch Award in the category “Outstanding and Potential Enterprise of the Year” and “Innovation Design of the Year” sponsored by

the Outstanding Enterprise Manager Association (OEMA). In midst of the various political, trade-confrontation, contagious disease, and climate change impacts worldwide, in spite of the possible impact on the corporate operation, YFC continues to value the company's potential risks related to governance, social and environmental issues, in addition to upholding to the company development in strategies of sustainability management to improve company operation and boost the operational resilience, and thereby ensure the management performance and sustainable development.

Boosting Human Resources Cultivation and Digital Operational Resilience

YFC believes in personnel training and establishing peer passion and mission towards the company, which are important factors in robust growth. Hence, the Company not only established a complete peer occupational training map, but also extended the senior manager incubation plan in 2021. The preparation of a candidate management mechanism can improve the senior managers' database. Additionally, the Company also arranges for multiple training activities through project plans to instruct new technology and knowledge, hereby upgrade personnel capacity and development, as well as prepare the talents in key positions at all levels. Moreover, with regard to salary remuneration, the changes in the overall external environment and the market trends are taken into account to provide more benefits and market competitiveness for employees. Starting from 2022, the Company also underwent a structural employee remuneration adjustment policy, and the monthly salary of employees on average is up by 20% as incentives for employees to grow positively with the Company.

Under the impact of recurrent pandemic situations, the service model and channels provided by enterprises to customers have resulted in a diverse fusion of patterns. YFC adopts data convergence, data application and analysis, and a digital decision-making system through automation, data, and smart digital optimization strategies to boost the Company's digital capacity and digital service procedures, thereby providing services that meet more consumer demand. The Company undergoes concurrent digital transformation engineering to drive the reforms with data, take challenges in current conditions, consider new technology applications, human resource capital, and direction of procedure improvement through AI data monitoring and risk warning, to extend the value of enterprises and build a foundation of sustainability management on the basis of corporate legacy.

In-Depth and Improved Corporate Governance

Corporate governance and information transparency are the key elements for enterprises to maintain the rights and interests of stakeholders and corporate sustainable development. YFC is recognized as the top 5% of the Eighth Corporate Governance Evaluation Ranking through excellent corporate governance and management performance. YFC sets up corporate governance supervisors to implement corporate governance related actions and thereby establish and improve effective corporate governance related systems. Additional to assisting the Board of Directors in supervision and management functions, YFC has set up the "Sustainability Management Committee" and "Risk Management Committee" apart from the regulatory requirement in 2020, where the independent director serves as the convenor. With the

professional opinions given by the Committee members, the company is able to improve the operational risk control and reduce the impact of the corporate operation on the environment, thereby promoting the development of a sustainable environment. In 2021, the committees have called quarterly meetings to review strategies, project goals, and promotion progress.

The Board of Directors is the core organization of the Company in terms of operational supervision and decision-making. The regular evaluation of the Board of Directors' performance may review and improve the annual operation and boost the operational performance of the Board of Directors. According to the "Board of Directors Performance Evaluation Guidelines," the Company completed the self-evaluation of the Board of Directors in 2021 and commissioned the Taiwan Institute of Ethical Business to execute the external evaluation of the Board of Directors. In 2021, the Company also conducted the internal performance evaluation of the four functional committees for the first time. The evaluation results reveal that the overall operations of all committees were excellent and the issues of constructs to be strengthened will be improved and optimized to boost the overall operating performance and improve the responsibilities of corporate governance.

Green Energy Investment and Environmental Sustainability

The infringement brought by global extreme climates frequently occurred in 2021, resulting in disasters and losses on a large scale. The global extreme climate-related issues become normalized, which reminds all enterprises more clearly to take valid steps and stride towards an environmental-friendly sustainable development and the control guidelines for a sustainable environment become more urgent.

YFC operates the green energy industry through its subsidiary - YES-Energy Service Co., LTD. to integrate the two "power" companies in photoelectric and electric vehicles. The company invests in solar power plants and operation business as well as the complete smart charging services for electric vehicles, accumulating over 2,600 charging stations deployed, making the company the largest service provider of electric vehicle charging and operation in Taiwan. The Company builds a complete vertical service from power generation to power charging services with constant boosting of charging station deployment in Taiwan, providing diverse green-power charging solutions and establishing green ecology.

Establishing Transport Network Services for Rural Areas

Yulon Group has integrated the group resources with the concept of services in local transport mobility since 2018 by forming a strategic alliance with relevant organizations (including Ourcitylove social enterprise co., Ltd, Hantek, and CPC) to launch the 3-year service project collaboration with the Association of South-UnkHealth Care Promotion for Taitung County. The project offers subscribed service resources for transport in a rural area, unfold the innovative rural medical transport services, and sings the circular economy concept of "donating services without donating the vehicle" model to provide the operation of rural transport medical services vehicles. The Company commissions the professional appraisal unit to calculate the social return on investment (SROI) for two years and it was calculated that every NT1 of investment can generate a social value of NT15.79. Yulon Group collaborates with YFC and group affiliates




to extend the medical escort vehicle program in 2022, making adjustments on a 1.0 basis and continuing to create maximum service benefits. The Company intends to expand a dense network through cross-domain and diverse applications for developing the new vision in the transport-driven regional revitalization and thereby building a truly sustainable product and service model for rural areas.


The book, *Atomic Habits*, shares with us that the most effective method of changing habits is to “change the identity.” YFC takes pride in becoming the practitioner of sustainability management through co-prosperity with society. The Company commits itself with resources and efforts in corporate governance, social care and environmental sustainability through every seemingly micro action, in order to cultivate every step on the path to sustainability and join other enterprises in efforts to achieve sustainable goals.



2021 Sustainability Performance *GRI 201-1*




United Nations Sustainable Development Goals




The United Nations passed the Sustainable Development Goals (SDGs) in 2015 with an aim to improve the worldwide poverty-wealth gap, gender equality, sustainable development, environmental protection, and many issues. YFC follows the 17 core goals, the sub-goals and indicators of SDGs to guide the company towards the roadmap to sustainable development.



SDGs United Nations Development Goals	Targets Subgoals	YFC Corresponding Topic of Report	Page No.	Sustainability Category
 SDG 1 No poverty: End poverty in all forms everywhere.	1.4 Ensure the rights and access right of poverty and disadvantaged groups to resources and service equality.	Social Involvement – Medical Escort Vehicle Program	P. 106	Social
 SDG 2 Zero Hunger: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	2.1 Poverty and disadvantaged groups access to safe, nutritious and adequate food.	Social involvement –Charity Involvement	P. 109	Social
 SDG 3 Good Health and Well-Being: Ensure healthy lives and promote well-being for all at all ages.	3.2 Reduce mortality in newborns and children. 3.3 Eliminate contagious diseases. 3.8 Implement medical healthcare. 3.a Strengthen the implementation and practice of tobacco control.	<ul style="list-style-type: none"> •Impact and Actions Against Covid-19 •Healthy and friendly work environment •Social involvement –Anti-Pandemic Hope Project •External Advocacy Involvement – smoking ban advocacy 	P. 26 P. 92 P. 28 P. 54	Social

SDGs United Nations Development Goals	Targets Subgoals	YFC Corresponding Topic of Report	Page No.	Sustainability Category
 <p>SDG 4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<p>4.4 Strengthen the technology and vocational skills of working labor.</p> <p>4.5 Eliminate sex inequality and ensure the channel and occupational training of disadvantaged groups in accepting educational training.</p> <p>4.7 Ensure the learning of necessary knowledge and skills to promote sustainable development.</p>	<p>Personnel training</p>	<p>P. 99</p>	<p>Social</p>
 <p>SDG 5 Gender Equality: Achieve gender equality and empower all women and girls.</p>	<p>5.1 Eliminate all forms of discrimination against women.</p> <p>5.5 Ensure women with equal opportunities to participate in decision-making leadership at all levels.</p> <p>5.c Promote sex equality and improve the capacity of all women.</p>	<ul style="list-style-type: none"> •Human resource •Human right policy 	<p>P. 75 P. 78</p>	<p>Social</p>
 <p>SDG 6 Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all.</p>	<p>6.4 Increase water use efficiency and ensure sustainable freshwater supply and recycling.</p>	<p>ISO14001 certificate</p>	<p>P. 118</p>	<p>Environment</p>
 <p>SDG 7 Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable, and modern energy for all.</p>	<p>7.1 Ensure affordable, reliable and modern energy services.</p> <p>7.2 Boost global renewable energy sharing.</p> <p>7.3 Boost global energy efficiency.</p> <p>7.a Enhance the channel for acquiring clean energy, promote energy infrastructure and investment in clean energy technology.</p> <p>7.b Provide modern and sustainable energy service infrastructure.</p>	<ul style="list-style-type: none"> •Sustainability of Operation •Low Carbon Emission Conduct •Green energy investment 	<p>P. 118 P. 120 P. 125</p>	<p>Environment</p>

SDGs United Nations Development Goals	Targets Subgoals	YFC Corresponding Topic of Report	Page No.	Sustainability Category
 <p>SDG 8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>8.2 Enhance the economy capacity of high added-value and labor intense industry</p> <p>8.3 Encourage micro and SME growth, including the channel for acquiring financial services.</p> <p>8.4 Improve global energy use and production efficiency, lower relevance in economic growth and environmental deterioration.</p> <p>8.6 Reduce unemployment, deprivation of education and lack of training in young people.</p> <p>8.8 Protect labor rights, promote safety of work environment.</p> <p>8.10 Provide wider banking, insurance and financial services.</p>	<ul style="list-style-type: none"> •Company history •Sustainability strategies and operations •Corporate credit rating •Healthy and friendly work environment •Low-carbon emission conduct •Green energy investment •Social involvement 	<p>P. 15</p> <p>P. 24</p> <p>P. 67</p> <p>P. 92</p> <p>P. 120</p> <p>P. 125</p> <p>P. 106</p>	<p>Governance</p> <p>Social</p> <p>Environment</p>
 <p>SDG 9 Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<p>9.1 Develop affordable, fair and sustainable infrastructure for all.</p> <p>9.2 Promote tolerance and sustainable industrialization, boosting industry employment rate and GDP.</p> <p>9.3 Increase channels for small enterprises to acquire financial services and affordable loans.</p> <p>9.4 Upgrade infrastructure, boost energy use efficiency, and adopt clean and green technology and industrial processing.</p> <p>9.b Support development and innovation, establishment in favor of diverse development and boosting product added-value.</p> <p>9.c Provide information communication technology with availability.</p>	<ul style="list-style-type: none"> •Sustainability strategies and operations •Product service innovation •Social involvement •Low-carbon emission conduct •Green energy investment 	<p>P. 24</p> <p>P. 70</p> <p>P.106</p> <p>P. 120</p> <p>P. 125</p>	<p>Governance</p> <p>Social</p> <p>Environment</p>

SDGs United Nations Development Goals	Targets Subgoals	YFC Corresponding Topic of Report	Page No.	Sustainability Category
 <p>SDG 10 Reduced Inequalities: Reduce inequality within and among countries.</p>	<p>10.3 Ensure opportunity equality, reduce inequality, and eliminate discriminating laws, policies and practical practice.</p>	<p>Social involvement</p>	<p>P. 106</p>	<p>Social</p>
 <p>SDG 11 Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>11.2 Provide transport system with sustainable development, particularly paying attention to the need of disadvantaged groups.</p>	<p>Social involvement - Medical Escort Vehicle Program</p>	<p>P. 106</p>	<p>Social</p>
 <p>SDG 12 Responsible Consumption and Production: Promote green economies, and ensure sustainable consumption and production patterns.</p>	<p>12.2 Implement the sustainability management and efficient use of natural resources</p> <p>12.5 Prevent, reduce, recycle, and reuse to substantially decrease the production of waste.</p> <p>12.6 Include sustainable information in corporate report cycle.</p> <p>12.7 Promote procurement procedure with sustainable development.</p> <p>12.8 Ensure the information, awareness and practice related to sustainable development.</p>	<ul style="list-style-type: none"> •Sustainable strategy and operation •Sustainable supplier management •Sustainability of operation environment •Low-carbon emission conduct •Green energy investment •Environmental protection campaign 	<p>P. 24</p> <p>P. 73</p> <p>P. 118</p> <p>P. 120</p> <p>P. 125</p> <p>P. 128</p>	<p>Social</p> <p>Environment</p>

SDGs United Nations Development Goals	Targets Subgoals	YFC Corresponding Topic of Report	Page No.	Sustainability Category
 <p>SDG 13 Climate Action: Take mitigation or adaptation action to combat climate change and its impacts</p>	<p>13.1 Strengthen post-disaster restoration capacity and adaptation capacity to risk related to natural disasters and climate.</p> <p>13.2 Include climate change measures into policy, strategy and plan.</p> <p>13.3 Establish and upgrade the knowledge, education and capacity in response to climate change warning.</p>	<ul style="list-style-type: none"> •Product service innovation •Climate change •Sustainability of operation environment •Low-carbon emission conduct •Green energy investment •Environmental protection campaign 	<p>P. 70</p> <p>P. 112</p> <p>P. 118</p> <p>P. 120</p> <p>P. 125</p> <p>P. 128</p>	<p>Environment</p>
 <p>SDG 14 Life Below Water: Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>14.1 Prevent and reduce various marine pollution.</p>	<p>Environmental protection campaign</p>	<p>P. 128</p>	<p>Environment</p>
 <p>SDG 15 Life on Land: Preservation and sustainable use of terrestrial ecosystem to ensure biodiversity and prevent land degradation</p>	<p>15.1 Protect, restore, and sustain the use of the freshwater ecosystem.</p>	<ul style="list-style-type: none"> • Sustainability of operation environment • Low-carbon emission conduct • Environmental protection campaign 	<p>P. 118</p> <p>P. 120</p> <p>P. 128</p>	<p>Environment</p>

SDGs United Nations Development Goals	Targets Subgoals	YFC Corresponding Topic of Report	Page No.	Sustainability Category
 SDG 16 Peace, Justice and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.3 Promote rule of law to ensure a fair judicial channel for everyone. 16.4 Reduce illegitimate monetary and firearm flow and against all forms of organized crimes. 16.6 Develop an effective, responsible and transparent system.	<ul style="list-style-type: none"> •Corporate governance •Regulatory compliance •Information disclosure and transparency •Ethical management 	P. 47 P. 55 P. 57 P. 57	Governance
 SDG 17 Partnership for the Goals: Establish diversified partnerships and collaborate in promoting sustainability vision.	17.17 Promote social partnership through the experience and fundraising strategies of partnership.	Social involvement - Medical Escort Vehicle Program	P. 106	Social

Consolidated Financial Information For The Last Three Years

UNIT: NTD Thousand

Item	Basic Elements	2019	2020	2021
Direct economic value produced	Revenue	29,150,803	29,632,864	31,962,181
Economic value distributed	Operating Costs	25,305,824	26,061,557	25,146,800
	Employee salary and benefit (Note 1)	786,235	804,327	1,198,397
	Payment to investors (Cash dividend of the current year)	1,559,415	1,761,816	2,301,806
	Payment to the government (Note 2)	943,528	809,395	1,664,252
	Community Investment (Note 3)	3,699	5,751	2,732
Economic Value retained	(Production -Distribution)	552,102	190,018	1,648,194

Note 1: Including employee bonus, pension, labor/health insurance and other personnel expenses, and employee salary. The 2019 and 2020 financial information have been re-calculated according to the aforementioned principles.

Note 2: Taxes paid to the government.

Note 3: Donation to government agencies, charity groups and charity expenses.

Note 4: The financial information comes from the company' s annual report, which report has been audited and attested by CPA.

2021 Operating performance summary

Environment

- Green financing project (including solar power and green energy related equipment) undertaking amount up **30%**, compared with that of 2020.
- Cumulative over **2,600** charging stations installed, with carbon reduction equivalent to **5,290** tons CO₂e
- Independent Solar Power Plan Carbon Reduction Equivalent to **16,137** Tons CO₂e °

Social

- In response to New Taipei City Anti-Pandemic Hope Project, YFC cooperated with Yulon Group related corporate donation of cars and supplies to support the green medical escort and collaborate with private sectors, carrying more than **4,000 rides of patients**.
- Insured **Covid-19 vaccination insurance for all employees**.
- South Link Highway Smart Transportation Charity Service Project is a three-year project, providing cumulative services to over **18,000 people and 680,000 kms**.

Governance

- Ranked **Top 5% Ranking** in 8th (2021) Corporate Governance Evaluation for Public Companies.
- Awarded by BSI with **"2021 Sustainability Resilience Award,"** the 16th Golden Torch Award in category of **"Outstanding and Potential Enterprise of the Year"** and **"Innovation design of the Year."**

The Company integrates the horizontal value chain of automobile financing to provide installment and automobile horizontal services needed by consumers, strengthen the core system, optimize the financial structure, train personnel, and promote digital transformation work to solidify the dynamics of corporate sustainable growth. The Company also constantly implements corporate social responsibility and environmental sustainability work. The specific 2022 sustainability performance is described below:

Governance



Governance Construct
(Note 1)



Total assets

Unit: NTD hundred million

Profit before income tax

Unit: NTD hundred million

2021	2,321	2021	70.24
2020	2,026	2020	37.07
2019 年	2,005	2019	40.05

Operating revenue

Unit: NTD hundred million

EPS

Unit: NTD hundred million

2021	320	2021	12.96
2020	296	2020	7.69
2019	292	2019	7.21

Social



Social Construct (Note 2)

Number of employees

Unit: People

2021	680
2020	605
2019 年	569

Average number of training hours

Unit: People/Hr

2021	11.4
2020	7.9
2019	6

Amount of benefit expenditures

Unit: NTD Ten Thousand

2021	1,429
2020	1,200
2019	1,020

Employee satisfaction

Unit: Points

2021	86.5
2020	79.6
2019	82

Environment



Environmental Construct (Note 3)

Per capital power consumption

Unit: kWh

2021	1,225
2020	1,377
2019	1,571

Opto-electric financing project

Unit: NTD 100 million

2021	11.15
2020	8.57
2019	8.96

Independent power plant power generation

Unit: mWh

2021	18,868
2020	10,136
2019	2,693

Opto-Electric Carbon Reduction Effect

 Unit: Ton CO₂e

2021	9,604
2020	5,159
2019	1,371


Note 1: The financial data of governance construct have been audited/attested by CPA. EPS has been traced for adjustment with the impact of free dividends. EPS is traced for the impact of annual stock dividend with calculation by weight average equity.

Note 2 : The scope of information statistics for social construct is based on YFC.

Note 3 : With regards to environment construct, starting from 2018, the 100% reinvested subsidiary YES-Energy Services Co., Ltd. specialized in the development of green energy business. The photovoltaic carbon reduction benefit converted from the power generation of self-power plant is converted according to the power carbon emission coefficient announced by the Energy Bureau of the Ministry of Economic Affairs.

I. About Yulon Finance Corporation	II. Sustainability Management	III. Management and Governance	IV. Customer Value	V. Happiness Workplace	VI. Social Involvement	IIIV. Environmental Sustainability
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I. About Yulon Finance Corporation *GRI 102-1,102-2,102-3,102-5,102-7,102-45*

Company Name	Yulon Finance Corporation  裕融企業股份有限公司 Yulon Finance Corporation
Ticker Symbol	9941-TW
Date Of Establishment	April 12, 1990
Listing Date	September 17, 2001
Chairman	Ms. Li-Lien Yen Chen
President	Mr. Kuo-Hsing Hsu
Paid-In Capital	NTD 4,821,465,370
No. Of Employees	680 people (Statistics compiled for YFC employees working in Taiwan as of 2021/12/31)
2021 Operating Revenue	NTD 31,962,181 thousand
2021 EPS	NTD12.96
Main Product	New vehicle installment, used car installment, equipment (vehicle) leasing and product installment.
Company Address	15F, No. 2, Section 2, Dunhua Road, Taipei City 10683
Company Phone NO.	886-2-2702-5055
Company Website	https://www.tac.com.tw

1. Company History

YFC has been established for more than 30 years and underwent a solid foundation, M&A, and overseas expansion. YFC eventually established three financing businesses, including “automobile financing, corporate financing, and consumer financing” to consolidate the transport, vehicle, and horizontal energy businesses with access to the major three regional markets (Taiwan, Mainland China, and Southeast Asia) goals by stage.

In the first decade, Yulon Motors joined a joint venture with GE Financing, engaging in installment



services for new cars sold. Due to the strategic adjustment of GE, Yulon Group entered independent development. To expand its business scale, Yulon entered the used car market and established the foundation of core development in the automobile installment business.

When the automobile market thrived with growth in the second decade, YFC played the integrator of the horizontal automobile business in order to build a complete automobile industry value chain for Yulon Group. YFC actively adopts M&A strategies, including the extension from passenger cars to commercial vehicles and from automobile installment to car leasing and used car businesses. YFC intends to create the synergy and value of resource integration. During this period, Taiwan underwent financial storms in credit cards and cash cards as well as a global financing crisis, some peer financing companies backed out from the market as they could not sustain the bad debts and drastic decline of the business scale. Nonetheless, YFC still maintained growth and development in overall corporate profits due to its solid foundation and proper market responses.

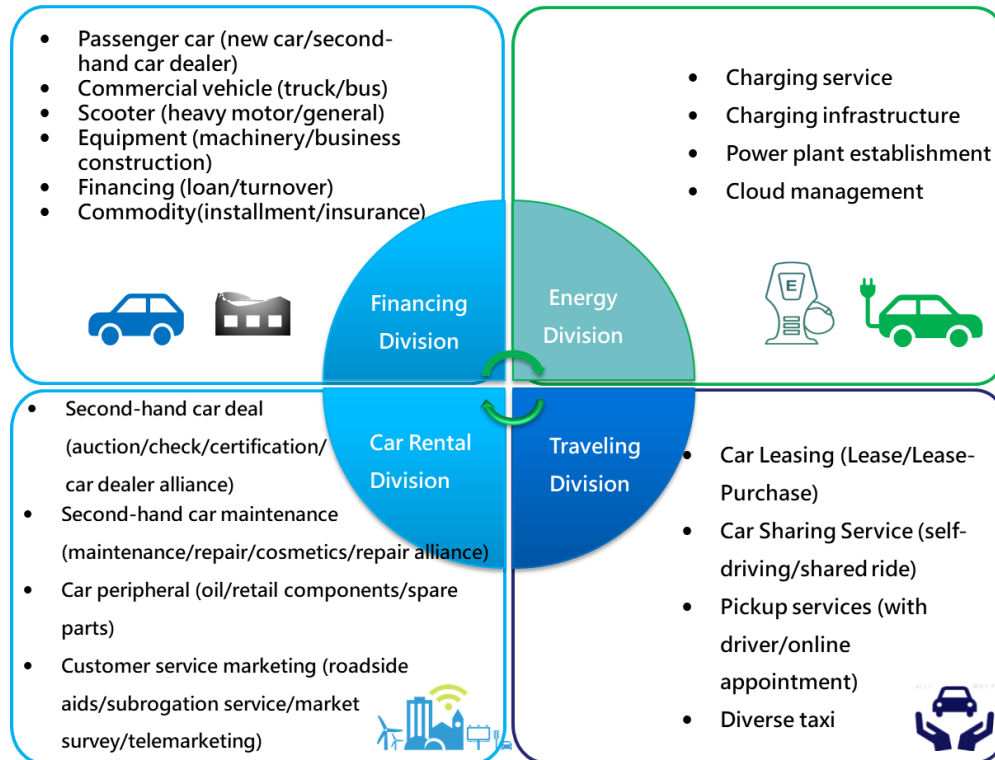
In the third decade of the development period, Taiwan's automobile market has become relatively mature while YFC and its subsidiaries show stable development trends. Moreover, the mainland Chinese market was just about to take off, and hence the horizontal businesses established subsidiaries in China, including financing, leasing, used cars, and traveling. At the end of 2015, Zhejiang Office of China Banking and Insurance Regulatory Commission approved the licensing and financial permit of YFC financing company, which is the first Taiwan company engaging in automobile financing special permit issued by China. The company engages in the new car installment for group plant in China and the financing services for distributor inventory, as well as the used car installment services. The businesses in China in general showed profits but still actively expands the business market and scale. At the end of 2017, YFC also accessed the Southeast Asian market and established the Yulon Finance Philippines Corporation in 2018 to launch a new chapter of development in the Southeast Asian market and expand the overseas business territory. In 2019, YFC integrates photovoltaic and car power to become the 4th major services of YFC: energy business, investment in green energy photovoltaic industry, and integration with car power business, and become an energy supply integrator.

Looking back, the Company has made breakthrough progress every ten years. In the first ten years, the Company built a solid foundation for YFC while in the second ten years, YFC expanded the industry value chain according to the mission of corporate development. YFC will not only continue to improve products and services in the third ten years but also extend services to overseas markets and open new business markets and plans.

Yulon Group has long upheld the corporate philosophy of building better “people, vehicles, and life.” The development trend of the automobile industry has shifted towards smart, electric, and sharing mode, where the innovative capacity of business development is the key factor in maintaining market competitiveness. YFC has long considered itself an innovative pioneer that gradually builds digital services through the customer-oriented idea, controlling the policy movement for the development of new businesses or products. YFC will also continue to integrate resources from the financial horizontal

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business of Yulon Group to take all future challenges positively in the competition of Taiwan and overseas markets, thereby pursuing excellent management performance and the sustainable development of the Company.





Company Development Chronicles


Development Period	Events	
 Build solid foundation	1990.04	YFC establishment, Yulon Motors and GE Finance each held 50% equity respectively with capital of NTD60 million.
	1995.01	GE Finance shareholding ratio dropped to 20% and Yulon Motors guided the direction of corporate management.
	1997.04	YFC certified by BVQI Taiwan Branch with ISO9002 International Standards Inspection,
	1997.07	GE Finance backed out and Yulon Motors held 100% of shares.
	1999.12	YFC listed as OTC company on Taipei Exchange (Ticker Symbol: 8922).
	2001.09	YFC went listing on Taiwan Stock Exchange (Ticker Symbol: 9941).
	2003.05	Acquired 100% equity of Shinshin Credit Corporation, accessing the installment service for drugs and buses.



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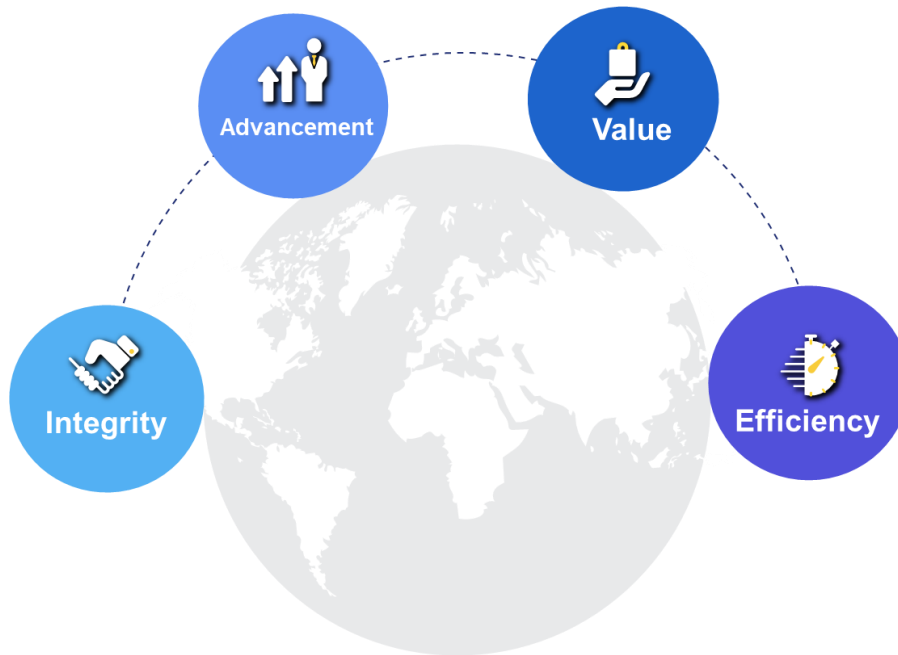
Development Period	Events	
 M&A development Financial level	2003.12	Acquired 45% of Car Plus to expand leasing business.
	2007.12	Established Car Plus Lease Co., Ltd. with Car Plus to access the mainland lease market.
	2008.04	Increased equity in Car Plus Lease Co., Ltd. from 45% to 69%.
	2010.01	Co-founded Car Plus Lease (Shanghai) Co., Ltd. with Car Plus Lease Co., Ltd., adding designated driver business and short-term lease service.
	2010.08	Invested and established Yulon Lease Co., Ltd. to access equipment lease services in mainland China.
	2010.12	Acquired SINJANG CO., LTD. with Car Plus Lease Co., Ltd. with a comprehensive shareholding of 59%, accessing the used car auction, checking the market and acquiring the right of management to SAVE Used Car Alliance, and thereby upgrading its competitive advantages in used cars.
 Overseas Expansion Towards international stage	2013.04	Expanding scope of business through service innovation, offering installment services for scooter and consumer products.
	2014.02	Joint venture with Zhejiang Kangqiao MOTOR Industry and Trade GROUP to found Zhejiang Chengyi Automobile Technical Services Co., Ltd. engaged in used car auction and business checking.
	2014.03	Founded Yuguo Lease Co., Ltd. to access the automobile installment and financing market in China, expanding financing services for a new car and used car installment.
	2016.04	Yu Rich Financial Services Co., Ltd. officially launched its operation and YFC holds 82.12%, mainly targeting the payment services by installment for heavy motorcycles, general scooters and consumer products.
	2016.04	Co-founded Yulon Finance (China) Co., Ltd. through a joint venture with Yulon Motors launched the operation. Yulon Motors holds 51% and YF holds 49%, developing automobile financing-related services for new cars and used cars in China.
	2017.04	Top 5% performance in 3 rd Corporate Governance Evaluation held by Taiwan Stock Exchange.
	2018.04	URICH digital financing platform launched. Online installment platform.
	2018.04	Listed company with top 5% performance at the 4 th corporate governance evaluation held by Taiwan Stock Exchange, winning special honor with top 5% ranking among listed companies two years in a row.
	2018.05	Yulon Finance Philippines Corporation was set up in May and operation started in September.

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Development Period	Events	
 <p>Overseas expansion Towards international stage</p>	2018.12	Acquired ISO14001 environmental management and system certification, exhibiting idea and determination of environmental protection.
	2019.03	Acquired 70% equity of SINGAN CO., LTD. to boost the integration of horizontal business.
	2019.04	Acquired 100% equity of Yes-Energy to expand business territory to energy sector.
	2019.04	Listed company with top 5% performance at the 6th corporate governance evaluation held by Taiwan Stock Exchange, winning special honor with top 5% ranking among listed companies three years in a row and ranked top 10% of listed/OTC companies in "Non-Financial Electricity Category with Market Value over NTD10 billion.
	2019.11	Awarded by BSI with "Sustainability Outstanding Award" to highlight the implementation of corporate social responsibility.
	2020.01	Consolidated asset scale reaching NTD200 billion.
	2020.01	Added one seat of independent director to introduce more external expert opinions and enhance corporate governance and execution corporate social responsibility.
	2020.04	YFC 30 th Anniversary. Co-Prosperity with Yulon
	2021.03	Awarded with "Golden Torch" for top 10 distinguished enterprises and innovative design award of the year from OMEA.
	2021.10	YFC subsidiary – Shinshin Co., Ltd. issued IPO (Ticker Symbol: 6871) with total amount of NTD2.749 billion, generating maximum proceeds for shareholders.
	2021.11	Winning "Sustainability Resilience Award" from BSI.
	2022.04	Top 5% performance for listing companies of the Eighth Corporate Governance Evaluation Ranking

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2. Management Philosophy GRI 102-16



YFC business philosophy is S.A.V.E, representing: Sincerity, Advance, Value, and Efficiency respectively. SAVE means saving and economic with the homophonic sound of SAFE, signifying safe and reliable

We expect the employees to implement the business philosophy of YFC to all constructs of the work, shaping a people-oriented corporate culture with proactive innovation. All employees should “meet customer” and work towards the highest objectives in creating “maximum shareholder interests.” The implementation of business philosophy wins trust and prestige from consumers, establishing market reputation through solid steps and maintaining robust operation and development through innovative ideas.

YFC voluntarily keeps abreast with other financial peer industries based on various regulatory requirement superior than those of competent authorities. In the corporate governance evaluation held by Taiwan Stock Exchange, YFC has always been listed top 20% of the overall listing/OTC companies, and even received the top 5% in the 3th to 5th and 8th year. YFC demonstrates superior performance in maintaining shareholder equity and equality towards shareholders, strengthening BOD structure and operations, improving information transparency, and implementing corporate sustainable development. The specific practice of YFC’s corporate philosophy in sincerity, advance, value, and efficiency helps YFC to uphold the corporate philosophy and move towards the goal of corporate sustainability development.

3. Organization System

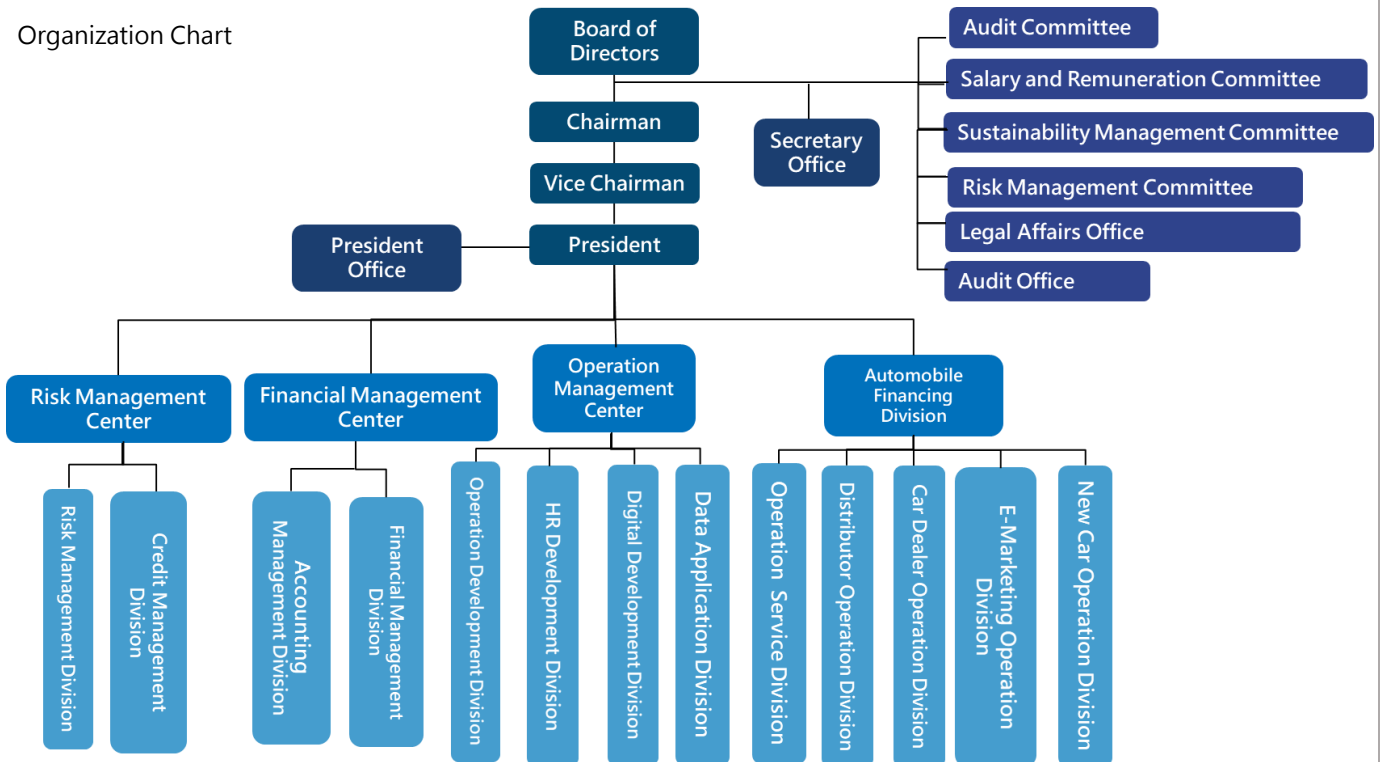
YFC adopts the Board of Directors as the highest governance unit of the Company, which supervises the direction of company operation and material decisions. The Board of Directors sets up functional

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committees to assist the Board of Directors with supervision and management. The President leads the management team to implement the various operation duties of the Company and formulate the business plans according to industry trends and market competition conditions, as well as coordinating the operations of all functional departments. The chairman of the Company and president are served by different people with distinct division of responsibility. Moreover, the chairman is not a member of the management team to implement the spirit of corporate governance.

2021/12/31

Organization Chart



Operating Offices *GRI 102-4, 102-6*

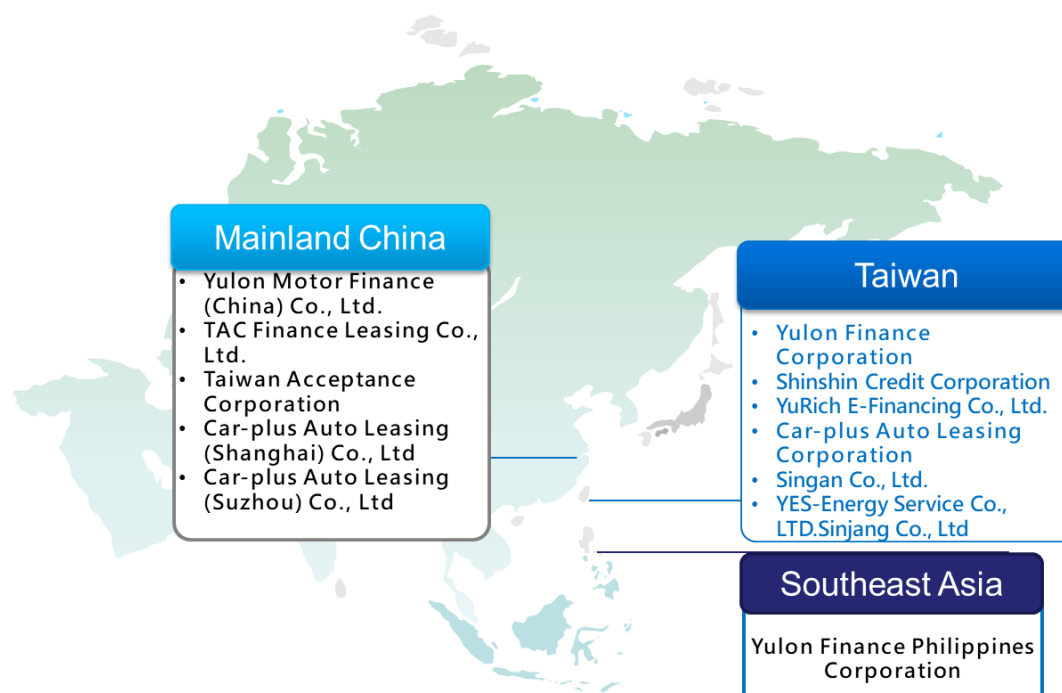
- Operating Offices in Taiwan**

YFC offers installment services for compact passenger cars, including new car installment, used car installment, original car financing services. YFC set up 12 service offices in northern, middle and southern Taiwan (including headquarters) and set up regional offices apart from the headquarter. Apart from providing local customers with solution for fund needs nearby but also create local employment opportunities and promote local economic development.

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Company	Phone NO.	Address
Taipei Headquarters	(02) 2702-5055	15 F., No. 2, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
Northern Taiwan Office	(02) 2702-5055	15F, No. 3, Minsheng Rd., Banqiao Dist., New Tapei City
Middle Taiwan Office	(04) 2322-4623	21F, No. 309, Taiwan Boulevard, West Dist., Taichung City
Southern Taiwan Office	(07) 222-3989	15F, No. 55, Zhongzheng 3 rd Rd., Xinxing Dist., Kaohsiung City
Yilan Office	(03) 961-3813	7F-2, No. 154, Peiyin Rd., Luodong Township, Yilan County
Taoyuan Office	(03) 271-3828	19F-3, No. 1071, Zhongzheng Rd., Taoyuan Dist., Taoyuan City
Hsinchu-Miaoli Office	(03) 657-2100	4F, No. 257m Wenxing Rd, Zhubei City, Hsinchu County
Changhua-Nantou Office	(04) 7272-218	5F-2, No. 37, Huashan Rd., Changhua City, Changhua County
Yunlin-Chiayi Office	(05) 235-9998	4F, No. 227, Datong Rd., West Dist., Chiayi City
Tainan Office	(06) 220-2686	8F, NO. 88, Zhongzheng Rd., Zhongxi Dist., Tainan City
Pingtung Office	(08) 821-0288	9F-4, 9F-5, No. 450, Ziyou Rd., Pingtung City, Pingtung County
Taitung Office	(089) 310-096	No. 427, Zhengqi N. Road, Taichung City, Taitung County

Affiliated Enterprises and Offices in Asia



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4. Corporate Prestige

Category	Year	Awards of Prestige
Customer Orientation	2015	First Brand Award by Taiwan Consumer Association
Operation Innovation	2015 2021	3 rd Outstanding Taiwanese Company in China Innovative Operation Award 16 th Annual Golden Torch "Innovation Design of the Year"
Management Performance	2013 2013 2021	10 th National Brand E-Sun Award in "Outstanding Enterprise Award." 11 th Annual Golden Torch "Top Ten Distinguished Enterprise of the Year." 16 th Annual Golden Torch "Top Ten Distinguished Enterprise of the Year"
Management Leadership	2015 2016	12 th National Brand E-Sun Award "Outstanding Enterprise Leader Award." 13 th Annual Golden Torch "Distinguished Manager of the Year"
Corporate Governance	2005~2018 2014~2015 2016~2018 2019~2020 2021	Rated by Taiwan Ratings with long-term credit rating as tWA. Top 6%~20% on 1 st and 2 nd Corporate Governance Evaluation for Listed Companies Top 5% on 3 rd ,4 th and 5 th Corporate Governance Evaluation for Listed Companies Top 6%~20% on 6 th and 7 th Corporate Governance Evaluation for Listed Companies Top 5% on 8 th Corporate Governance Evaluation for Listed Companies
Information Disclosure	2015	12 th Securities and Futures Institute Information Disclosure Ratings A++ Grade
Work Environment	2014 2018 2018 2021	Taipei City Government Happiness Enterprise Award Health Promotion Administration -Outstanding Health Workplace -Vitality Award Health Excellence Award from Department of Health, Taipei City Government MOHW Health Promotion Administration Outstanding Health Workplace "Health Care Award."
Social Responsibility	2016 2019 2021	9 th Taiwan Enterprise Sustainability Report Award – Bronze in Financial and Insurance Sector BSI "Sustainability Excellence Award." BSI "2021 Sustainable Resilience Award."





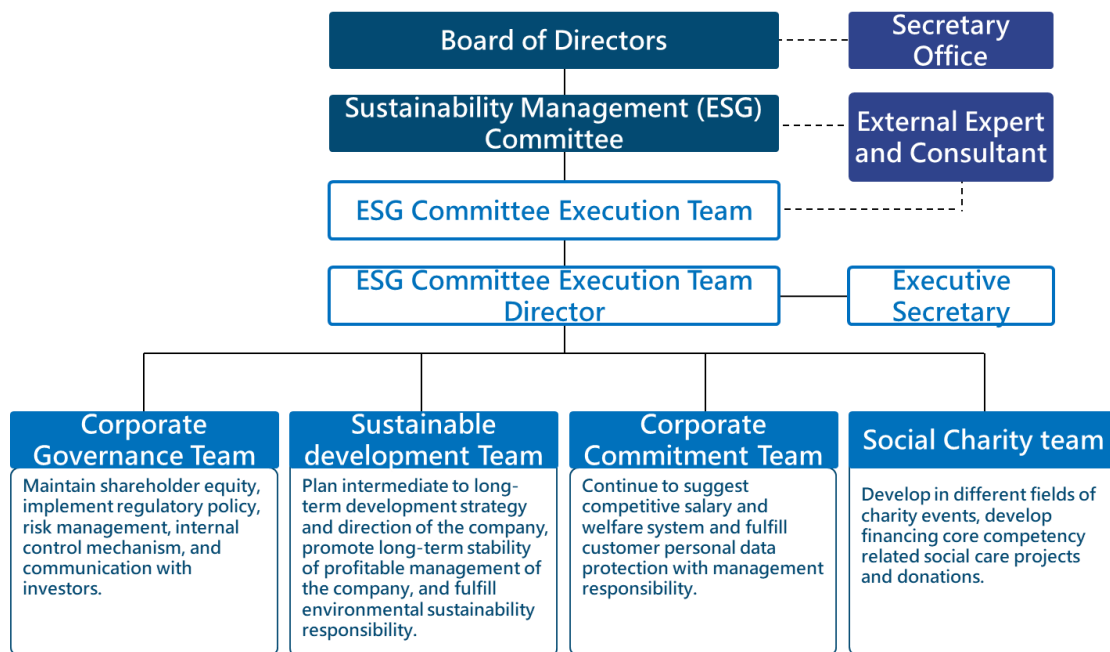
II. Sustainability Management

1. Sustainability Strategies and Operations

Organizational Framework of Sustainability Management Committee

To upgrade the overall practice of corporate sustainability management, the Company established the Sustainability Management Committee (hereinafter referred to as ESG Committee) on November 9, 2020. Apart from covering the responsibilities of existing corporate governance committee, the Committee is also committed to the implementation of executing environment and social-related strategies and actions, paying attention to the opportunities and risks of climate change, and achieve the goals for corporate sustainability management.

The independent director serves as the convenor for ESG Committee while one independent director and one director serve as the committee members. The Company president serves as the director of execution team while the supervisor of the management development office serves as the executive secretary. The ESG Committee executes sustainability management related activities according to "Articles of Incorporation for Sustainability Management Committee" and "Sustainability Development Practice Code." Four work teams have been set up, including the corporate governance team, sustainability management team, corporate commitment team, and social charity team. The responsibilities of the functional teams are described in the following figure.



According to the annual development plan of corporate sustainability management, the functional ESG teams execute various strategic work and shall report the plans and project execution outcome to the ESG Committee at least quarterly, with proper review of progress in promotion and validation of



sustainability management guidelines, in order to strengthen the ESG performance of the company and eventually achieve the short, intermediate and long-term goals of the corporate sustainability development.

Sustainability Development Strategy

YFC upholds the missions of sustainability, including “win-win integrity, peaceful co-existence, and social co-prosperity.” YFC expects to become a professional financing and automobile horizontal service provider by giving feedback to customer, shareholders, and society through concrete actions, fulfilling social corporate responsibility and thereby establishing the three sustainability goals to complete the missions of sustainability.

Sustainability Goals	Description
Management Sustainability	Complete the implement corporate governance mechanism to organizational culture.
Profit Sustainability	Strengthen the profit-making quality of the company and establish business with robust development.
Social Sustainability	Giving feedback to the environment and society by establishing a culture of sustainability management.

YFC upholds the corporate philosophy of sincerity, advance, value, and efficiency by implementing the philosophy of sustainability management and complying with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” to formulate the relevant rules, the policy, system, or management guidelines of sustainable development as well as specific promotion plan. UFC expects to strengthen its management resilience, control risk, and opportunities, and improve corporate value to interact and communication with all stakeholders, thereby creating and sharing long-term value, and making progress towards the goals in corporate sustainability management. According to the “Sustainable Development Best Practice Principles,” the corporate social responsibility can be practiced concurrently with corporate management development. The corporate citizens can increase economic contribution to the country, and improve the living quality of employees, community, and society, in order to advocate the corporate responsibility oriented competitive advantage. Moreover, the eight sustainability strategies are set up to implement the three sustainability goals, as described in the following orientation of strategies :



Strategy and Implementation

1	Develop direction of sustainability development	Intermediate to long-term annual business plan development of the company, based on the sustainable development philosophy and the departments shall take over the development of execution strategies and plan.	5	Control risk mechanism operation	Optimize risk control system efficiency, increase environmental response capacity and risk tolerance.
2	Strengthen corporate governance acts	Implement related regulations, independent action and develop philosophy and benefit of corporate governance in-depth.	6	Implement green environmental-protection acts	Respond to energy conservation and carbon reduction policy, actively promote green sustainability and plan environmental protection activates to contributes efforts to the earth.
3	Implement integrity operation and management	Promote the full cognition of importance of integrity in all employees and continue to strengthen the profound corporate culture.	7	Actively devote in social involvement	Convert corporate core resource into substantial assistance for socially disadvantaged groups, encourage employees to participate with actual actions and fulfill the responsibility of social citizens.
4	Disclose management development effect	Create maximum shareholder benefit, disclose material company management outcome and development strategies through proper and diverse channels, and maintain full and communication relation with stakeholders.	8	Innovative product service and value	Integrate new technology application and innovation of business model to advance in products and services with time and thereby create greater customer value.

2. Impact and Actions Against Covid-19

Operation Actions

Economic activities worldwide were affected by the COVID-19 pandemic in 2021, resulting in the instability of automobile supply chain and the market activities. As the pandemic situation rises in Taiwan, the Company pays attention and monitors the risk factors affecting the pandemic to keep robust asset quality and committee in the expansion of business scale and diversity as the pandemic situation declines and the market thrives. Additionally in mainland China, the asset quality management is strengthened with adjustment of product structure. Hence, under the favorable factors such as significant improvement on the operational quality, the venue and profits both show stable growth and progress. In other overseas areas, the Philippines market becomes relatively rigorous due to the pandemic, and hence the local operational capacity and partnership are strengthened to emphasize on the system establishment and commitment, in order to mitigate the impact brought by the pandemic. The Company adopts multiple risk response strategies to effectively lower operational risks and adopts innovation opportunities to build robust growth in operations in varying environments.

The debt reconciliation mechanism for personal repayment under COVID-19 impact from Financial Supervisory Commission and the business relief and reviving methods for industries with operating difficulties due to severe pandemic impact from the Ministry of Transportation and Communication, YFC also participates in the emergency relief policy by formulating the relief extension program for customers meeting the criteria to help customers hit by the pandemic to mitigate the pressure from livelihood.

Care For Employees

In 2021, Taiwan pandemic entered the rigorous peak period. To maintain the normal company operation, remote working, working from home, and full office disinfection as well as other pandemic prevention measures were taken. Meanwhile, the “Pandemic Prevention for Dummies” were arranged as compulsory course training via online learning. The course content includes the knowledge on daily pandemic prevention and the policy description of the company, regulations governing labor taking leave, and physical and mental health during the pandemic period, providing employees with response guidelines in work and changes of life due to the pandemic.

防疫不停學 **四週學習計畫**

第一週5/31~6/6 日常防疫知識報你知	第二週6/7~6/13 認識勞工假別_防疫篇	第三週6/14~6/20 別讓疫情的壓力 成為你的日常	第四週6/21~6/27 維持高效能的工作方式
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新型冠狀病毒 (COVID-19) 防疫手冊

裕融企業-人力資源發展處

勤洗手

- 進入辦公區域前，於該樓層提供酒精及洗手乳清潔雙手。
- 隨身攜帶75%酒精，以隨時注意手部衛生及清潔。

量體溫

進入辦公區先量測體溫，體溫<37.5°C者始可進入辦公區域。

身體不適

如發燒、上呼吸道、腹瀉、嗅味覺異常、呼吸喘、胸悶等症狀，請儘速就醫並主動告知直屬主管及人資處。

The training and learning platform were used during the pandemic prevention period. Under the frequency of “monthly professional course upload and a weekly update of new education teaching materials,” even though the physical courses could not be implemented during the pandemic, the employees can still have a learning environment of “pandemic prevention without course suspension.” The employees can enrich professional capacity via the digital learning platform any time and upgrade workplace competitiveness. Additionally, the “pandemic prevention without suspension and 4-week learning plan” is designed to encourage the employees learn online, understand pandemic prevention related information, notice for taking leave during pandemic, and are provided with stress-relief and highly efficient working from home mode. The Company not only takes care of the employee health but also cares for the spiritual health and growth of employees.

With the impact of COVID-19 on public life, the Company not only pays attention to and follows up on the information related to the pandemic but also protects the health and safety of employees at the workplace. Additionally, the Company encourages employees to receive COVID-19 vaccination and

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applies “vaccination insurance” for all employees. The Company pays for the full premiums for employees to provide security and protection to employees, realizing the corporate functions of happiness workplace.

Social Involvement

Since the outbreak of COVID-19, the majority of industries and corporate operations have been affected and hit, which led to the substantial influence on the donations and fundraising in many charity groups. YFC does not reduce care for the socially disadvantaged groups due to the pandemic but collaborate with village charity platform to donate security box monthly (rice, noodle, canned food, and supplies) to disadvantaged families that experience emergency with in-field survey and recommendation by the village chief. Additionally, in response to the “sending love to foster homes” activities, healthy and safe food and livelihood supplies that are needed in life, lasting storage and will not degrade easily, including rice, noodle, drinks, and cookies, are prepared as health supply boxes to Taiwan Fund for Children and Families. The supplies will then be provided to Tatung Foster Home and the fund for children and families in Taitung, Hualian, and Pingtung. The children and families need held from rural areas will be cared for, so that the children of disadvantaged families in Taiwan can be taken good care of without worries for food and clothing. They will perceive the full warm care from all fields of the society. In 2021, a total of 184 boxes were donated cumulatively, so that love and care will sustain without interruption.

YFC invites all employees from Taiwan to act in response to the blood donation campaign and held the blood donation and blood vehicle donation at the headquarters. Building units and neighbors were called to donate with enthusiasm. In 2021, 3 sessions of blood donation were held with a total of 119 people participated, donating 42,250c.c. of blood.



To continue preparing for the long-term pandemic prevention, the establishment of pandemic prevention transport strategy is also critical in terms of pandemic prevention. FYC responds to the “New Taipei City Anti-Pandemic Hope Project” and devoted in the pandemic prevention resource integration action with Yulon Group and subsidiaries, YFC customers – Colt, Fong-Jun Car rental, and YFC suppliers – Luxgen, donate vehicles and suppliers. Following the preior donation of five social welfare action vehicles to New Taipei City, Yulon Group donated additional 5 multi-function vehicles to New Taipei City



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with devotion in pandemic supplies transport, in order to combat against the pandemic. Yulon Group also donated NT5 million to “New Taipei City Anti-Pandemic Hope Project” by providing pandemic prevention supplies to the cleaning and sterilization stations of vehicles, and thereby supporting New Taipei City program with green medical passage for diverted transport. The “New Taipei City Anti-Pandemic Hope Project” platform integrates private-sector power by forming 70-vehicle private long-term care car fleet and pandemic-prevention taxi drivers to execute the escort work for those diagnosed with positive COVID-19 results and confirmed cases. These drivers have been devoted to pandemic prevention for 82 days since the severe pandemic period in May. The drivers of the pandemic prevention car fleet stood out to escort more than 4,0000 patients in need under the collaboration of New Taipei City, private-sector car fleet, enterprises, and non-profit organizations.

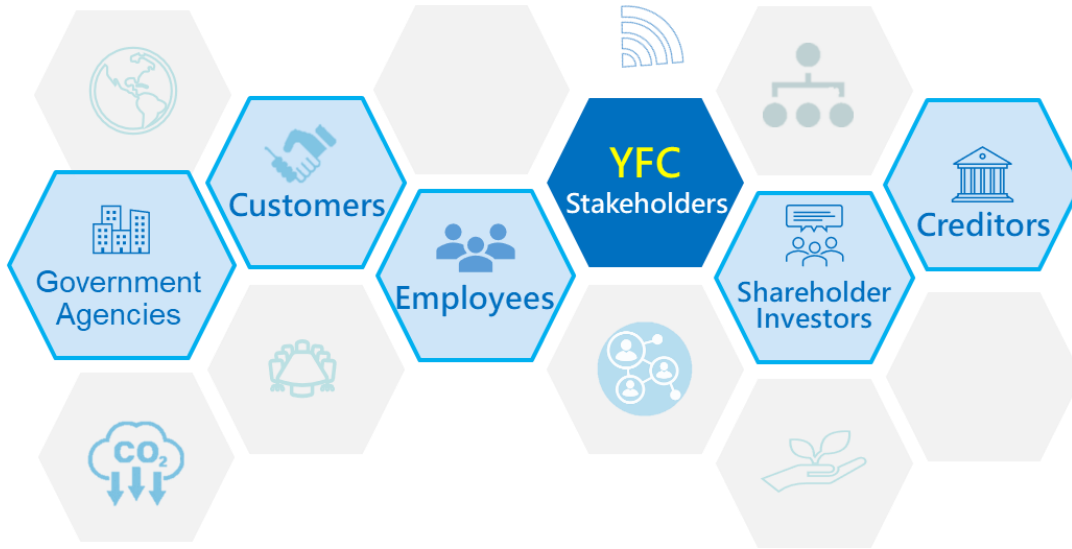
3. Stakeholders Engagement *GRI 102-40,102-42,102-43,102-44,102-46,102-47*

Stakeholders and Procedures for Material Topics Identification

Definition	Main Stakeholders	According to AA1000- Stakeholder Engagement Standard (SES), the five major stakeholders with highest relevance to the CSI and operations of YFC are customers, employees, government agencies, shareholder investors, and creditors. The issues of sustainability are defined according to the overall consideration of stakeholder feedback, international trends, and internal management goals.
Investigation and Communication	Issues concerned by stakeholders	<p>The Company collects and communicates the issues of concern by the stakeholders through the following method:</p> <ol style="list-style-type: none"> Questionnaire Survey: Call person in charge of sales and stakeholder related departmental representatives, including sales, HR, finance, information, customer service, administration, credit department to conduct internal questionnaire survey and provide stakeholder related issues for the operation content which they are responsible for. Correspondence Records of Official Letters: The public letter correspondence between all departments and competent authorities all year round, regulatory propaganda and training, requirement and regulations by competent authorities, shall be provided with report or reply as reference on the issues concerned by government agencies. “ Stakeholder ” Zone on Company Website: The “stakeholder” zone is set up on the company website to provide the contact window for stakeholders with regards to the issues of concern and maintain excellent communication with the stakeholders. ESG Report: All stakeholders may express opinions for the report content or operation effect and execution status via the contact method provided by the ESG reports.
Identification and Management	Issues of concern Major issues	
Plan and Execution	Daily operation and annual plan	The ESG officers compile the issues concerned by the stakeholders and report to the Committee for discussion, identifying the major issues of concern and incorporating in the ESG daily operations and annual plan, routinely call meetings for follow-up of execution progress and results, in addition to reporting to the Board of Directors for review.

Identification Results of The Company's Stakeholders

ESG Committee defines the stakeholders in the following categories according to the identification procedures: Government agency, shareholder and investor, customer, employee, creditor:



Conclusion and Category of Concerned Issues

The four principles of GRI standards include: Materiality, stakeholder inclusiveness, sustainability context, and international trends of sustainable development, with a review of the material issues of international and domestic benchmark companies, and thereby drafting the 22 issues of attention from the three sustainability dimensions, E (Environment), S (Social), and G (Governance). The details are shown in the table below.

Compared with the 2020 issues of concern, the description is adjusted below:

1. Governance: Consolidate "Corporate sustainability management" and "Caproate policy direction" as "Operation sustainability management"; "Personal data protection" was renamed to "Information security protection and personal data protection"; "Automation convenience," "Online service platform" and "Product services" consolidated into "Product Service Innovation": "Customer complaint processing efficiency" and "Communication channel" consolidated into "Customer relation management."
2. Social: "Salary and bonus system" and "benefit system" consolidated into "Employee salary, bonus and benefits." "Workplace safety" and "WORK environment" consolidated into "Healthy and friendly work environment." "Labor-management relation" and "Opinion and response channel" consolidated to "Labor-management harmony and group negotiation," with new issue of "Social involvement" added.
3. Environment: "Greenhouse Gas Emission Reduction" was renamed to "Operation environment sustainability" with new issues of "Climate change actions" and "Sustainable supplier management" added.

The 22 topics after adjustment improve the scope of coverage in various issues.



Construct	Item	Concerned Issue	Definition
Governance	1	Operation sustainability management	Organizations can ensure continuous operations of all company systems under the risks or opportunities with sudden or long-term impacts on corporate operations.
	2	Operation performance	Management outcome and benefits of the organization within a certain period of time.
	3	Information Disclosure and Transparency	Full, accurate and timely disclosure of corporate financial information, materials information and risks to communicate with relevant stakeholders.
	4	Corporate credit rating	The evaluation institution investigates and analyzes the financial status and historic data of evaluating objects, thereby providing the overall evaluation on the financial credit conditions of the objects.
	5	Risk management	Risk definition, measurement, evaluation, and development in response to the risk strategies and actions taken, minimizing the operational loss.
	6	Regulatory compliance	Ensure the legitimacy of organization operation, comply with law, rules and standards to avoid penalty, financial or reputational loss.
	7	Shareholder equity	Equity owned by shareholders in enterprise.
	8	Ethical management	Promote ethical management, anti-corruption, anti-bribery, regulatory compliance, and corporate governance matters.
	9	Corporate governance	Manage and supervise organization operation to implement the responsibility of enterprise manager, and protect shareholders' legitimate rights and stakeholder' s interests.
	10	Information security protection and personal data protection	Ensure corporate information security and protect the personal data of employees and customers.
	11	Product innovation services	Improve product and service added-value through process improvement/technical introduction mechanism, and thereby upgrade the user experience of internal/external customers.
	12	Customer relation management	Upgrade service experience before, during and after sales.



Construct	Item	Concerned Issue	Definition
Social	13	Employee salary, bonus and benefits	Provide a complete salary system, welfare measures so that employees can bring the operation performance into full play, organizing and sharing profits with employees depending on the profit status.
	14	Personnel training	Provide emphasis on learning, growth and innovative environment and resources to improve employee capacity and build team with performance.
	15	Promotion system	Provide corresponding position and salary and welfare system according to the work performance of employees, encourage employees with advancement in career development and inspire work enthusiasm.
	16	Healthy and friendly work environment	Provide employees with complete health care and safe work environment to protect the physical and mental health of employees.
	17	Labor-management harmony and group negotiation	Promote labor-management consensus through systematic channel to maintain labor-management harmony and stability, as well as labor-management collaboration.
	18	Social involvement	Giving feedback to the environment and society to attain sustainability management and the culture of social co-existence and co-prosperity.
Environment	19	Operation environment sustainability	Impact of corporate operational activities on the impact, including energy (such as water and electricity) and various operational activities, directly and indirectly, producing GHG emission, which can effectively reduce GHG reduction through inventory count, goals setting and proper actions are taken.
	20	Green product development	Develop green products favorable for resource recycling and environmental-friendly.
	21	Climate change action	Identify the operational risks and opportunities caused by climate change, develop the management strategies and goals in response to climate change, and adopt short, intermediate and long-term resource investment and transformation to strengthen corporate resilience and grasp market opportunities.
	22	Sustainable supplier management	Manage upstream/downstream supplier chain towards the operational goals for strengthening corporate governance, implementing social responsibilities and environmental sustainability.



Material Issue Matrix *GRI 102-49*

After analyzing the internal and external questionnaire survey, the relevant team members of ESG Committee provide feedback, exchanging concerned issues of stakeholders, and the reference of international trends in sustainable development, government policy and direction of corporate development contributed to the identification of 12 issues with high level of attention and 6 important issues of concern in 2021. Compared with the indicator of 2020 concerned issues, apart from the core issues extended from the previous year, the "Promotion System," "healthy and friendly work environment," and "Operation environment sustainability" were new issues added.



Material Issues and Borders

The material issues of concerned corresponding with material GRI topics, involvement of organization and scope of impact from material topics are shown in the following table:



● Direct Impact ○ Promoting Impact ◎ Impact caused by comical relation

Item	Material Concerned Issues	Corresponding GRI Material Topics	Involvement of Organization	Scope of Impact				
				Employee	Government Agency	Shareholder and Investor	Customer	Creditor
1	Operation sustainability management	Self-determined material topic	●	●	○	●	◎	●
2	Operation performance	201 Financial Performance	●	○		●		○
3	Information Disclosure and Transparency	Self-determined material topic	●	○	○	○	◎	○
4	Corporate Credit Rating	Self-determined material topic	●			○		○
5	Risk Management	201 Financial Performance	●	○	○	○	◎	○
6	Regulatory Compliance	201 Financial Performance	●		●		◎	○
7	Shareholder Equity	201 Financial Performance	●			●		
8	Ethical Management	205 Anti-Corruption	●	○	○	○	◎	○
9	Corporate Governance	201 Financial Performance	●		○	○		○
10	Information Security Protection and Personal Data Protection	418 Customer Privacy	●	○	○	○	◎	○
11	Product Service Innovation	Self-determined material topic	●				◎	
12	Customer Relation Management	Self-determined material topic	●				◎	



● Direct Impact ○ Promoting Impact ◎ Impact caused by comical relation

Item	Material Concerned Issues	Corresponding GRI Material Topics	Involvement of Organization	Scope of Impact				
				Employee	Government Agency	Shareholder and Investor	Customer	Creditor
13	Employee Salary, Bonus and benefits	201 Financial Performance 401 Labor-Management Relation	●	●				
14	Personnel Training	404 Training and Education	●	●				
15	Promotion System	401 Labor-Management Relation	●	●				
16	Healthy and Friendly Work Environment	401 Labor-Management Relation 402 Labor-Management Relation	●	●	○			
17	Labor-management Harmony and Group Negotiation	401 Labor-Management Relation 402 Labor-Management Relation	●	●	○			
18	Operation Environment Sustainability	305 Discharge	●		●	○		○

Attention on Communication Channel and Communication

Frequency of Issues

YFC has set up scheduled and unscheduled communication channels for government agency, shareholder and investor, shareholder and investor, customer, employee, creditor, and other stakeholders. The contact windows and methods are described in the following table and at least one reporting to the Board of Directors will be prepared each year, as well as the communication of agenda,



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frequency, channel and communication with all stakeholders of the Company will be validated for the outcome and efficiency of communication.

Stakeholders	Contact	Contact Mode
Government Agency	Vice President Chun-Sheng Lin	(02) 2702-5055 Ext. 1788 cs.lin@tac.com.tw
Shareholder and Investor	• Spokesperson Senior Associate Shu-Hua Liao	(02) 2702-5055 Ext. 1135 may.liao@tac.com.tw
	• Acting Spokesperson Manager Xuan-Ru Chen	(02) 2702-5055 Ext. 1170
	• Stock Information Contact Ms. Huang	(02) 2702-5055 Ext. 1136 · 1138
Customer	• Free Customer Service Line • Customer Service Mailbox • Manager Wei-Chun Gu	0800-367-367 service@tac.com.tw (02) 2702-5055 Ext. 1313
Employee	Yan-Rong Luo Senior Deputy Manager	(02) 2702-5055 Ext. 1619 luke.lo@tac.com.tw
Creditor	Manager Xiao-Fan Lin	(02) 2702-5055 Ext. 1188 emma.lin@tac.com.tw
Channel for Reporting Violation of Ethical Process: Audit Office (02) 2702-0201 audit@tac.com.tw		

The Company has maintained unobstructed communication with all stakeholders in 2021 through diverse channels of communication and proper frequency, in addition to reporting to the Board of Directors on May 12, 2022.

Stakeholders		Reasons of Communication and Communication Status with Stakeholders in 2021	Material Topics	Communication Mode and Channel	Communication Frequency
Government Agencies	Taiwan Stock Exchange, Taipei Exchange, Ministry of Finance, Financial Supervisory Commission, Ministry of Economic Affairs,	Communicate with competent authorities to strengthen and improve operation process, comply with the latest laws and regulations with modification of articles, and publish material information on MOPS and disclose and reply	• Regulatory compliance • Ethical management • Corporate governance • Labor-management harmony and group negotiation	Disclosing latest information on MOPS and company website.	Unscheduled
				Assign contact window with competent authorities to maintain communication and interaction.	Regular
				Coordinate with supervision and audit	Unscheduled



Stakeholders		Reasons of Communication and Communication Status with Stakeholders in 2021	Material Topics	Communication Mode and Channel	Communication Frequency
Ministry of Labor, Securities and Futures Bureau, Insurance Bureau, Securities and Futures Institute, Taipei City Government, National Taxation Bureau, corporate governance center and other agencies.		competent authority with related information to maintain unobstructed communication.	<ul style="list-style-type: none"> • Operation environment sustainability 	from competent authorities	
				Participate in competent authority meetings and seminars	Unscheduled
				Compliance with regulations and policies from competent authority	Regular
Shareholder and Equity	Top ten shareholders, general shareholders, corporate shareholders, foreign shareholders, and credit rating agencies	Assist shareholders and investors with understanding the company' s development strategies and operations through scheduled shareholders meeting called each year and unscheduled corporate meetings. Conduct bilateral communication through shareholder and investor suggestions as the reference for the future direction of decision-making for the company.	<ul style="list-style-type: none"> • Operation sustainability management • Operation performance • Information disclosure and transparency • Shareholder equity • Risk Management 	Call shareholder meeting and publish annual report	Yearly
				Holding corporate meeting	Four times a year
				Disclose on company website or MOPS	Regular
				Set up contact window to respond to investor and analyst questions.	Immediate
				Set up fraudulent reporting zone in company website.	Regular



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Stakeholders		Reasons of Communication and Communication Status with Stakeholders in 2021	Material Topics	Communication Mode and Channel	Communication Frequency
Customer	Existing customer, customer who has paid off, potential customer, and the general public.	Understand customer demand, provide more complete and diverse products and services to meet customer demand. Explain the possible expenses and risks before providing the products and services, in order to minimize the likelihood of future disputes. Protect customer privacy to avoid breaches of customers' personal data.	<ul style="list-style-type: none"> • Operation sustainability management • Ethical Management • Information security protection and personal data protection • Product innovation services • Customer relation management 	Free customer service line 0800-367-367	Regular
				Company service email service@tac.com.tw	Regular
				Verification of identification of customer calling for protection of personal data	Regular
				Reply for customer complaint phone	Unscheduled
Employee	Current employees, interns	Routinely call the labor-capital meeting and understand employee needs through internal information platform and employee satisfaction survey, in addition to value and listen to the suggestions proposed by employees and the difficulties encountered in work. Treat employees as important assets of the company to create loyalty.	<ul style="list-style-type: none"> • Operation sustainability management • Employee salary, bonus and benefits • Personnel raining • Promotion system • Healthy and friendly work environment • Labor-management harmony and group negotiation 	Midterm project presentation	Yearly
				Internal information platform (HR Portal)	Regular
				Set up employee box and complaint channel.	Regular
				Call internal meeting.	Unscheduled
				Call labor-management meeting	Quarterly
				Call employee benefits committee meeting	Quarterly
				Employee satisfaction survey	Yearly



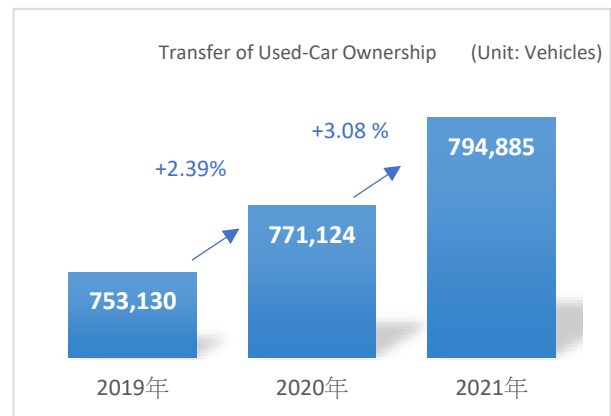
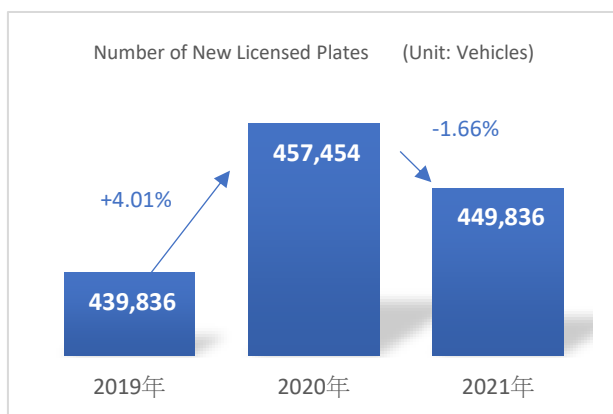
Stakeholders		Reasons of Communication and Communication Status with Stakeholders in 2021	Material Topics	Communication Mode and Channel	Communication Frequency
Creditor	Financial institution (banks, securities companies)	Provide operation and company information through the annual contract renewal of credit line to assist the financial institutions with understanding the company development, operation status and potential risks.	Operation sustainability management Operation performance Corporate credit rating Risk Management Regulatory compliance	Annual review of credit line	Yearly
				Secondary review of credit line	Four times a year
				Holding corporate meeting	Four times a year
				Publishing annual report	Yearly
				Disclosure on company website or through Market Observation Post System (MOPS)	Regular
				Exchange and communication with financial institutions via phone and email	Immediate

III. Management and Governance

1. Operation Overview *GRI 102-1,102-2,102-3,102-5,102-7,102-10,102-45*

Industry Overview

The new car sales volume for Taiwan’s automobile market in 2021 was 449,836 vehicles, which was slightly down by 1.66% compared with that in 2020. The ratio of payment for new cars by installment in general is 40%, down 2.4% compared with last year. The transaction volume for the used car market reached 794,885 vehicles, up 3.1% compared with 2020. The Number of new licensed plate for new cars and the transfer of used-car ownership in recent three years are compiled as shown in the following table.



Source: MOTC data and internal data prepared

Year	2019	2020	2021	Year	2019	2020	2021
Number of New Licensed Plates (Unit: Vehicles)	439,836	457,454	449,836	Transfer of Used-Car Ownership (Unit: Vehicles)	753,130	771,124	794,885

Following the availability of 3rd doses of COVID-19 vaccine in 2022, it is expected that the impact of main economy from COVID-19 will gradually decline. However, the global automobile market still faces with shortage in car chips while under the geopolitical conflict (e.g. Russia vs. Ukraine, and China vs. Southeast Asian economies), the co-opetition between U.S. and China will continue to affect the global supply chain. On the other hand, after undergoing the rapid rebound in 2021, the global economy will face a new wave of challenges in post-pandemic period, including the rising pressure from international inflation, normalization of major central bank monetary policies, and the re-marketing of global supply chain. Nonetheless, due to the continuously thriving demand for tech application



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products and conventional products, the domestic service industry eventually recovered the sales volume month by month while employment was also improved. Moreover, the multiple reviving economic policies launched by the governments help drive the performance of domestic demand. Overall, Taiwan' s 2022 economy will maintain thriving, the economic growth mainly relies on the support of private-sector spending, while export and private-sector investment will remain robust.

According to the forecast made by major domestic and foreign institutions, the 2022 annual growth rate of Taiwan is expected to fall between 4.05% (estimated by the Central Bank) and 4.6% (estimated by the National Development Council). With regards to mainland China, the 2021 economic growth rate showed a downward declining trend from 18.3%, 7.9%, 4.9%, to 4%, in spite of the 8.1% overall economic growth rate for the whole year, the IMF conservatively forecasts the 2022 China economy with only 4.4% in growth, taking consideration of the continuous downturn of local real estate and infrastructure investment. Later, if the People' s Bank of China continues to lower the required reserve ratio and if the adjustment measures imposed by the local government to the real estate can effectively respond, China may still have the opportunity to maintain gradually increase of economic growth rate based on its powerful export.

Looking into 2022, YFC will continue to focus on financing operation and pursue stability in asset quality under the constantly changing global political-economic situations. When the pandemic is well-controlled, YFC will be committed to expand the business scale and diversity in order to maintain excellent liquidity as the foremost important task. YFC will also stabilize the development of financial horizontal related business while constantly cooperating with group brand to provide consumers with suitable automobile loans and apply the information technology to boost the efficiency of online case receipts and review, and thereby improve the service quality and corporate competitiveness, building a constantly growing foundation.

Business Development Plan

The "Moving Value Chain" is used to integrate the automobile horizontal business. YFC builds the four business divisions, including financing, traveling, car use, and energy to provide consumers with the one-stop total services in car purchase, car use, and car-replacement process. YFC will continue to uphold to the philosophy and actual behaviors in line with time to cope with environmental changes and meet stakeholders' expectation. The service innovation is adopted to create new value for enterprises, and thereby establishing an international financing and horizontal business and management platform, implementing the vision and goals in "excellent international financing business division."

With regards to product services, the coming of new technology and IoT epoch, YFC also adopts consumer-oriented concepts to build digital, smart and personal IoT for digital financing, FinTech development trends introduced, which offers information digitalization, service mobilization, information transparency, and boosting efficiency to customers with instant and convenient service experience. The applications of big data from the database are integrated to analyze the customer profile and behavior, build the analytical module



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of asset quality, in order to discover new consumer demand. The integration of group horizontal businesses more effectively uses the data and resources to reduce risks and create new business lines.

With regards to operation quality, YFC introduces its experience of management mechanism through knowledge management into all subsidiaries with the development of localization, management process of industrialization, boosting the management quality of the overall business groups, while constantly improve the procedure to develop information decision-making system while boosting the management efficacy, building digital business mobile office system with operation efficiency improved. Additionally, the data analysis and new product R&D capacity are constantly strengthened with consideration in creative new ideas and benchmark learning, thereby proposing the various innovative solutions in favor of company development or meeting customer orientation.

With regards to corporate social responsibility, internal corporate governance and ethical management are the foundation to corporate development, while implementing and strengthening the various standards and management system are still the essential mission. With regards to outward expansion of social involvement, apart from the inconvenience with devotion in rural shuttle solution for medical transport, the long-term care 2.0 policy plays an attracting role. YFC also utilizes corporate resources and core competency to expand charity involvement and so that more people can receive care or assistance.

Business development strategies are essentially the integration of data analysis and the continuous strengthening of professional experience on the credit line core competency. The operation of diverse fund sources can boost the financial flow while increasing the product lines and regional market expansion through different professional fields, which can expand the coverage of business and form the overall profit annual increase, as well as the strengthening of competition. The long and short-term business development plan for the overall business are described below:

- **Short-Term Business Development Plan:**

1. Development of Existing Market

The business market with leading positions currently, including the financing market for buses, trucks and heavy motorcycles, will continue to improve the service efficacy to suppliers and consumers, product design flexibility, and strengthen value-add in terms of other product domains, to boost the market quota and proceeds as the objectives.

2. New Product and Market Development

Based on the existing product lines, the niche market with scalability is developed with R&D and introduction of new products. With regards to the new market, YFC has accessed the Southeast Asia markets apart from Taiwan and mainland China market. Starting with the Philippines, Yulon Finance Philippines Corporation was set up to establish a new regional market business.

3. Core System Boost



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Through the relevant system and information technology application of mobility and data, the overall service value chain, including the first-line service, credit review to the entire logistic system, can boost their respective core competency to constantly improve the operation efficiency, enhance risk control and increase customer satisfaction.

4. Optimization of Financial Structure

Constantly optimize the long-term stabilizing fundraising capacity, develop diverse fundraising channel, and boosting the competitive advantage of fund costs.

5. Personnel Training

Following the business development plan and direction of business development, the personnel training by traits and boosting productivity will become the continuous key plan, particularly more emphasis placed on global and professional talents.

- **Long-Term Business Development Plan:**

1. International development

The promotion and expansion of business in Southeast Asian markets will speed up and expand the path to internationalization in the future, which will build additional new business support outside of Taiwan and mainland China. In the process of development, the existing resources, human resources and system as well as other collaborative development will be fully applied to bring the synergy of scale into full play and reflect on fund operation and application of information technology, in favor of upgrading the overall business value.

2. Advanced development of mainland business

Automobile financing will continue to expand in non-group brand businesses, develop diversity of sales and cooperation channels, target to different customer groups, improve company product design, enhance network coverage, and speed up points of expansion to quickly respond to market demand. In response to the national policy development in mainland China, made in China 2025, the internet, and new energy policy will be used to evaluate the introduction of new products and undergo the marketing and preparation of product line expansion.

2. Operation Performance in Last Three Years

YFC divided its subsidiaries into four business divisions, including financing service, traveling service, car usage service, and energy service since 2019. In particular, the financing business involves large scale and can be further divided into three regions, namely Taiwan, mainland China and Southeast Asia (the Philippines).



2021 Operation Outcome

- YFC Car Market Share for Payment by Installment

Year	2019	2020	2021
No. of Cars by Installment (Unit: Vehicles)	177,493	188,502	179,963
No. of Cases Handled by YFC (unit: Cases)	23,177	23,747	18,727
YFC Market Share (unit: %)	13.06%	12.60%	10.41%

Source: MOTC and internal data compiled by YFC.

- YFC Used-Car Market Share for Payment by Loan

Year	2019	2020	2021
No. of Transfer of Used Car Ownership (Unit: Vehicles)	753,130	771,124	794,885
No. of Cases Handled by YFC (Unit: Cases)	80,665	79,760	99,158
YFC Market Share (Unit: %)	10.71%	10.34%	12.47%

Source: MOTC and internal data compiled by YFC

Operation Outcome by Region

The new car sales volume for Taiwan in 2021 was 449,800 vehicles, down 1.66% compared with 2020. The number of transfers of used car ownership was 794,800, up 3.08% compared with the same period last year. Although the development of COVID-19 pandemic is still full of uncertainties, the Company's passenger volume for 2021 was up 30% compared with the same period in 2020, under the stable credit strategies. With regards to commercial vehicle, in spite of the greater impact of buses due to traveling industry, the trucks have driven the sales volume of commercial vehicles by up 21% in the same period of last year, under the continuous thriving of construction sector. With regards to corporate financing, YFC actively expands the business and increase human resources to grow 66% of sales. With regards to consumer financing, the average scooter business continued to grow and was up 19% compared with 2020. The product installment also grew substantially. Overall, the financing businesses of Taiwan have maintained stable development and excellent asset quality in all operations. The total operating profits



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reached NTD5.4 billion, up 31% compared with the same period last year.

With regards to China, due to the impact of COVID-19 and the Sino-US Trade War, the economic growth for the whole year was 8.1%. In spite of maintaining 6% and higher for growth, the company mostly relied on the expanding fiscal policy and monetary policy to maintain positive economic growth through the promotion of infrastructure and real estate investment. The industry production and market consumption were still conservative and observing in 2021. After YFC was shifted to the used car financing, the 2021 operation conditions were substantially improved and the operating profits turned from loss to surplus. Additionally, finance subsidiary-Taiwan Acceptance Corporation was based on the finance leasing business for machinery equipment and medical equipment, adopting better case for business under the impact of trade war and pandemic situations. The operating proceeds for the entire year was up 32%. Overall, the mainland financing business still focused on advantage fields and appealed for growth in stability, since the industry environment of mainland China was full of variation. The total operating proceeds reached 200 million RMB.

With regards to Southeast Asia market, Yulon Finance Philippines Corporation went into official operation at Q4 of 2018, initiating the first step of YFC into Southeast Asian marketing. YFPC was based on new car business by installment in 2019, supplemented by the business in commercial vehicles and purchase/lease. The annual revenue reached 1.5 billion Philippines Pero. Although the revenue profits for YFPC have not turned positive but has met the annual goals and was exerting to make profits starting the second year of operation and establish solid foundation for southward development. However in 2020, due to the impact of COVID-19 in 2020, the local are was under substantial influence and to cope with this situation, YFPC underwent human resource leaning to adjust the operation pace. In 2021, YFPC was mostly based on strengthened collection to ensure asset quality and shall start the used car financing services eventually as the mitigation of pandemic in 2022.

With regards to horizontal business, the traveling service if the main line of Car Plus but was profoundly affected by pandemic with impact on the short-term lease and airport pickup services. The operating profits compared with the same period was slightly declined. While Singan Co., Ltd. based on car use and Yes-Energy have maintained the growth. Overall, YFC' s consolidated revenue reached NTD31.96 billion in 2021, up 7.9% compared with the NTD29.63 billion in 2020 and the EPS reached NTD12.96 per share.

3. Shareholder Equity

Top Ten Shareholder List

Shareholder Name	Shares Held	Shareholding Ratio
Yulon Motors	174,851,112	45.75%
Fubon Life Insurance Co., Ltd.	11,994,730	3.14%



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Shareholder Name	Shares Held	Shareholding Ratio
Wavin Investment Co., Ltd.	11,366,001	2.97%
Wei Tai Investment Co., Ltd.	10,879,740	2.85%
Chun-Chieh Liu	8,551,926	2.24%
Fan-Terh Investment Co., Ltd.	6,921,280	1.81%
Chunghwa Post Co., Ltd.	5,381,318	1.41%
Lowin Industrial Co., Ltd.	4,508,533	1.18%
Citi Merchant Bank hosts an investment account with the Central Bank of Norway	3,049,460	0.80%
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund account	2,589,537	0.68%

Note: Completed and calculated by the number of common shares held at the latest book closure date (2022/04/23).

Organization and Operation of Board of Directors

YFC values shareholders' equity and believes that healthy and efficient Board of Directors is the excellence foundation to corporate governance. To fulfill the supervisory responsibilities, YFC adopts the Board of Directors based corporate governance framework: including Audit Committee, Salary and Remuneration Committee, Risk Management Committee, Audit Office, Regulatory Compliance Office, and the Management Team to help the Board of Directors with the performance of supervisory responsibilities and report to the Board of Directors regularly with regards to the execution outcome and resolution. For members of the Board of Directors, please refer to the Company website:

<https://www.tac.com.tw/tw/business>

YFC formulates and implements the following policy guidelines:

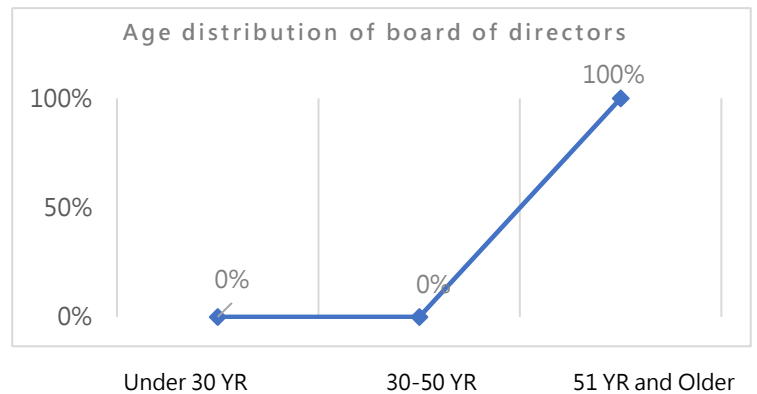
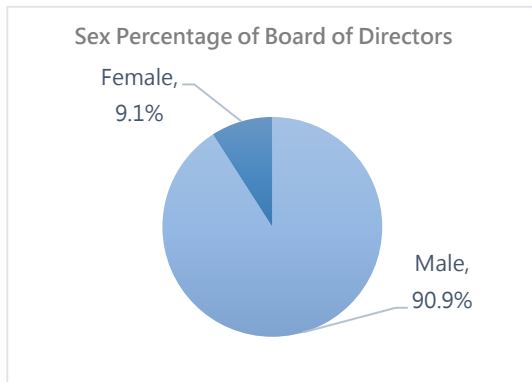
1. Corporate Governance Best Practice Principles
2. Ethical Corporate Management Best Practice Principles
3. Board of Directors Performance Assessment Guidelines
4. Sustainable Development Best Practice Principles
5. Procedures for Preventing Insider Trading Process
6. Procedures for Reporting Violation of Ethical Codes
7. Standard Operating Procedures for Handling Director Requirement

4. Corporate Governance *GRI 102-18 · 405-1*

Board of Directors Overview

Starting from 2016, YFC adopts candidate nomination system for the selection of directors (including independent directors). In 2019, YFC selected the 11th directors candidate list with documents that have been reviewed in conformity with relevant prerequisites criteria and published with the “director (including independent director) candidate list on “Market Observation Post System.” The candidates were selected at the 2019 general shareholders’ meeting. In 2020, a seat of independent director was selected to enhance the corporate governance.

The 2021 YFC Board of Directors comprised 11 people, including 7 directors and 4 independent directors with a tenure of 3 years (except for the new independent directors selected in 2020, whose tenure will expire with all directors of the 11th Board of Director). The director qualification is not limited to sex or age but takes consideration of professional quality as composition. Currently there are 10 male and 1 female directors, with the director ages fall above 51 years old (average age between 55~60 years old). The directors comprise elites from financial, industry and academic circle, who have practice and leadership in executing experiences in terms of governance, social and environmental constructs. YFC has called 7 Board of Directors meetings in 2021 and the average attendance of all directors is about 94%.



2021 Board of Director Members

Title	Name	Sex	Natio nality	Education	Background	Remarks
Chairman	Li-Lien Yen Chen	Female	R.O.C.	Department of Physical Education, Chinese Culture University	<ul style="list-style-type: none"> • Yulon Motor Chairman • China Motor Corporation Chairman • Nissan Taiwan Chairman 	



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Title	Name	Sex	Nationality	Education	Background	Remarks
Vice Chairman	Kuo-Rong Chen	Male	R.O.C.	Senior Supervisor Management Master Program, National Yang Ming Chiao Tung University	<ul style="list-style-type: none"> Yulon Motor Vice Chairman China Motor Corporation Director Nissan Taiwan Director 	2021/2/26 Resigned
Vice Chairman	Chen-Cheng Lee	Male	R.O.C.	Department of Mechanical Engineering, National Taiwan University	Nissan Taiwan Director and President	2021/5/13 Selected
Director	Chi-Sen Tso	Male	R.O.C.	NCCU Department of Business Administration – Entrepreneur Operation and Management Research Program	<ul style="list-style-type: none"> Yulon Motor Vice Chairman Foxtron Vice Chairman 	2021/2/26 Took office
Director	Kuo-Hsing Hsu	Male	R.O.C.	Department of Mechanical Engineering, National Taiwan University	YFC Director and President	
Director	Chen-Hsiang Yao	Male	R.O.C.	Master in International Business Management Curtin University	Yulon Motor Director and President	
Director	Wen-Rong Tsay	Male	R.O.C.	Senior Supervisor Management Master Program, National Yang Ming Chiao Tung University	<ul style="list-style-type: none"> Nissan Taiwan Chairman and President Luxgen Motor Co., Ltd. Director and President 	
Director	Liang Chang	Male	R.O.C.	State University of New York at Albany PhD in Economics	<ul style="list-style-type: none"> Yulon Motor Director Sheng-Da Co., Ltd. President 	
Independent Director	Yi-Hong Hsieh	Male	R.O.C.	Standard University, PhD at law.	<ul style="list-style-type: none"> Speech seminar at Academy for the Judiciary, Ministry of Justice National Taiwan University School of Management Adjunct Professor 	



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Title	Name	Sex	Nationality	Education	Background	Remarks
Independent Director	Zhong-Qi Zhou	Male	R.O.C.	Master in Mathematics, Colorado State University	<ul style="list-style-type: none"> Taiwan Star Telecom President Senior Counselor to Chunghwa Telecom Chairman Office 	
Independent Director	Chi-Ching Chen	Male	R.O.C.	MIT Sloan School of Management Master	<ul style="list-style-type: none"> Chailease Holding Co., Ltd. Director China Motor Corporation Independent Director 	
Independent Director	Kao-Chien Huang	Male	R.O.C.	Department of Economics, National Taiwan University	<ul style="list-style-type: none"> Volkswagen Finance (China) Co., Ltd. President and Chief Operation Officer Fu Wan President 	2020/1/20 Selected

Continuing Education for Board Members

According to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, new directors shall at least take 12 hours of continuing education for the year taking office and re-elected directors shall take at least 6 hours of continuing education during the tenure. To help all directors complete the required courses and hours of continuing education, the group holds director/supervisor seminar courses with only members so that all directors will meet the hours required in the directions. The 2021 seminar courses participated by directors are described below:

S/N	Organizer	Course Name
1	Taiwan Corporate Governance Association	Corporate Sustainability Management Know-How – External Innovation, Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG
2	Securities and Futures Institute	How Directors/Supervisors Supervise Corporate Risk Management and Crisis Handling

Board of Directors Performance Assessment

YFC formulates the “Directions for Board of Directors Performance Assessment” and assesses the performance of Board of Directors (including all functional committee) and individual directors regularly each year. According to the “Directions for Board of Directors Performance Assessment,” the Board of Directors starts the process of Board of Directors performance assessment into self-evaluation



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(evaluation conducted each year) and external assessment (one evaluation at least once every 3 years), with reporting to the Board of Directors for resolution before execution, which shall be disclosed on the company website.

Assessment Method	Assessment Cycle	Assessing Unit	Latest Assessment
Internal Self-Assessment	Annual	Internal self-assessment	December, 2021
External Assessment	At least once every three years	External professional independent institute for external expert/scholar team	Taiwan Institute of Ethical Business completed the assessment in December 2021 (the next assessment will be completed in 2024)

• 2021 Self-Evaluation Outcome of Board of Directors and Functional Committee

Performance Assessment

The Board of Directors and functional committees have completed overall operation that meet the requirement of corporate governance, where all committees fulfill the supervisory responsibilities with effective upgrade of Board of Directors functions. In 2021, the self-evaluation results of performance assessment on the Board of Directors and functional committees are described below:

Performance Assessment of Board of Directors:

The evaluation items include 45 indicators, with the average score for each construct fallen between 4.66 and 4.86 (maximum score 5 points).

Construct	Average Score
1.level of involvement in corporate operation	4.66
2.Improve BOD decision-making quality	4.82
3.Board of Directors Composition and Structure	4.86
4.Director selection and continuing education	4.75
5.Internal Control	4.77

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Sustainability**Performance Assessment of Board of Director Members:**

The evaluation items include 23 indicators, with the average score for each construct fallen between 4.55 and 4.88 (maximum score 5 points).

Construct	Average Score
1. Control of Company Goals and Mission	4.88
2. Recognition of Director Responsibilities	4.79
3. level of involvement in corporate operation	4.73
4. Internal relation management and communication	4.55
5. Director expertise and continuing education	4.88
6. Internal Control	4.88

Performance Assessment of Functional Committees:

The evaluation items for audit committee and salary and remuneration committee are 22 indicators and the evaluation items for risk management committee and sustainability management committee are 20 indicators. The average scores for all dimensions fall between 4.55~5 points (maximum score 5 points).

Construct	Audit Committee	Salary and Remuneration Committee	Risk Management Committee	Sustainability Management Committee
1. level of involvement in corporate operation	4.94	5.00	5.00	4.75
2. Recognition of functional committee responsibilities	4.95	4.65	4.92	4.92
3. Improve decision-making quality of functional committee	5.00	4.96	5.00	5.00
4. Composition of functional committee and member selection	4.92	4.83	5.00	4.83
5. Internal Control	4.75	5.00	5.00	4.89

Remarks: Scoring Standards:

Numeric 1: Highly disagree; Numeric 2: Disagree; numeric 3: Average; numeric 4: Agree; numeric 5: highly agree



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• 2021 External Performance Assessment Outcome of Board of Directors

YFC commissions Taiwan Institute of Ethical Business to assess the operation efficacy of Board of Directors in 2021, including six dimensions in the level of involvement in corporate operation, improving BOD decision-making quality, Board of Directors Composition and Structure, director selection and continuing education, internal control, and corporate social responsibility. The assessment results follow the professional competence of the Board of Directors, the decision-making efficacy, and the valuation and supervision of internal control, and attitudes towards corporate social responsibilities.

The aforementioned institute conducted questionnaire survey and interview with the individual directors of YFC and submitted the assessment report on December 30, 2021. YFC has adopted the relevant assessment results as the direction for improving the operation efficacy of the Board of Directors in the future and shall conduct such assessment again in 2024.

Evasion of Execution on Director Stakeholder Case

According to Article 206 of the Company Act and the standards regulating the YFC Board of Directors meeting, if the director or the representing corporation is the stakeholder of their own or representing corporation that could jeopardize the interests of YFC, such director shall voluntarily evade to maintain high level of disciplines when the Board of Directors call the meeting on the resolution of such agenda.

Functional Committee

• Audit Committee

To implement corporate governance and the professional competency of sound Board of Directors, YFC set up the Audit Committee early on July 1, 2016 with members meeting the requirement of all independent directors. Particularly, one member has the expertise in accounting or finance. The operation of the Committee is based on the supervision of the following matters:

1. Fair presentation of YFC financial statements.
2. Selection (dismissal), independence and performance of CPA.
3. Effective implementation of YFC internal control.
4. Regulations and rules complied by YFC.
5. Existing or potential risk control of the Company.
6. M&A conducted by YFC according to Business Mergers and Acquisitions Act.

The Audit Committee reserves the right to conduct any proper review and investigation according to the articles of incorporation in order to fulfill its responsibilities. The Audit Committee may also require YFC department managers, internal auditors, CPA, legal consultant, or other personnel to attend the meeting



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and provide any necessary information but should leave the seat during discussion and voting. According to the Securities and Exchange Act and the articles of incorporation for YFC Audit Committee, the Audit Committee shall at least call one meeting quarterly. The committee called 6 meetings in 2021 (attendance rate 100%).

To strengthen the function of independent directors, apart from calling the Audit Committee meeting by law, YFC also hosted 6 sessions of independent director communication meetings in 2021 to discuss with the CPA, Audit Office and Financial Department in order to strengthen the exchange with independent directors and implement corporate governance.

- **Salary and Remuneration Committee**

To improve the YFC salary and remuneration system for the directors and managers, YFC has established the salary and remuneration committee in 2011, where the independent directors shall serve and exercise the rights. The operation mode shall be processed according to “Salary and Remuneration Committee Articles of Incorporation” and all members shall adopt the professional and objective angle to evaluate the salary and remuneration policy and systems of the YFC directors and managers. The Committee shall also propose suggestions to the Board of Directors as reference for decision-making, including cash remuneration, employee stock options, dividend shares, retirement welfare, or payment for resignation, allowance, and other measures with substantial incentives. The scope and published YFC annual report shall indicate the consistent remuneration between directors and managers. YFC called 4 Salary and Remuneration Committee meetings in 2021 (attendance rate 100%). Apart from the routine matters, the reimbursement of director salary and the 2022 salary and remuneration committee calendars as well as the articles of incorporation for salary and remuneration committee are formulated and the discussion results are reported to the Board of Directors.

- **Risk Management Committee**

YFC set up the Risk Management Committee in November 2020. The committee is comprised of three directors (including two independent directors) and shall be called once quarterly and additional meeting may be called if necessary. The operation of the Committee follows the “Risk Management Committee Articles of Incorporation” and the organizational design and responsibility division of risk management policy and guidelines principles. The organizational framework of risk management committee is designed and is divided into credit market risk, regulatory compliance risk, liquidity risk, and information security reputation, with three lines of defense against risks established respectively. In 2021, YFC called 4 Risk Management Committee meetings (attendance rate 100%) with major issues including the formulation of the management mechanism for credit asset risk exposures centralization, formulation of new market (including new business and investment) risk assessment mechanism, and passing the 2022 operation plan for risk management committee.

YFC actively promotes and implements the risk management mechanism by reporting the operations to



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the Board of Directors once each year. The risk management committee reported the 2021 risk management operations to the Board of Directors on November 11, 2021.

- **Sustainability Management Committee**

YFC sets up the ESG Committee in November 2020. The committee is comprised of three directors (including two independent directors) and shall be called once quarterly and additional meeting may be called if necessary. The operation of the Committee follows the "Sustainability Management Committee Articles of Incorporation" and "Sustainable Development Best Practice Principles," which upholds to the three missions of sustainability, "win-win integrity, harmonious co-existence and social co-prosperity." YFC intends to become a professional financing and horizontal service provider by giving feedback to customers, shareholders and the society through specific actions, and thereby fulfill corporate social responsibilities and meet the three goals in management sustainability, profit sustainability, and social sustainability. In 2021, YFC called 4 ESG Committee meetings (attendance rate 100%) with major issues in the passing of environmental sustainability goals and promotional plans, adding the "YFC Task Force on Climate-related Financial Disclosures (TCFD)" and passing the 2022 ESG operation plan.

External Advocacy Involvement *GRI 102-12,102-13*

YFC participates in corporate social responsibility related promotional activities, seminars, and workshops with enthusiasm, in addition to paying attention on the agenda in corporate social responsibility. Meanwhile, YFC joins the Taipei Leasing Association and the YFC president serves as the association director to learn through peer exchange and bring the philosophy of collaboration into full play.

In response to the government commitment in smoke-cessation/prevention policy and strategies, YFC has set up visible smoke cessation sign in the office and prohibits the offer of ash tray or smoking related devices, to fulfill the responsibility of persuading the prevention of smoking. In response to the advocacy from MOHW Health Promotion Administration-Healthy Workplace Promotion Center, YFC has held multiple health promotion/education related courses to promote the prevention of various diseases. YFC also posts on inside the elevators and internal bulletins with signs on health education information (healthy diet, healthy body management, maternal health protection, and psychological consultation services) in addition to posting encouraging words in stairways for employees to take the stairs in replacement of elevators, treating it as an aerobic exercise beneficial to the body, mind and soul.

Additionally, with regards to the risks and opportunities related to global environmental issues and climate, YFC has signed the Task Force on Climate-related Financial Disclosures (TCFD) in February, 2021 to evaluate and respond to the risks and opportunities brought by climate change on enterprises, thereby to reduce impact on the environment and move towards the development of sustainable environment.



5. Regulatory compliance *GRI 102-5,102-16*

Coordination of Regulatory Formulation (Amendment) of Related Regulations

YFC protects the rights of consumers by formulating the internal regulations and execution policies specifically for products, channels, credit, risks, and services, in order to protect the consumers' rights and comply with the regulations from the competent authority. The regulations are implemented after the formulation (amendment) of the law to conform to the standards of all laws, exhibiting YFC's ethical management philosophy and the determination in protecting consumers.

Periodic Self-Evaluation and Review

The implementation of regulatory compliance and implementation of self-evaluation and review of horizontal regulatory compliance in Taiwan and China shall be conducted once quarterly. The review results will be reported to the Board of Directors. The Company called seven Board of Directors meeting in 2021 and the results of review are reported without violation of law.

Intellectual Property Management Plan

To effectively manage the intellectual property of the company with legitimate use, YFC has adopted the intellectual property management policy and plan through the resolution reached by the Board of Directors in 2021 to meet the management outcome of integration with operational goals.

Regulatory Propaganda

To enhance employee knowledge on corporate governance, YFC has implemented the e-learning courses since 2021, where employees can learn from the online platform any time while the incorporation of post-class tests will help validate the learning effectiveness of the employees. Apart from setting the mandate objects of courses by law, the arrangement of educational training course for all employees is designed to conduct corporate governance related course training and accomplish the specific outcome of regulatory promotion and availability policy.

In particular, the "Corporate Governance and Ethical Management" course is specifically designed for entry-level supervisors of the Company to participate. The entry-level supervisors serve as the seed personnel for promoting corporate governance. Additionally, 1,047 people have completed the training course, "Good corporate governance, good corporate foundation." A total of 1,272 people completed the training for the two courses on "Protection of Personal Data, Respect for Others' Privacy" and "Money-Laundering Prevention and Secure Transaction" and the training completion rate reached 81.4%.

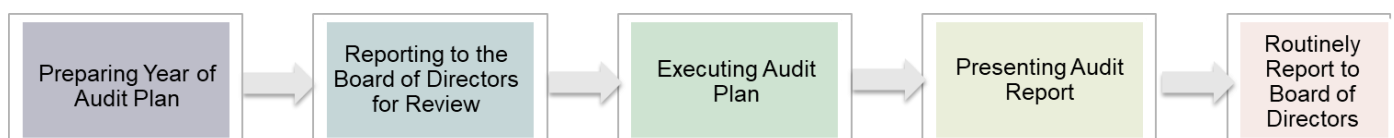
Internal Audit/Internal Control

• Internal Audit Operation Process

YFC follows the “ Regulations Governing Establishment of Internal Control Systems by Public Companies” to establish proper internal control system, which is to be complied by the Board of Directors, management and all employees. Moreover, in response to the change factors in and outside of the company environment, the system is reviewed when applicable with amendment to the system to ensure the accomplishment of operation goals. Meanwhile, the goals of regulatory compliance are realized. The establishment of improved internal control system not only bring the synergy of anti-fraudulence but is also the indispensable mechanism for enterprises to boost the operation efficiency and enhance corporate competitiveness.

YFC implements internal audit to assist the Board of Directors and managers with the review and audit of internal control system and the effectiveness of operation evaluation, with proper supply of suggestions for improvement to ensures the continuous and effective implementation of internal control and as reference for review correction. The organization sets up an internal audit office that is directly responsible for the Board of Directors, which functions include the establishment and execution of internal audit system, evaluation of internal control system execution, supervision of subsidiary audit services, and preparing records and routinely reporting to the Board of Directors and Audit Committee. The auditor shall faithfully disclose the flaws and anomalies of internal control system found in the assessment and follow up after presenting the report, in order to validate that the relevant units have timely taken proper measures of improvement.

YFC completed the eight circular 136 audit items for the 2021 audit plan and established key subsidiary risk assessment scale, completed the subsidiary internal control self-evaluation questionnaire survey design, held the educational training for internal control concepts and practice, established the key subsidiary supervision and management mechanism, and strengthen the publication of key subsidiary information.



1. Draft annual audit plan and execution according to the results of risk assessment.
2. Follow up and manage the flaws and anomalies of internal control system flaws for improvement.
3. Supervision of internal control system with self-evaluation process.
4. Supervision of subsidiary audit operation.



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5. Assist with the establishment and amendment of internal control system.
6. Internal audit plan and execution status filing process.

6. Information Disclosure and Transparency

YFC meets the stakeholders' demand for information through unscheduled disclosure of corporate governance related promotional effect on the company website or Market Observation Post System (MOPS). The shareholders meeting, corporate information meetings, monthly announcement of profit/loss and announcement of revenue, quarterly announcement of financial statements are called. Moreover, the annual report, financial statements, business products, material Board of Directors resolutions, and sustainability development best practice principles are disclosed on the company website. To further strengthen the corporate governance and enhance information transparency, YFC voluntarily disclosed its financial forecast according to Article 36-1 of Securities and Exchange Act and Regulations Governing the Publication of Financial Forecasts of Public Companies starting in 2021m in addition to announce the financial forecast quarterly to boost the information disclosure and transparency with trust from stakeholders and boosting of corporate positive recognition.

Additionally, YFC voluntarily looks up to the other industrial peer industry with various governance requirement better than those of competent authority. YFC has always been listed in the top 20% of all listed companies for the corporate governance assessment hosted by Taiwan Stock Exchange. YFC even demonstrated superior performance of top 5% between the 3rd to 5th and on the 8th assessment. The assessment performance maintains shareholder equity, strengthen Board of Directors structure and operation, enhance information transparency, and implement the corporate social responsibility. The four constructs show outstanding performance while specifically implementing the YFC persistence in the corporate philosophy of sincerity, advance, value, and efficiency. YFC will uphold to the ideas of corporate social responsibility in the future to make progress toward the goals of corporate sustainable development.

(MOPS) Market Observation Post System: <http://mops.twse.com.tw/>

YFC Company Website: <http://www.tac.com.tw/>

7. Ethical Management *GRI 102-16*

Develop Policy and Solution for Ethical Management

The Company adopted the Ethical Management Best Practice Principles via the Board of Directors meeting in August, 2014 and the compliance policy for the ethical management of directors, management and employees are stipulated. Such principles are also announced on MOPS and company website with scheduled reporting to the Board of Directors for the implementation of management policy in current year.



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YFC has developed the “Procedures for Reporting Violation of Ethical Best Practice Principles” and all employees are obliged to report any suspicious violation of such principles via the reporting channel provided by YFC. Upon the receipt of such reporting case, the investigation procedure will be immediately activated if the case violates the procedures for violation of ethical best practice principles. Moreover, YFC also adopts the following measures as prevention in advance:

Dimension	Executing Practice
Operation Management	The material policy related to operations, investment proposals, acquisition and disposal of assets, endorsement and guarantee, and bank financing shall be evaluated and analyzed by the related competent departments before reporting and submission to the Board of Directors for resolution.
Corporate Governance	According to the “Procedures for Prevention of Insider Trading,” the directors, supervisors, managers, and employees are stipulated to: <ol style="list-style-type: none"> 1. Not to disclose the internal material information acquired to third party. 2. Not to ask from persons familiar with internal material information of YFC or collect the internal material information not published by the company that is not related to personal duties. 3. Do not disclose the internal material information not yet published by the company upon acquiring such information other than the execution of the operations.
Employee Ethics	Regulating the ethical conducts of employees and employees must sign in to work and sign the ‘Employee Ethical Conduct,’ which content includes the strict confidentiality without accepting bribery, seeking illegitimate proceeds or squandering public funds. Meanwhile the “work rules” must stipulate the penalty system.
Supplier Ethics	When signing the contract with suppliers, list the “Conducts Violating Ethical Management” as reasons for cancelling contract and indemnification to prevent the suppliers from unethical conducts and avoid infringement of company interests.

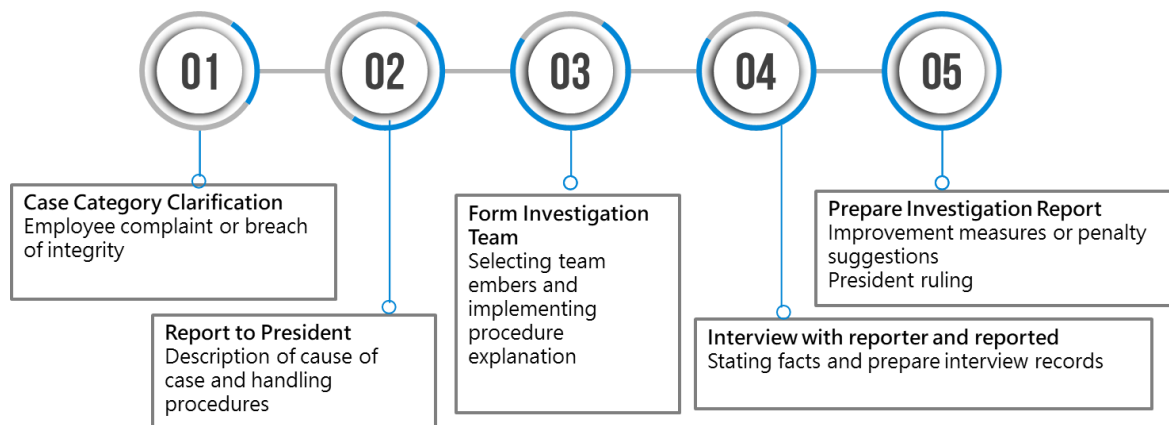
Implementation, Disclosure And Promotion of Ethical Management

When signing contracts with interacting parties, YFC always try to understand the ethical management status of the other party and incorporates the ethical management clauses in the commercial contract act. To improve the management sound ethical management, develop ethical management principles, complying Company Act through various operations, Securities and Exchange Act, Commercial Accounting Act, Listing and other related regulations or regulations of other commercial conducts, YFC operates according to the internal control regulations while departmental supervisors convey the ethical management philosophy during the department monthly meeting hours. The matters related to ethical management shall be routinely reported to the Board of Directors for the operation while the company website or MOPS shall disclose the company governance related promotion and effect.

Implementation Outcome of Management Measures and Reporting Mechanism.

YFC developed the “Procedures for Reporting Violation of Ethical Best Practice Principles” and it is stipulated that each case of complaint or reporting matters shall be assigned to a specialist and the case with different natures shall undergo different handling procedures. In the handling process, the information of compliant reporter shall be kept confidential or reporting could be done unanimously. Moreover, the investigation results should be concluded and archived with enclosure of relevant data for transfer to competent authority or police for investigation. There was no violation reported in 2021.

The procedures for handling reporting cases are described below:



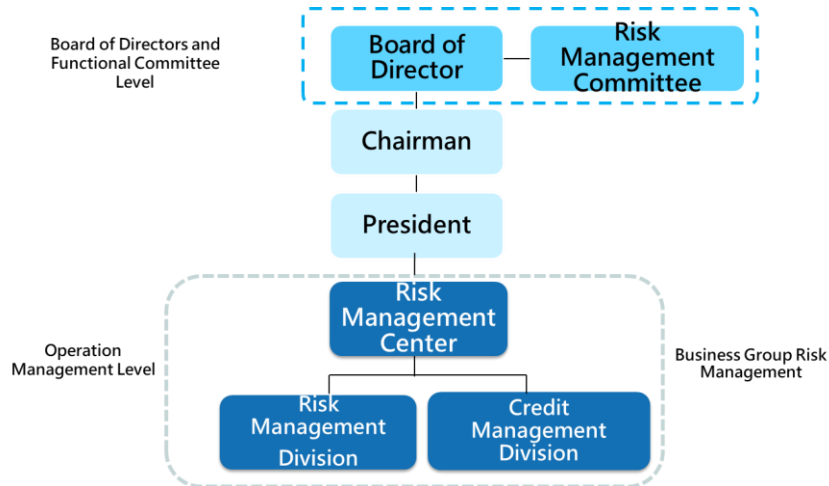
The subsidiary of YFC – Shinshin Credit Corporation developed the “Policy on Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Financial Leasing Enterprises” and “Procedures for Comprehensive Money-Laundering and Financing of Terrorism Risk Evaluation Process” due to the engagement of financing and leasing business, in order to meet the internal/external regulations and requirement of international institution directives. Meanwhile, according to existing business requirement and regulatory requirement, the personnel participating in money-laundering prevention shall be assigned and on-the-job educational training for combat against financing of terrorism shall be held to comprehensively raise the awareness of money-laundering prevention.

Reporting Channel

Reporting Channel	Handling Department: Yulong Finance Corporation Audit Office Reporting Line: (2) 2701-0201 Email: audit@tac.com.tw Postal Address: 15F, No. 2, Sec. 2, Dunhua S. Rd., Daan District, Taipei City (106)
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8. Risk Management System *GRI 102-11 SASB FN-CF-220a.2* *SASB FN-CF-230a.3*

Risk Management Organization and Framework



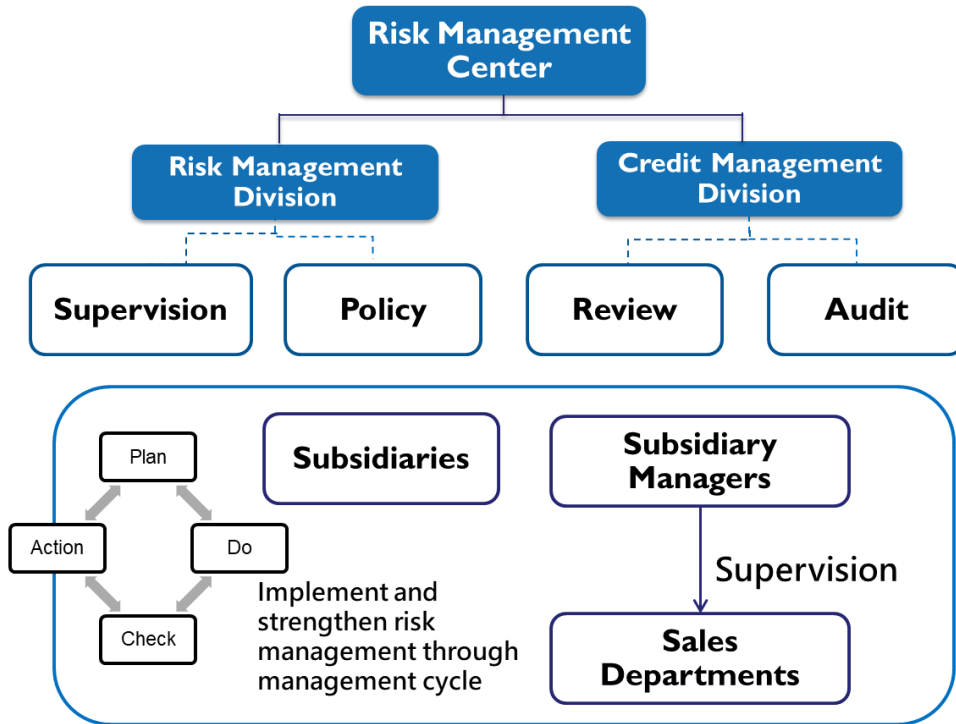
YFC is committed in the installment, equipment financing and automobile horizontal service market. The Company profoundly perceives that risk management should not only stay on risk prediction and risk prevention but should further manage the risks to transform it into an opportunity of development. Hence, we integrate the daily operation management and risk management to shape the business strategy and organization culture with emphasis on risk management.

The Board of Directors is the highest decision-making unit in risk management organization, which is responsible for the supervisor of the Company in establishing proper total risk management framework and management culture, thereby to ensure the validity of risk management operation, examine the key risk control information, and be held responsible for the ultimate responsibility of risk management.



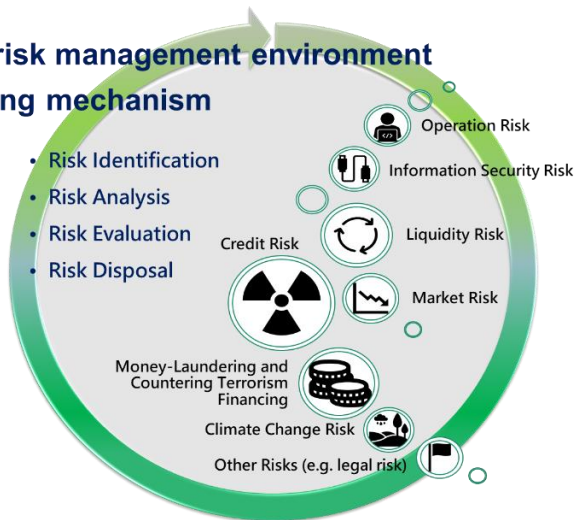
The Board of Directors sets up the Risk Management Committee, where the independent director serves as the convener. The Committee is the most senior management organization of risk management, which calls at least 4 meetings a year, reviewing the risk related purpose and performance and is held responsible for the supervision, rectification of risk management policy, and key risk management system. Each year, the committee proposes risk governance communication, report and suggestions quarterly to the Board of Directors. Since the decision-making level's support for risk culture, the supporting actions through the decision-making process and leaders shall widely affect all employees and the organization. The Risk Management Committee Execution Team is set up under the Risk Management Committee, whereas the director shall be served by the supervisor of Risk Management Center. The team comprises four working teams, namely credit market risk team, regulatory compliance risk team, liquidity risk team, and information security reputation team. All functional teams routinely call for work meeting to analyze the risk management related issues, monitor and analyze risks with timely alert and reporting of all important risks.

The Operation level sets up a risk management center, with subordinating risk management office and credit management office as the risk management circular execution unit. The risk management center is a competent unit over operational risk control, which compiles the main risk indicator assessment report quarterly to report to the risk management committee. The main work functions of the center are to formulate risk management related guidelines, review regulations governing the risk management of subsidiaries, annual risk management goals, and risk limitations.



Risk Management Policy

Establish risk management environment and handling mechanism



The Board of Directors approve the risk management policy and relevant standards of the Company as the compliance of corporate risk management, which explicitly governs the responsibility of risk management and the Enterprise Risk Management (ERM), establishing risk management environment through risk identification, risk analysis, risk measurement tools, and risk processing mechanism. The personnel comply with policy and standards to implement risk control in related operations. For the main risks, the management standards control warning is developed with incorporation of new risk, information security and reputational risk, climate change risk in risk management policy. To implement and supervise the management cycle of risk management, the Company and its subsidiaries port the risk management execution report quarterly to the risk management committee and Board of Directors,

to fully disclose the level of risk exposure and review the compliance of risk management system.



Credit Risk

Find out the direct risk factor related to customer repayment capacity and develop credit risk observation indicator to predict the future risk trends.

Market Risk

Analyze the business and industry related statistics indicator analysis with the financing groups and observe the long-term market trends through external figures.

Liquidity Risk

Review company liabilities and observe the long and short-term loan structure and the adequacy monitoring of fund gaps, in order to maintain proper and dispensable funds and emergency contingency mechanism.

Information Security Risk

Observe system figures to avoid information security, confidentiality accessibility and other information security risks that could result in the major loss of the company.

Reputation Risk

Find out the risk figures related to the enterprise and avoid adverse reputation impact of the company, in addition to establishing the emergency response procedures affecting the reputation and thereby upgrading the internal and external reputation of the company.

Note: Climate change risk management refer to P.112" Climate Change" .

• Market Risk Management

The risk indicators are built by product categories, which uses the important indicator weighed index scoring distinguish risk trends, analyze automobile market trading scale and market share, undertaking quantity, and other varying factors and potential risks, thereby to evaluate the possibility to various losses incurred from corporate activities, and the estimated impact of market risks on corporate operation goals. Once the Company verifies the main risks faced, the Company will draft the corresponding strategies in order to lower the risk exposure to sustainable level with rigid control.

• Credit Risk Management

YFC values the credit rating and risk assessment of "customers" by conducting relevant credit rating policy and post-loan management mechanism, establishing scoring card system and risk management system, in addition to drafting and analyzing the company risk and response strategies by incident category, risk analysis, risk evaluation, and risk control. The emphasis is placed on credit rating of customer with reference on domestic and foreign trends, in order to favor the internal reference or adjustment of credit management, credit review, and various management measures and regulations as well as corresponding strategies. The risk factors directly related to customer payment capacity is found out to develop the credit risk observation indicator, long-term observation and statistically analyzed to predict the future trends and risks of asset quality. The risk level for the product default rates (Non-Performing Loans Ratio/Bad Debt Rate) for all financing businesses a evaluate to develop the response strategies for maintaining the asset quality.

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Credit risks are controlled according to four management indicators in asset quality, centralization of credit asset exposure, risk coverage rate, and large-denomination customers.

1. Asset Quality Management: Observe the NPL and bad debt rates of all companies under the financing divisions, changes in customer rating, economic conditions in Taiwan and abroad, government policies and other elements to adjust the credit and post-loan management policy.
2. Credit asset and risk exposure centralized management: The “total balance of personal credit for single customer” and “industry, product, channel, or collateral centralization” are adopted to diversify risks and reduce losses.
3. Risk coverage rate management: The standards for different risk coverage rate management are developed according to the product property of companies under the financing divisions and the financial peer overview of the countries of location to ensure the bad debt write-off of all companies.
4. Large-denomination customer management: The daily/monthly reports generated by the system monitor the total risk exposure level and payment for large-denomination customers in financing business with personal accounts to strengthen the asset quality and credit asset with risk exposure centralized management.

- **Liquidity Risk Management**

Liquidity refers to the capacity of acquiring funds to pay for debts on maturity within any time. Liquid risk refers to the company unable to acquire funds in performing the expired debts within specified time that leads to capital loss. Hence, the liquidity risk team uses risk lights through the weighted parameters of static and dynamic indicators to indicate the potential liquidity risks of the Company. The debts of financial divisions of all companies are examined to observe the structure of borrowing on the date of expiration, and thereby to effectively diversify the sources of funds, adjust the liquidity gap and assure the fund stability of the Company.

- **Information Security Risk Management**

The Company complies with the Financial Supervisory Commission Regulations Governing Financial Industry and ISO 27001 to develop the various information security risk management system and material guidelines. The content includes information security policy, information security organization, asset management, interview control, operation safety, communication security, information security incident management, information security level of business continuity plan, and the management of all forms of organization susceptible of jeopardizing the risks of organization information security. Moreover, it is stipulated in the provisions set forth in Article 9 – “computerized information processing system” of “Regulations Governing Establishment of Internal Control Systems by Public Companies” that the formulation of relevant internal process can reduce the risks of information security threats



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brought by new information technology applications and environmental change.

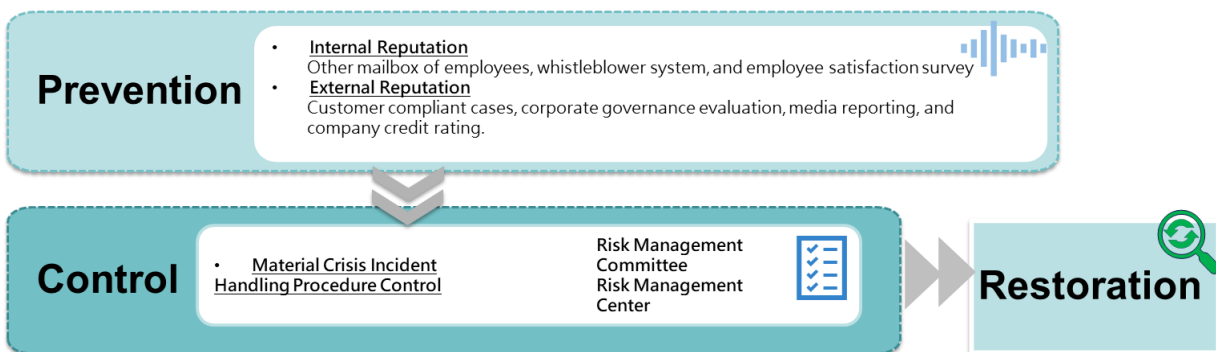
With regards to information security training and resource investment, the employees are provided with professional personnel training in continuous information security and informed with routine information security information, teaching them with system use and information security, and strengthening the information security concepts of all employees. The information security management system is also introduced to maintain the daily information security control process. Moreover, the penetration test, vulnerability scanning, social interaction engineering drills and other information security risk identification are launched annually. The equipment is inspected and approved with routine program backup, malfunction recovery procedure, server authority checks and review, information hardware equipment check, and external device with open authority. The equipment not meeting the information security requirement will be regularly phased out while new information security protective equipment will be purchased to prevent unknown threats and assure the reliability of system security.

Measures	Work Projects	Normalized Management
Identify	Information asset category and risk assessment regulations	<ul style="list-style-type: none"> Regulations governing YFC personal data protection management Regulations governing installment system in personal data protection management
Protect	Annual authority check	<ul style="list-style-type: none"> USB device control, limiting the data breach of personal computers Personal data encryption for system report
Detect	<ul style="list-style-type: none"> Annual vulnerability scanning Annual social international engineering drills 	<ul style="list-style-type: none"> Material information security issue, system instant update and repair Account access record collection and audit Penetration test
Respond	Regulations review and update	<ul style="list-style-type: none"> Information security incident reporting and response management guidelines Information security incident emergency contact form
Recover	<ul style="list-style-type: none"> Annual data recovery drills Daily remote backup of important data Computer room firefighting drills twice a year 	<ul style="list-style-type: none"> Data recovery test Computer room instant warning Service performance and service monitoring

Measures	Work Projects	Normalized Management
Train	<ul style="list-style-type: none"> • Sign-in day of new employees, the educational training content includes information security and personal data protection. • Quarterly educational training for new employees, which content includes information security and personal data protection • Educational training on information security/personal data protection once a year 	Reporting and reminder for information security issue to remind peers with prevention of account theft and leakage of sensitive data.

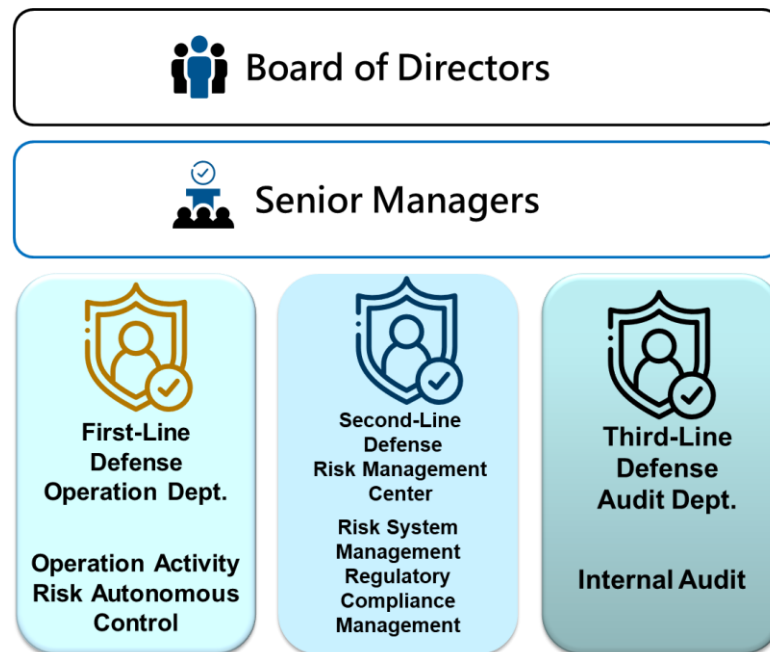
• **Reputational Risk Management**

Corporate regulation is generated from internal and external stakeholders while the mediate plays the role of agent between the internal and external stakeholders, so that the message between the two can be disseminated, expanded or distorted. Hence, the control of reputational risk should be monitored from the internal, external and media dimensions. The mode for reputational risk handling is described below:



Implement Risk Management Culture

To implement risk management and internal control, YFC complies with the three lines of risk management defense according to the risk management organization, using PDCA to indicate the mechanism performance of management circular sustainability strengthening. All lines of company defenses are developed with explicit organization, responsibilities and functions to assure the effective operation of risk management mechanism.



- **First-Line Defense – Operation Unit**

Including the sales management unit, product unit, information unit, and accounting unit. All units bear their respective risks incurred from daily operations. Responsible for identifying and managing risks, in addition to executing the effective internal control procedures according to the design of risk features, including all relevant operating activities.

- **Second-Line Defense – Risk Management Center**

Independence in the first-line defense and not the third-line defense, and assist and supervise the first-line defense identification and management risk by characteristics. Responsible for the formulation of overall risk management policy by category of major risk, supervising risk bearing capacity and risk bearing status in addition to reporting to the Board of Directors (Committee).

- **Third-Line Defense – Internal Auditing Unit**

The Internal Auditing Unit shall assist the Board of Directors (Committee) with the audit and assessment of risk management and the effective operation of internal control system through the independent spirit, including the validity of the first-line and second-line defenses of evaluation for conducting the validation of risk monitoring with proper provision of suggestions for improvement.

9. Corporate Credit Rating

The Company maintains a robust operation position in the domestic automobile financing and leasing industry based on its excellent asset quality and strong capital structure. Moreover, YFC owns relatively strong capital level in terms of risk position as well as the adequate fund source and liquidity structure.

Its strong risk management capacity keeps the company in the long-term stable twA- and higher rating. The 2021~2022 credit ratings are shown below:

Rating Date	Long-term Credit Rating	Rating Prospects	Short-Term Credit Rating	Rating Agency
2022/06/28	twA-	Positive	twA-2	Taiwan Ratings
2021/09/08	twA-	Positive	twA-2	Taiwan Ratings

10. Successor Program

To build solid foundation for the corporate sustainability management, the Company launched the successor program plan in 2020. Adopted by the Board of Directors with review, the prerequisites of successor, selection, and training programs and schedule have been regulated to establish the senior personnel training and successor mechanism with routine reporting to the Board of Directors.

The Company designs the management successor fostering system to promote the senior manager training and incubation plan through systematic operation of management mechanism for officer candidates, in order to improve the senior personnel database. Members of the successor program come from YFC and its subsidiaries, who are screened for the distinguished senior successor echelon according to their professional qualification, work performance, development potential, corporate core value compatibility and personal development intention. Apart from screening the remarkability of work performance and capacity of strategic thinking, the criteria also include the compatibility between the personal value and corporate culture. Moreover, the emphasis is placed in integrity, honesty, accountability and other key leadership traits for the implementation of corporate governance

Additionally, the overall program depth and breadth are taken into account by launching five systematic training activities, including "meeting observation," "expert speech," "commercial activities," "corporation visits," and "mentorship" in 2021 and 2022. The diversity of activities held, in-depth exchange and senior managers' experience will guide the members of success program to understand the overall development strategies of the company in-depth, strengthen the cross-company communication and coordination mechanism, decision-making, policy execution and other practical experience in management.





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IV. Customer Value

SASB FN-CF-220a.2

SASB FN-CF-230a.1

1. Information Security Protection and Personal Data Protection

The Company highly values the assurance of customer privacy. Apart from the management of The Personal Data Protection Act, the Company specifically develops the “Regulations governing the protection and management of personal data,” “Regulations governing the personal data access management for installment system,” “Network Management Guidelines,” “Email Use Management Guidelines,” in addition to introducing information security protection tools for control. The relevant processes are described below.

1. Personnel in charge of individual processing procedures shall be set up with different authorities and control.
2. The personnel processing personal data files need to sign the non-disclosure agreement.
3. Notify and request consent according to the personal data regulations.
4. Take proper protection or encryption practice or personal data files retained.
5. Is the terminal host for storing personal data routinely inspected, upgraded with the operating system, and inspected for leaks in application programs?
6. It is prohibited for personal data file processing personnel to transmit personal data files via instant messenger software.
7. Use of external webmail for transmission of personal data files is prohibited.

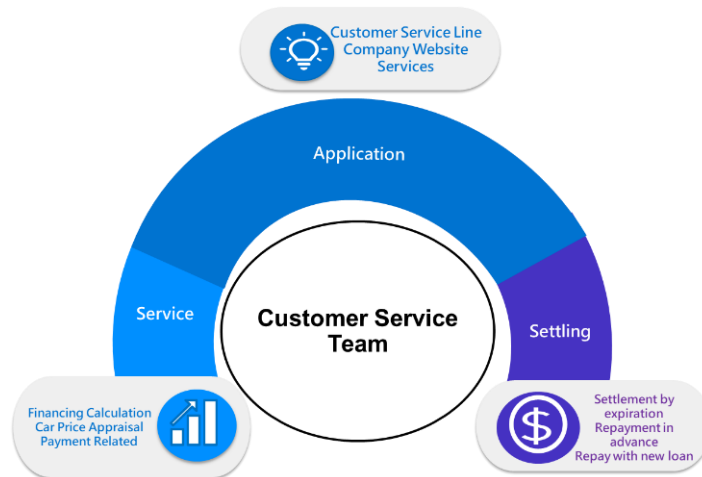
All contract cases of the Company shall require the “Notice and Agreement for Personal Data Collection, Query and Use” signed by the client. Since the case review requires the acquisition of client credit reports stored in the company’s internal system and only authorized personnel can read such information. The Information Department will clear expired credit report data by rules while the Audit Office will audit the matters assigned by the Joint Credit Information Center routinely or non-routinely each year to report the audit results to the Joint Credit Information Center for review, in order to establish a complete access control and the protection/monitoring measures. To provide customer convenience with transaction, the Company website offers queries for information on payment by installment. The person making the query will need to be the car owner and has acquired password certification. Non-car owners are prohibited from checking loan-related information. Moreover, the automation system of customer service procedures is introduced for customers to apply the services needed online and import the attachment directly to the system, reducing the manual handling of application documents containing customer’s personal data. The contract case envelopes and creditor’s right documents are collectively kept in custody at the safety-deposit box and fireproof cabin. Dedicated personnel will keep custody of the key and any access

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will require signature records according to the guidelines for safety-deposit box management operation. Document transfer will be recorded in the system with tracing. Outsourced cases will be encrypted for transmission while the lending of physical documents shall be recorded in the system with racing. Discarded documents indicating customer’s personal data will be gathered for processing and a dedicated supplier will routinely destroy the documents. Meanwhile, employees will need to lock their computer monitors when leaving their seats temporarily. The monthly information security regulations are promoted to enhance the personal data protection awareness in personnel and assure the security of customer’s personal data in the collection, processing, use, and storage. Customers will be provided with safe and protected transaction environment with improved responsibility of personal data protection. In 2021, the Company has not engaged in any legal proceedings generated from the infringement of customer privacy.

2. Product Service Innovation

The company builds a one-stop customer service team to provide customers with smooth and convenient communication channel. The digital platform offers quick solutions from product application, financing questions and consultation on payment questions, to clearance upon expiration or clearance in advance as well as other diverse services, so that customers can enjoy fast and high-quality financing services.



Continue to upgrade the development and innovation of information application, maintain internal operation procedures with optimization and digitalization, and provide more information technology outward to customers in order to boost automation and convenience.

Establish Financing Business Web Portal

Service oriented, the web service portal improves convenience for users and increase service automation by grouping customers through guides according to the nature of customers. Intuitively divide the automobile financing, consumer financing and enterprise financing services to establish a diversified, divergent, and service oriented mechanism, guiding customers to correspond with the financing services



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of the group business. Additionally, the distributor section is established to provide distributors, office sites, and salesperson making query for information related to the cases, and thereby control the dynamic, fast, diverse, and divergent search for the resources needed by the latest cases.

E-Archival of Financial Certificate and Legal Documents

The overall benefit not only reduces labor operations involving archival and paper search but also meet the long-term continuous goals of company' s promotion in paperless operations.

Automation of Application for Customer Service Document

Optimize customer service procedure. The original customer service application service procedures are simplified while frequently-used services are provided through automation system. Additional system document file will be established for the indirect import of attachment by customer application. The customer agreement system will be automatically generated to reduce labor operation, which will reduce the waiting time for customers and optimize the per person output for the operations.

Promotion of Educational Training System

The human resource division establishes employee training and employee development-related operations for system digitalization to replace paper procedures and upgrade learning convenience.

Introducing RFID to Fixed Asset System

Count the asset using technological tools for the effective verification of company assets, follow up the custody sites and departments of the assets, and saving the labor costs and time for inventory count.

Establishment of Document Management System

Establish the company documents and management regulations as well as other data management to assure the consistency, version control and validation of document review procedures.

Convenient Payment Method

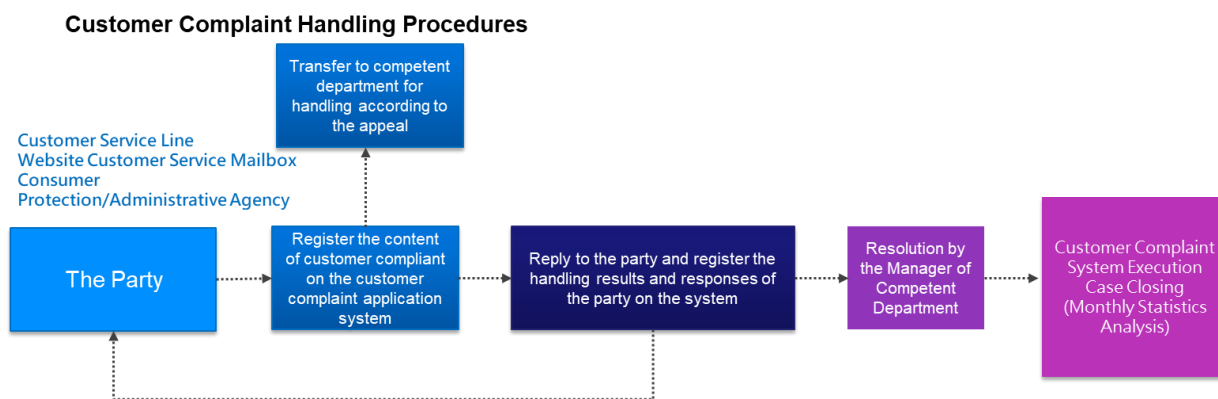
Customers not only can make payment at the banks, postal counters or ATM but also use the SMS QR code for convenience stores and ACH payment (direct debit/inbound remittance services). Customers can also use e-ACH (online application for direct debit/inbound remittance service) to complete the direct debit set up online. Customers are provided with more diverse and convenient payment channels, meeting their different needs.

3. Customer Relation Management

SASB FN-CF-270a.4

Customer Complaints Handling Efficiency

GRI 102-9 · 204-1



To well handle customer complaint cases, develop customer complaint handling procedure, and provide diverse grievance channel, a specialist will be in charge of handling the customer complaint cases, understand and respond to customer questions. Customers can leave a message on the company website or call 0800 toll-free customer phone line to state opinion and communication. Customer service staff will register on the customer complaint system and submit to the competent department for handling. According to the internal “Customer Complaint Handling Process Guidelines” of the Company, the competent department supervisor shall verify and follow up the handling progress in 3 days after the customer complaint filed by the customer. The customer service personnel shall prepare the weekly customer complaint statistics and submit together with the record from to the departmental supervisor for review. The cases of customer complaints filed in 2019, 2020 and 2021 were 198 cases, 157 cases, and 173 cases respectively. The number of cases completed handling at the end of the year were 198 cases, 157 cases, and 171 cases respectively. The average rate of case closing was over 99%, with the average handling time for customer complaints closing in 3 days and the re-complaint rate is 1%. In 2021, the number of customers complained filed via letter issued by competent authority was 29 cases, and the proportion of reconciliation via mediation court was 0%. The total proportion of closed customer complaint for 2021 was 96.55%, and as of Q1, 2022, 100% of the customer complaint cases were closed.

Item	2019	2020	2021
No. of Customer Complaints	198	157	173
Year-End No. of Closing Cases	198	157	171 ^[NOTE]

Note: Statistics compiled up to 2022 Q1, 100% of all customer complaint cases in 2021 have all been closed.

No. of Letters issued by Competent Authorities	2021
Cases of Statistics	29
Proportion of Reconciliation by Mediation Court	0%



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Upgrade of Customer Service Knowledge and Management Skills of Creditor' s Right

The customer service and creditor' s rights management departments call the monthly meeting to conduct case study, research, and data analysis. The team brainstorm and continue to optimize the processing procedure, improve work skills, strengthen customer service, and upgrade credit' s management and customer service efficiency. Meanwhile, the Company prevents scam syndicate and unscrupulous person from illegitimate infringement on the Company and pass down the knowledge and experience completely through knowledge warehouse management. The Company adopts data analysis to control customer group characteristics and propose differentiated strategies on delinquent, bed debts and different customer groups for the most effective management. Additionally, the Company holds education and training from time to time, so that the senior personnel serve as instructor to analyze the case background for incidents recently taken place, spread the knowledge and skills through actual case instruction to all employees.

4. Sustainable Supplier Management *GRI 102-9 · 204-1 · 408-1 · 409-1*

To provide customers with quality services and maintain excellent work environment, the selection of suppliers not only require the qualified suppliers in conformity with the law but must also assure stability and locality. Currently, the Company uses local Taiwan suppliers with 100% of local procurement proportion, in addition to giving priority for procurement of products coming with green marks, in order to implement sustainable environment and promote local economic development.

According to the aforementioned, the Company formulated the "Regulations Governing Supplier Management and Supplier Evaluation Process" in 2017 and required suppliers to provide or be equipped with green certification/environmental safety and health mechanism/professional or sustainability mark by product category and professionalism, in order to establish the supply chain meeting corporate social responsibility collectively

The types of the Company' s main suppliers include vehicle purchase, information procurement (including software), general affairs procurement, project outsourcing, printing suppliers, suppliers of stationery cabins, and consulting services. The Company regulates the suppliers with commitment to ethical conducts, respect for the human rights of labor, compliance with safety and health regulations, and the objectives of environmental sustainability. In particular, the supplier for vehicle purchase shall refer to the sustainability report published by the supplier; the suppliers of general affairs procurement, project outsourcing, printing and stationery cabin shall all comply and sign the "Code of Conduct for Suppliers." In 2021, 11 suppliers have signed the Code of Conduct for Suppliers and the suppliers of information procurement (including software) and general affairs type with annual transaction amount over NTD800,000 (including), who are required to fill out the "Supplier Self-Evaluation Form" each year



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to implement the supplier audit.

Labor Rights/Interests and Human Right

Child labor is prohibited while employee working hours and salary must be ensured to comply with the law, in addition to providing work environment free from harassment and discrimination. The Company shall comply with labor and occupational safety and health related regulations by establishing an emergency disaster response mechanism, improve labor accidents and the care system for occupational diseases.

Environmental Protection

Suppliers shall commit in the establishment of environmental management system to reduce or eliminate the different types of wastes (including water and energy), using energy-saving measures or adopting recycling, reuse or alternative materials for energy saving in the equipment, maintenance or production process.

The supplier shall be committed to reducing the emission of pollutants, toxins and wastes in addition to discard wastes properly, conform to the relevant regulations for the treatment of wastes in order to lower impact on the natural environment.

Ethical Management and Code of Ethics

Comply with ethical management and code of ethics as well as company regulations. Select suppliers based on the ethics standards of the supplier. The suppliers shall also transact through public and transparent means when forming an alliance, on the basis of code for ethical management. Any involvement of unethical conduct with severity that prevents the performance of this agreement is subject to the termination or cancellation of contract by the Company at any time.



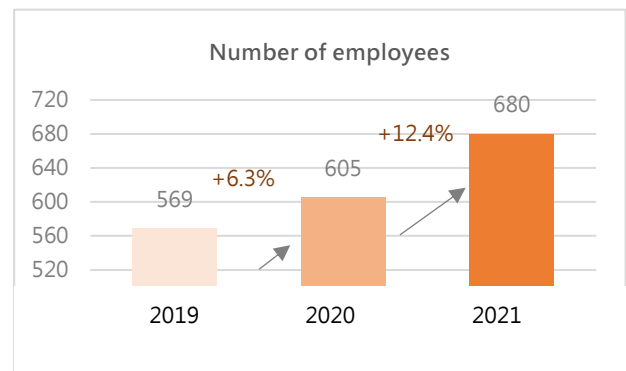
V. Happiness Workplace

1. Human Resources *GRI 102-8 · 405-1*

The total number of employees for 2021 was 680 people, up 75 people compared with 2020. All employees of the company are full-time employees, with a female/male ratio of 1.8:1. In particular, 7 people signed the scheduled contract, mostly involving general documentation and general affairs work. In 2021, female full-time employees accounted for about 64% of total employees, and 80 people in the managerial positions, accounting for about 11% of all employees. Moreover, female supervisors account for 40% of all supervisors. Overall, the number of employees and scale for the company is on stable growth while the female employees promoted to managerial positions also account for a reasonable ratio, as shown in the following figures.

Employment contract/sex		Female	Male	Sub-Total
Full-Time Employees	Unscheduled Contract	431	242	673
	Scheduled Contract	7	0	7
Total No. of Employees		438	242	680

Note 1: The figure did not include the number of employees dispatched overseas/on parental leave without pay in 2021.
 Note 2: The company did not receive any dispatched employees through the contract with human resource company.



Employee Sex and Age Distribution

Total No. of Employees	Sex	Age			Sub-Total	Age Ratio			Sex Ratio
		Under 30 YR	30-50 YR	51 YR and Older		Under 30 YR	30-50 YR	51 YR and Older	
680	Female	64	342	32	438	9.4%	50.3%	4.7%	64.4%
	Male	23	190	29	242	3.4%	27.9%	4.3%	35.6%
	Sub-Total	87	532	61	680	12.8%	78.2%	9.0%	100.0%

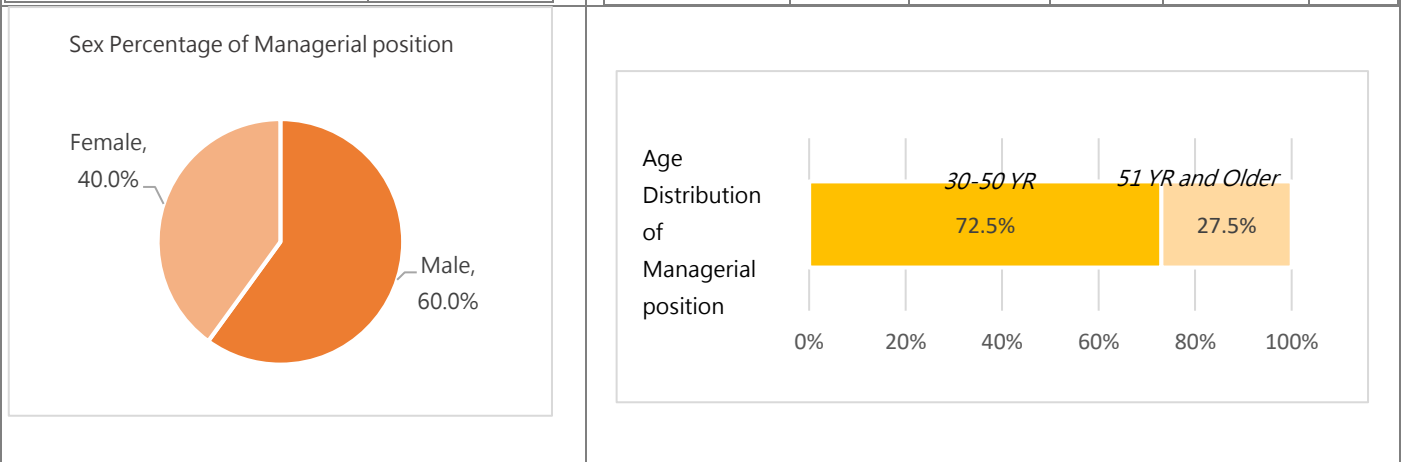


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Number of Managerial Positions, Sex and Age Distribution

No. of Managerial position	Sex	Sub-Total	Total No. of Managerial position	Sex	Age			Sub-Total
					Under 30 YR	30-50 YR	51 YR or Older	
80	Female	32	80	Female	0	22	10	32
	Male	48		Male	0	36	12	48
Sub-Total		80		Sub-Total	0	58	22	80



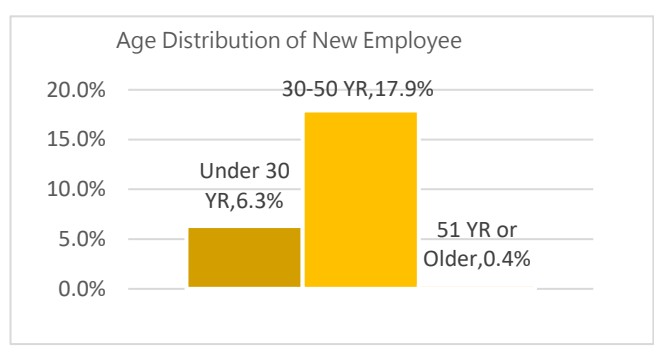
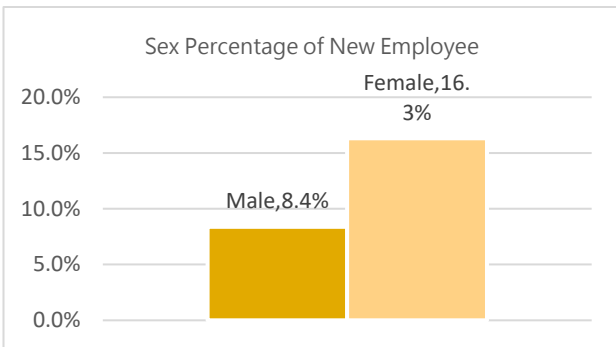


Number of 2021 New Employee, Sex and Age Distribution

GRI 401-1

Total No. of New Employee	No. of People					Ratio			
	Sex	Sub-Total	Age			Sex	Age		
			Under 30 YR	30-50 YR	51 YR or Older		Under 30 YR	30-50 YR	51 YR or Older
168	Female	111	31	78	2	16.3%	4.6%	11.5%	0.3%
	Male	57	12	44	1	8.4%	1.8%	6.5%	0.1%
	Sub-Total	168	43	122	3	24.7%	6.3%	17.9%	0.4%

* Ratio of total number of employees -680 people working in Taiwan as of the end of 2021.



Ratio of New Employees Among All Employees in Current Year for The Last Three Years

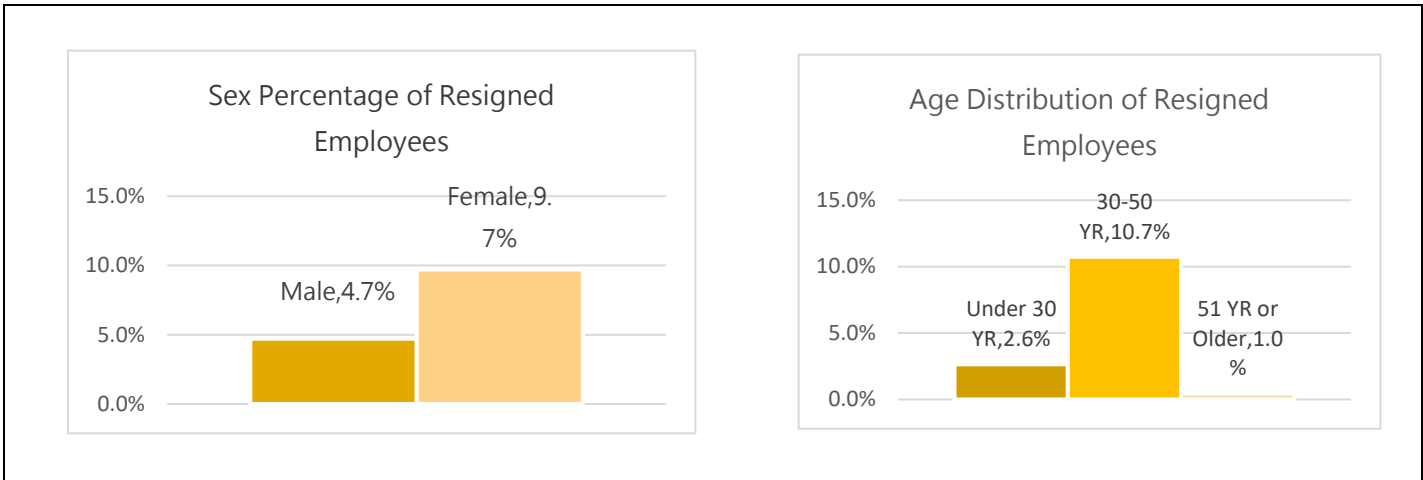
Sex	2021	2020	2019
Female	16.3%	14.5%	20.2%
Male	8.4%	7.4%	8.4%
Sub-Total	24.7%	22.0%	28.6%

Number of 2021 Resigned Employees, Sex And Age Distribution

GRI 401-1

Total No. of Resigned Employees	No. of People					Ratio			
	Sex	Sub-Total	Age			Sex	Age		
			Under 30 YR	30-50 YR	51 YR or Older		Under 30 YR	30-50 YR	51 YR or Older
98	Female	66	11	50	5	9.7%	1.6%	7.4%	0.7%
	Male	32	7	23	2	4.7%	1.0%	3.4%	0.3%
	Sub-Total	98	18	73	7	14.4%	2.6%	10.7%	1.0%

* Ratio of total number of employees -680 people working in Taiwan as of the end of 2021.



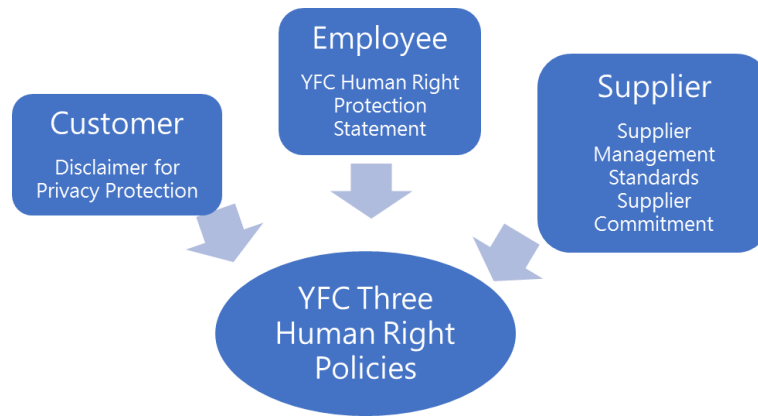
• **Ratio Of Resigned Employees Among All Employees In Current Year For The Last Three Years**

Sex	2021	2020	2019
Female	9.7%	11.6%	13.4%
Male	4.7%	5.1%	6.9%
Sub-Total	14.4%	16.7%	20.2%

2. Human Right Policy *GRI 401-3 · 405-1 · 406-1 · 408-1 · 409-1*

YFC firmly believes in showing respect for human right and building dignified work environment are highly important for enterprises and partners. YFC strictly complies with all local regulations of the operation offices worldwide, in addition to maintaining the human right of all personnel, including full-time employees, contract and temporary workers, and interns. Solving the human right issues in complex industry chain is the common responsibility of the entire industry and YFC requires all partners to comply with the same standards. In 2021, the Company did not engage in any discrimination or grievance incidents.

YFC supports the Universal Declaration of Human Rights (UDHR) by the United Nations and dedicates in complying with the international principle of human rights, implementing the YFC' s Human Right Policy.



- Our operations are incorporated with the respect for economy, society, culture, citizen, political rights, and development.
- Provide safe, healthy and zero-harassment work environment.
- Eradicate illegitimate discrimination and assure equality for work opportunities.
- Child labor prohibited.
- Forced labor prohibited.
- Protect the labor right for aboriginals, women, immigrant workers, contract personnel, persons with disabilities, disadvantaged groups, or marginalized groups.
- Comply with all applicable laws governing salary and wages.
- Pay fair and adequate living wages timely and explain the legitimate withholding amount on salary sheet.
- Build an environment for communication and establish an open management model.
- Support and assist employees with maintenance of physical and mental health and balance between work and life.
- Provide a diversity of open conversation channel including anonymous reporting, so that suppliers, business partners and other stakeholders can give feedback or report suspected conducts of violation to YFC.
- In response to the volatile situations and demand of stakeholders, routinely inspect and evaluate the relevant risks, approach and influence.

Labor Rights and Interests

YFC complies with all standards set forth in the “Universal Declaration of Human Rights (UDHR) by prohibiting forced labor and setting up the minimum employment age, working hours, weekend covenants, proposal, and other international consensus. YFC also abides by the “Labor Standard Act,” “Gender Equality in Employment Act,” “ Employment Services Act” and the labor act promulgated by other competent authorities to formulate the reasonable work rules and related personnel operation standards. The overseas subsidiaries of YFC also comply with the local labor standard act and develop



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reasonable labor conditions with precaution to protect the labor right of local employees.

Workplace Equality

YFC cares about the rights and interests of all employees, maintain the equal and safe happiness workplace. YFC treats all employees equally without discrimination or giving unequal treatment against race, ranking, language, ideas, religion, parties, nationalities, sex, look, appearance, and disabilities. YFC also strictly prohibits any form of sexual harassment and intimidating behaviors. YFC and its affiliate subsidiaries announce the “Employee Code of Conduct” and “Regulations Governing the Grievance and Punishment for Workplace Sexual Harassment Prevention Measures” on the internal site. Employees can file the complaint via the employee mailbox and if the complaint involves sexual discrimination or sexual harassment, YFC will form the “Employee Grievance Processing Committee” by law and conduct fair and rigorous investigation and review on the relevant case. The Committee will protect the privacy of the victim and assist the investigators without coercion. If the employees are been investigated at fault, the investigation results and standards for employee incentive and punishment rules will be transferred to the Personnel Review Committee for punishment and resolution in order to protect workplace equality. All operation offices of YFC have not encountered any sexual harassment incident all year round in 2021 and shall continue to advocate the prevention, grievance and punishment regulations of sexual harassment through various means.

Equal and Complete Performance Appraisal System And Guidelines

The Company offers complete performance appraisal system and such performance appraisal standards will not differentiate based on sex or nationality as well as other criteria. For employee career plan, the supervisors and employees can jointly verify their past work performance and future work goals through the two performance appraisals every year, to find out the employee’s flaw in competency with reinforcement or given education, training or shift-training to upgrade and expand employees’ work competency and professionalism, thereby to extend the height and depth of their career development. Additionally, to optimize the performance appraisal system, a comprehensive investigation of the financial peer appraisal system is conducted to adjust and increase the frequency of employee performance appraisal, in order to timely supervise and encourage peer employees with work performance, implementing and conforming to the spirit of performance appraisal. The Company explains the repatriation related laws and regulations in the work conduct as common knowledge for the labor and management to follow.

Human Rights Risk Assessment Management Table

The Company gives priority in conducting risks assessment on the potential risk agenda related to possible human rights by formulating the risk mitigation measure, compensate according to the implementation results and adjust with subsequent management and mitigation policies. The human



right risk assessment management table for company employees are shown below:

Agenda Category	Major Agenda	Applicable Subjects	Risk Mitigation Measures	2021 Execution Results			Compensation Measures for Impact
				No. of Applicable Subjects	(Actual No. of People under Risk Impact) Human Right Risk Impact Rate ^[Note 1]	Explanation	
Human Right Justice and Workplace Harassment Prevention	Protection of persons with physical and mental disability.	Employees with physical and mental disability	<ol style="list-style-type: none"> Control the number of employees with physical and mental disabilities and the ratio. Design the duties, employment and management procedures of persons with physical and mental disability with dedicated personnel routinely care for their work. Build the friendly work environment with accessibility 	8	(0 people) 0%	The ratio of employment for persons with physical disabilities by YFC is superior than that required by law.	-
Human Right Justice and Workplace Harassment Prevention	Anti-Discrimination and Harassment	All employees ^[Note 2]	<ol style="list-style-type: none"> Compliance with non-discrimination laws and regulations. Set up the "Regulations Governing the Grievance and Punishment for Workplace Sexual Harassment Prevention Measures of YFC" to provide equal workplace. Establish the employee grievance processing committee to fairly handle all related cases. Provide relevant grievance channel (e.g. employee grievance announcement letter, sexual harassment grievance hotline and email) so that employees may express their opinions timely. Promote the "Illegitimate Infringement Prevention Plan for Duty Execution" 	797	(0 people) 0%	No incident of sexual harassment case found in 2021 and YFC will continue to advocate the regulations governing sexual harassment prevention, grievance and punishment through various means.	-



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Agenda Category	Major Agenda	Applicable Subjects	Risk Mitigation Measures	2021 Execution Results			Compensation Measures for Impact
				No. of Applicable Subjects	(Actual No. of People under Risk Impact) Human Right Risk Impact Rate ^[Note 1]	Explanation	
Child Labor and Maternal Protection	Child labor prohibited	Applicants	<ol style="list-style-type: none"> 1. Employment of persons 16 years of age and under is prohibited. 2. Request the applicant in the recruitment process to indicate their date of birth and assure data accuracy, in addition to enclosing identification upon sign-in. 	-	(0 people) 0%	Implement the policy prohibiting child labor and no incident of child labor employment has been found.	-
	Maternal Health Protection	Female employee in pregnancy and in less than year after giving birth to a child.	<ol style="list-style-type: none"> 1. Comply with Labor Standard Act and Act of Gender Equality in Employment. 2. Offer flexible breastfeeding (bottle-feeding) measures and set up a breastfeeding (bottle-feeding) room. 3. Promote the "Workplace Maternal Health Protection Program." 	22	(0 people) 0%	Reinstatement rate after maternal leave: 100.00% Retention rate one year after parental leave: 80.00%	-
Labor Conditions	Occupational Safety	All Employees	<ol style="list-style-type: none"> 1. Implement four major protection plans. 2. Employ full-time nurses and occupational safety personnel while doctor will conduct routine visit to the office environment. 3. Routinely implement on-the-job employee labor safety and health education and training to upgrade employee awareness for hazard. For example, fire escape and drills. 4. Reinforce advocacy for occupational safety knowledge and skills through routine internal propaganda. 5. Routinely send psychological health education information to teach employees with regulation of pressure and promote the physical and mental health. 	797	(3 people) 0.38%	<ol style="list-style-type: none"> 1. No safety and health labor inspection flaw and penalty case found in 2021. 2. In 2021, 3 people encountered occupational accident. 	<ol style="list-style-type: none"> 1. Provide group insurance, labor insurance and other insurance to request for benefits and assistance 2. Provide personnel with post occupational disaster care, consultation and care.



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Agenda Category	Major Agenda	Applicable Subjects	Risk Mitigation Measures	2021 Execution Results			Compensation Measures for Impact
				No. of Applicable Subjects	(Actual No. of People under Risk Impact) Human Right Risk Impact Rate ^[Note 1]	Explanation	
Labor Conditions	work overtime prohibited	All employees	<ol style="list-style-type: none"> 1. Comply with Labor Standard Act and regulate the work rules and standards. Inform the normal working hours and rules for overtime of the Company regularly. 2. Record employee attendance through the attendance system and set up reminder. 3. Inspect the overtime status of all departments. 4. Promote "Public Scheduling for Special Leave" to encourage employees plan for more adequate leave period. 	797	(17 people) 2.13%	<ol style="list-style-type: none"> 1. No safety and health labor inspection flaw and penalty case found in 2021. 2. A total of 17 people exceeds the upper limit of extended wages each month exceeding Labor Standard Act in 2021. 	<ol style="list-style-type: none"> 1. Compensation for the overtime fees or leave. 2. Understand the workload and overtime reason for employees and adjust their duties or assist with work efficiency depending on the situation.

Note1: Human Right Risk Impact Rate = Actual No. of People under Risk Impact /NO. of Applicable Subjects

Note 2 : Applicable subjects, "all employees" refer to the total number of people recorded with the Company all year round and all employees are implemented with human right risk mitigation measures to protect the human right of employees.

Human Right Protection Training Approach

The Company provides safe and health work environment according to the law and regulations and establish the dedicated occupational safety and health department and committee by employing professional doctors and nurses to conduct safety, health and fire related education and training regularly, as described in the following training hours:



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S/N	Category	Description	Course Title	No. of People	No. of Educational Training Hours (H)
1	New Employee Education and Training	New employees will receive regulatory agenda promotion upon signing in. The content includes: attendance/absence management, protection of human right treatment, health and safety work environment and other courses.	<p>【Sign-In Date New Employee Training】 2021</p> <p>【New Employee Training】 2021</p>	413	813.77
2	Prevent occupational violence	Help employees understand the policy preventing workplace violence through propaganda and training, strengthen supervisor/subordinate leadership with cross-departmental communication skills, lower the possibility of infringement in workplace, establish company grievance and reporting mechanism, and build friendly work environment.	<ul style="list-style-type: none"> • 【Physical and Mental Health】 Emotional Sensitivity - Workplace • 【Read Good Books】 Non-Violence Communication • 【Law and Decree】 Avoid the four symptoms of workplace bully – Labor Standard Act everyone must know about. • 【Communication Skills】 -Good social skills for new employees. Workplace people management through communication skills. -Comprehension before persuasion -Require workplace skills-Survival course of phone etiquettes. • 【Managerial Competence】 Communication expression – Talk less feeling but more facts; correct things and not people. 	337	517.78



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S/N	Category	Description	Course Title	No. of People	No. of Educational Training Hours (H)
2	Prevent occupational violence	(as stated above)	<ul style="list-style-type: none"> • 【Entry-Level Supervisor Training Course】 Critical training for supervisor sensitivity - Key conversation with effective listening • 【Departmental Supervisor Training Course】 High-performance team leadership and communication skills • 【Departmental Supervisor Training Course】 Establishing group consensus and cross-department communication 	(as stated above)	(as stated above)
3	Workplace Environment Safety	Incorporate into annual compulsory training, which content includes: safety and health education and training, fire safety education and training, CPR demonstration and basic rescue and bandage skills and courses.	<ul style="list-style-type: none"> • Fire Manager Training • Class A Occupational Safety and Health Operation Supervisor Training • Class B Occupational Safety and Health Operation Supervisor Training • Class C Occupational Safety and Health Operation Supervisor Training • Labor Health Service Nurse Training • Emergency Rescue Training Course (CPR/AED) • 2021 Fire safety drill – Fire escape actual drills • April compulsory course – disaster prevention and emergency contingency that you must know about. 	1,673	1,880.85

Employment of Physical and Mental Disability

To fulfill corporate social responsibility, YFC responds to government policy and encourage persons with mental and physical disability to employment with a preferential offer than that required by law. YFC also



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offers masseurs service with visual impairment and three masseurs with visual impairment provide services to employees each week. This masseur benefit is arranged by the company on a long-term and regular basis and all employees are entitled to this benefit, which contributes efforts in the employment of persons with physical and mental disability.

Employment is still based on professionalism and under the same conditions, employees with mental and physical disability will be given priority in employment. For example, the logistics department shall require conformity with the professional requirement of work and priority is given to persons with physical and mental disability (on the job as of the end of 2021). We support the policy of employing persons with physical and mental disability through actual actions. In the past few years, YFC has a higher ratio of employing persons with physical and mental disability than that required by law.

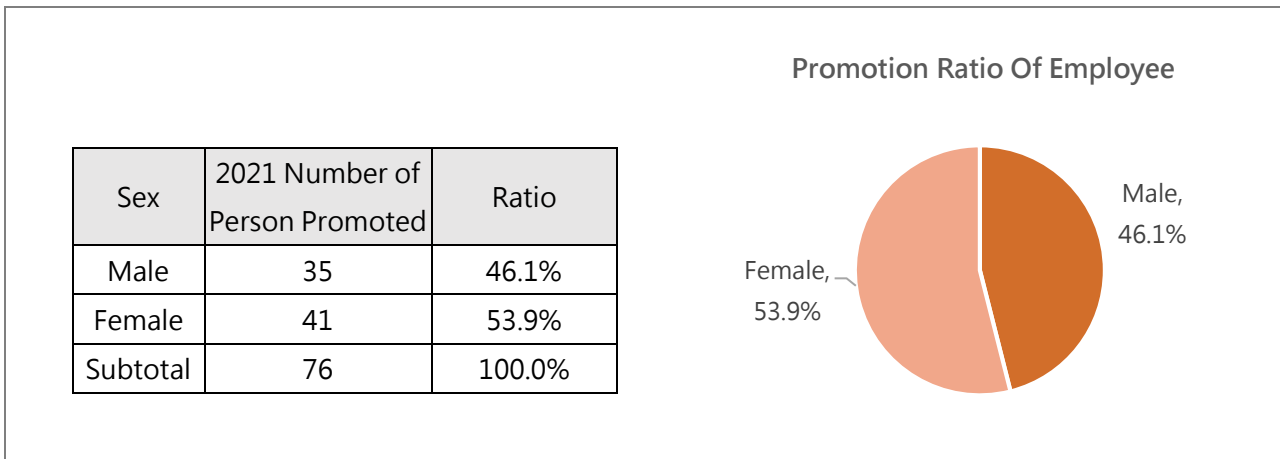
Pursuant to Item 2, Article 38 of People with Disabilities Rights Protection Act, the number of persons with physical and mental disability may not fall below 1% of total employees.

- of 797 employees recorded by the Company in 2021, a total of 8 persons with mental and physical disability were employed, accounting for 1% of the total employees of the Company.
- of 724 employees recorded by the Company in 2020, a total of 9 persons with mental and physical disability were employed, accounting for 1.2% of the total employees of the Company.
- The number of employees recorded by the Company in 2021 and 2020 were 797 people and 724 people respectively, which were better than those required by the law (7 employees required by ratio).

Year	No. Of Employees Recorded by The Company	No. Of Persons with Physical And Mental Disability Employed	Ratio
2021	797	8	1%
2020	724	9	1.2%

2021 Male-female Promotion Ratio

The Company offers different types of salary systems due to operation requirement. All systems are based on the professional and performance goals of employees with different salary. The employment and salary of the Company are based on opening requirement, and multiple factors for the professionalism seniority of personnel, performance, salary level of external market, internal salary system and level and personal preference treatment, which does not differentiate according to the sex or region. The company expects to put professionalism at the right place. Moreover, the promotion and performance for salary adjustment take into consideration of employee performance and career development, which truly respects the professionalism of all departments and duties without differentiated treatment due to sex.



Number of Employees on Parental Leave and After Parental Leave in

2021 *GRI 401-3*

- **Number of Employees Entitled to Parental Leave And Actually Taking Paternal Leave**

Item	Female	Male	Ttoal
No. of employees entitled to parental leave	15	6	21
No. of employees actually taking parental leave (Note)	3	0	3

Note: Calculation based on application for maternal leave, paternal leave and parental leave without pay in 2021.

- **Retention Status After Parental Leave**

Item	Female	Male	Sub-Total
Number of Employees to be reinstated after parental leave in 2021 (A)	2	0	2
Number of employees actually reinstated after parental leave in 2021 (B)	2	0	2
Reinstatement Rate (B/A*100)	100%	-	100%
Number of employees actually reinstated after parental leave in 2020 (C)	5	0	5
Number of employees still working 12 months after reinstating in 2020 (D)	4	0	4
Retention Rate (D/C*100)	80%	-	80%

3. Employee Salary, Bonus and Benefits *GRI 201-1 · 201-3 · 401-2*

The salary policy for the most superior governance and senior management of the Company mainly



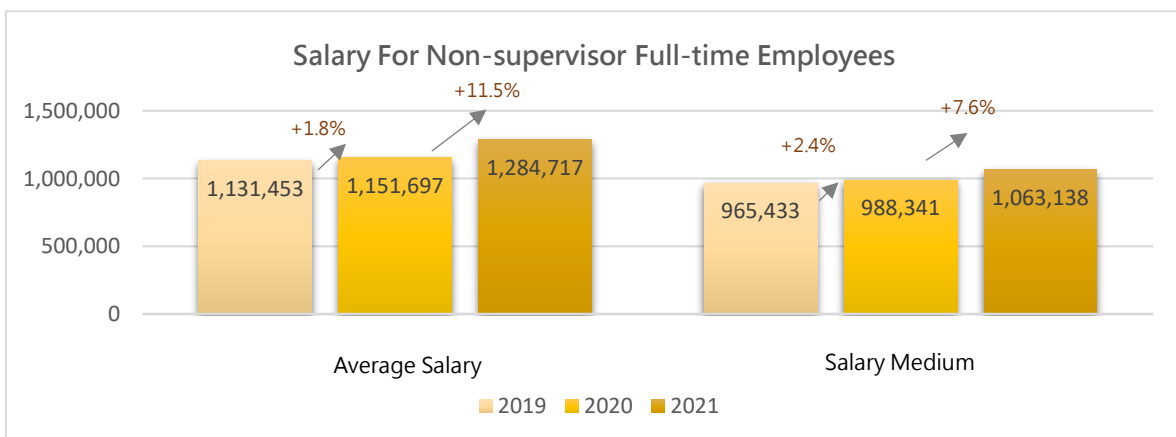
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refers to the industry and the internal position/ranking related regulations of the Company. Meanwhile, according to the regulations governing public listing companies, the “Salary and Remuneration Committee” conducts supervision and management. The base salary is 12 months of monthly salary, floating salary as other categories of bonus, including the three festival bonuses, year-end bonus, employee dividend or performance bonus. The salaries are appropriated by group rules and distributed according to the profits of the Company, the performance of accomplishment, financial data, and work performance. The governance unit and manager of the Company supervises the corporate operation and management to conform to the business philosophy and regulatory compliance for corporate governance, environment and social sustainability.

Apart from the 12 months of monthly salary, additional three festival bonuses are given, totaling 14 months. According to the operation status and the personal performance of the employee, year-end bonus and annual employee dividend will be distributed. Each year, the salary standard of the financial industry and peer will be investigated and evaluated with routine attention to the changes in the market and annual salary adjustment to as feedback to the superior performance of employees, making commitment in maintaining the salary competitiveness. In 2021, the average salary adjustment for employees was a fundamental mean of 2~8.5%, which offers differentiated incentives according to personal performance/promotion/salary points. In practice, if the employees show excellent performance or reported for promotion, the level of salary incase will reach between 5~11.5%.

2019-2021 Salary for Full-Time Non-Supervisor Employees

Salary for non-supervisor full-time employees				
Year	Average Salary	Growth Rate %	Salary Medium	Growth Rate %
2019	NTD1,131,453 /Person	13.6%	NTD 965,433/Person	16.3%
2020	NTD1,151,697 /Person	1.8%	NTD 988,341 /Person	2.4%
2021	NTD1,284,717 /Person	11.5%	NTD 1,063,138 /Person	7.6%



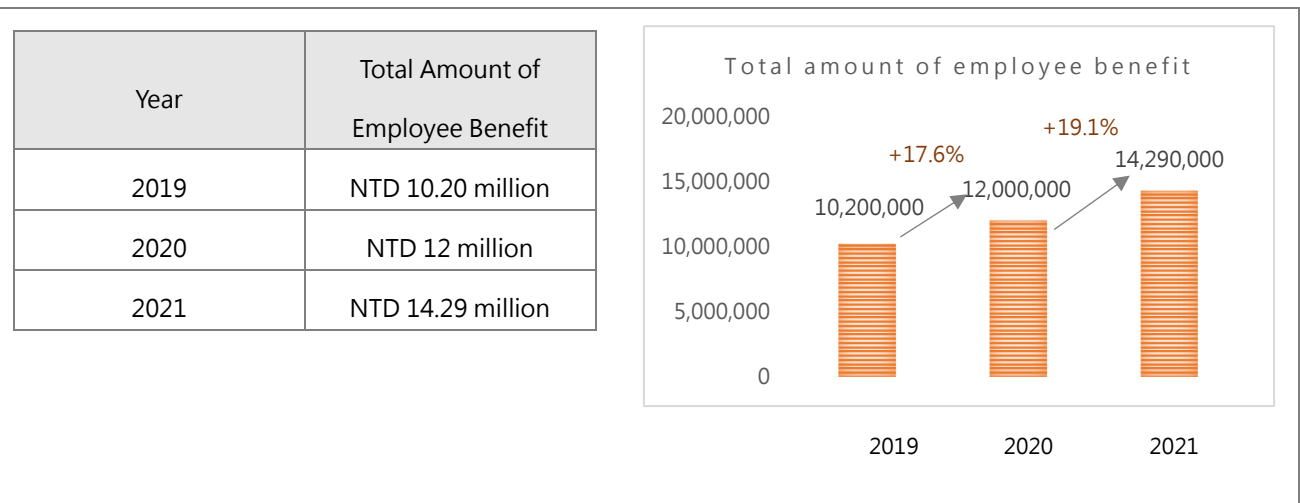


Benefit System

People oriented, the customer-based philosophy shapes the corporate culture and the business philosophy of "Sincerity, Advance, Value, and Efficiency". We believe that happy and healthy employees are the key to corporate sustainability development and we strive to build quality work environment based on this goal. In recent years, YFC has been recognized by the government multiple times and we have further acquired several certifications of happiness and quality workplace.

We highly value employee benefit, enrich their life and design improved employee benefit packages so that employees will not have additional concerns after work. Apart from taking care of employees, we also care about their spouses. We boost the sense of happiness and corporate identity in employees through care and interaction by conducting satisfaction survey on the execution of employee benefits each year. The continuous improvement and optimization will increase employee benefits and thereby drive to the upgrade of satisfaction, in order to create higher identity. The Company takes into consideration of the benefit policies required by law and fully consider the demand of employees and family by developing projects better than those required by laws and regulations.

2019 -2021 Employee Benefit Data



Pension Fund System

The retirement benefits differ according to the identity of the employees, where "Regulations Governing Manager Retirement Management" applies to managers and the employees will depend on the new or old labor pension plans selected by the employees. The relevant management guidelines are described below:

- Old Labor Pension Plan**

It is stipulated in the "Labor Standard Act" that the applicable subjects are employees employed before June 30, 2005, who are currently employed. The Company appropriates 2% of the employee's monthly



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salary as the pension fund, which is submitted to the Supervisory Committee of Business Entities' Labor Retirement Reserve for deposit under the name of the Committee into the designated account with Bank of Taiwan (previously Central Trust of China merged by Bank of Taiwan in 2007). The account is a special account and its ownership belongs to the Company. Bank of Taiwan (Trust Department) is in charge of fund collection/expense, custody and use. When employees of old labor pension plan meet the criteria for applying pension funds from the Company based on the old plan retirement, the Company shall withdraw from this labor pension reserve account and pay to the retiring employees.

Pursuant to item 2, Article 56 of the Labor Standard Act and IAS19, the Company shall review the balance of the labor pension reserve account at the end of each year, which could be sufficient for paying labor estimated to meet the retirement conditions in the following year, which shall be submitted to the Supervisory Committee of Business Entities' Labor Retirement Reserve for review. If the balance is not enough to cope with the payout, the Company shall appropriate the difference at the end of next March.

1. Employees of the Company may apply for retirement under one of the following conditions:
 - 【1】 Employees having worked in the Company for more than 15 years and are 55 years of age
 - 【2】 Employees having worked in the Company for more than 10 years and are 660 years of age.
 - 【3】 Employees having worked in the Company for more than 25 years.
2. The Company may impose retirement in employees under one of the following conditions:
 - 【1】 Reaching the age of 65 years old.
 - 【2】 Those with insanity or physical disability that that incompetent for the work.
3. The reimbursement standards for employee pension funds are described below:
 - 【1】 Those having worked in the Company for 1 year to 15 years shall be distributed with two ordinal number each year and shall be distributed 1 ordinal number for every one year of completed service since the 16th year. The Company adopt the calculation for pension reimbursement before and after the Labor Standard Act, up to 45 ordinal numbers. The seniority for less than half year shall be calculated by half year and shall be calculated by one year if exceeding half year.
 - 【2】 If the employees are mandatory to retire due to insanity or physical disability incompetent for work as a result of executing the duties, the Company not only has to pay the pension fund according to aforementioned requirement but shall reimburse additional 20% pension fund.
4. The seniority of employee service is fully calculated from the date of report-in to the effective date of retirement approval. The following seniority is excluded from the calculation:
 - 【1】 Seniority from leave without pay.
 - 【2】 The past seniority due to resignation and interruption of services.
5. The calculation standard for the ordinal number of pensions refers to the average salary from the last 6 months prior to approval of retirement.



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6. Employees applying for retirement shall file the application according to the following pre-notice period, which shall be approved by the relevant direct supervisor and president, in addition to completing the resignation process before official retirement.

【1】 Employees having worked successively from 3 months to 1 year, shall send notice 10 days in advance.

【2】 Employees having worked successively for 1 year to 3 years, shall send notice 20 days in advance.

【3】 Employees having worked successively for 3 years or more, shall send notice 30 days in advance.

• New Labor Pension Plan

According to the provisions set forth in Enforcement Rules of the Labor Pension Act, the subjects of applicability a new employee entering the Company after July 1, 2005 and the employees choosing the new labor pension plan before July 1 2005 (old seniority will be retained). The appropriation standard is 6% of the monthly wage of the employee withheld by the Company and such amount shall be deposited to the personal pension account. The employees may also voluntarily appropriate within the 6% of monthly wage.

1. The Company may impose retirement in employees under one of the following conditions:

【1】 Reaching the age of 65 years old.

【2】 Those with insanity or physical disability that that incompetent for the work.

2. Requisition Method:

【1】 Those aged 60 years old may apply for pension fund and the employees may request for payment from the Bureau of Labor Insurance.

【2】 If the employee dies before 60 years old, the survival or designated requester may collect in one lump sum.

3. Reimbursement Standards:

Cumulative (Monthly Wage Appropriated x 6%) + Cumulative Investment Proceeds

4. Payment:

【1】 Those having 15 years of work seniority (not limited to the same business unit) may request for monthly pension fund.

【2】 Those having less than 15 years of work seniority may request for one lump sum of pension fund.

5. Employees applying for retirement shall file the application according to the following pre-notice period, which shall be approved by the relevant direct supervisor and president, in addition to completing the resignation process before official retirement.

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【1】 Employees having worked successively from 3 months to 1 year, shall send notice 10 days in advance.

【2】 Employees having worked successively for 1 year to 3 years, shall send notice 20 days in advance.

【3】 Employees having worked successively for 3 years or more, shall send notice 30 days in advance.

Note: The aforementioned monthly wage refers to the amount indicated in the monthly appropriated wage brackets.

- **Pension Fund System of Overseas Subsidiary**

If the pension plan of the overseas subsidiaries is defined contribution plan, the Company shall pay for the pension fund, medical expenses, and various social insurance benefits according to the local government rules.

4. Healthy and Friendly Work Environment GRI 401-2

Safe and Comfortable Office Environment

- **Office Environment**

The Company pays attention to all details of the comfort of office environment and executes the following measures:



Office lighting

The office is installed with LED light to save energy and provide adequate lighting in the office. The light brightness is noted to relieve the employees from eye discomfort from long-term reading in the office and build a friendly environment.



RO Water dispenser installation

The water dispenser is maintained routinely and specialists will inspect and clean the dispenser externally and replace filter in 2-3 months, maintain and conduct water quality inspection every 3 months to assure the drinking water health of employees.



Indoor Air quality maintenance

The air conditioner exchanges indoor/outdoor air for excellent air quality indoor. The large air conditioner will be cleaned once a year and an air purifier will be placed at proper location to filter the air indoor, with routine maintenance and cleaning daily that keep the office environment clean and good.



Office Environment and Facilities

The pantry room of the office offers microwave, steaming box, refrigerator, and water dispenser with variety of tea and coffee for employees. The cleaning staff sterilize the bathroom and pantry room using bleach daily to prevent insect and rat breeding. The 75% sanitizer is also available for employees to disinfect after using the bathroom, thereby providing all employees with a safe office environment.



Provide employees with a safe and sanitary work environment, comply with regulations governing firefighting equipment inspection and buildings public safety inspection each year, to assure the normal operation of firefighting system and equipment as well as to maintain the alert function. Additionally, the Company develops the "occupational accident and work injury compensation" in addition to insuring employees with group insurance to protect the rights and interests of the workers under occupational accidents.



With regards to action and emergency rescue, The company owns one AED (Automated External Defibrillator) and holds 5 courses of AED & CPR, with a total of 159 people participated. The employees of all regions participate in various environmental safety and health training, the items of training and certification received include 16 persons in emergency rescue, 1 nurse, 2 firefighting administrators, and 12 people in Class A /Class B/Class C occupational safety and health operation managers.



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• Occupational Safety and Hygiene

The Company conducts on-site visit and labor health examination data to evaluate the health demand from employees, holds health seminars and sets up a first-aid box in the internal allocation of the office. Meanwhile, the Company advocates health education to all employees via internal mail to share the planning of health workplace with affiliated enterprises. The promotion of health workplace is described below:

Launch Measures	Description
Health Seminar	<ul style="list-style-type: none"> According to the feedback information given by the employees from previous year, the Company continued to sponsor the physical and mental stress relief course in 2021, introducing professionals such as doctor, nurse, psychologist, health education propaganda, and rescue association guide. A total of 61 sessions of health-related courses were held. In view of the rigorous COVID-19 pandemic, a special "pandemic prevention package" and "pandemic prevention without stopping school" online courses were specifically designed, adopting online transfer training for all employees. The health education information, labor rights under pandemic (regulation), stress relief, remote work efficiency upgrade...and other course helped the Company build a fearless, healthy work environment with protection during the pandemic.
Covid-19 Pandemic-Prevention Policy	<ul style="list-style-type: none"> In 2021, the COVID-19 pandemic continued to hit Taiwan. As a result of rising local cases, Taiwan escalated the warning to level 3 warning. To maintain the normal operation of the Company, the Company has drafted the response measure according to the guide related to "COVID-19" announced by the Central Epidemic Command Center: <ol style="list-style-type: none"> Office Pandemic Prevention: Reinforce health education and policy propaganda, office environment sterilization, office access control, name-based/QR code visitor management, and offering of forehead/ear thermometer all over Taiwan, sanitizer, and masks for use by employees and visitors, in order to implement the "New Pandemic Prevention Life" policy. Enterprise backup plan: In middle of May, the northern district office remote and divergent office and work from home by groups were activated. The operations recovered normal operations after the pandemic situations improved in July. Management by dispatched personnel: Other than Taiwan headquarters, the reinstatement and traveling of overseas (China, Philippines) personnel are watched to properly provide health care for employees returning to Taiwan timely.
Launch of Smoke-Free Environment	The Company values employee health and to prevent the employees from contact with second-hand smoking, it is prohibited to smoke anywhere inside the office. Moreover, the Internal Tobacco Hazard Prevention Guidelines were set up in 2017 and no employee has violated the rule since. The Tobacco Prevention Course is adjusted as the compulsory online course to be taken by new employees, which emphasizes the importance of employees in tobacco prevention.
Health Classroom	According to the Ministry of Health and Welfare, CDC, National Health Insurance Administration, medical current news, and common workplace disease prevention, 41 health education news have been announced with 3~4 health education propaganda in average released each month. Moreover, the health bulletin of the office will be posted with workplace safety and disease prevention related posters.



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- **Clinical Doctor and Professional Nurse Services**

The Company hires one full-time labor health service nurse who registered practice with the Department of Health, Taipei City. Apart from daily health education, health instruction, health consultation, and emergency treatment, the Company further executes the annual health examination analysis and evaluation, health management and data retention, while provide employees found anomaly in the health examination report with follow-up management and health guidance. Each year, the Company employs contracted labor health service doctor and nurse to jointly review the four plans, formulate and execute effectiveness. The clinical services not only formulate the plan, visit the operation site but emphasize more on the physical and mental consultation services. The Company conducts on-site interview and online consultation to provide the four in-person consultation services each year. A full-time nurse will continue to follow up and offer health education on employee health after the consultation services, providing health education and suggestions to keep control of the health of employees at all time.

- **Establishment of Breastfeeding (Bottle-Feeding) Room**

To maintain the rights and friendly ambient of female employees in breastfeeding, the Company set up a safe and comfortable breastfeeding (bottle-feeding) room. Meanwhile, the breastfeeding (bottle-feeding) room user rules for effective management. The design has been recognized by Taipei City as Excellence Breastfeeding (Bottle-Feeding) Room, providing a healthy and comfortable breastfeeding (bottle-feeding) environment for employees. The room is also open to affiliated enterprises to maximize the user benefits.

Company Activity and Employee Benefits

YFC emphasizes on the balance between work and life in employees by providing the current employees with excellent benefit system. Apart from the various subsidies, the Company also established the YFC Employee Benefit Committee in 1999 to provide employees with various benefits through dedicated benefit committee system so that employees not only enjoy working but can jointly create a work ambient of physical and mental balance. The benefits are described below:

- **Employee Activities**

1. Online Family Day Activity: Subject to the pandemic influence and in consideration of the government pandemic-prevention policy, the physical activities are changed to online activities, the competition activities, photography competition (printed/dynamic), painting competition are designed for joint competition with spouses. Meanwhile, the unscheduled one fun Q&A activity will be arranged during lunch time, so that employees will have fun at work and generate greater passion and motive in work.



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2. Employee Leisure Activity Subsidy: To relieve the stress from the employees and promote balance between work and life in employees, upgrade the physical and mental health, adjust employee traveling, retain domestic traveling, increase sports and fitness, and art activities, so that employees will enjoy more diverse leisure activities.
3. Celebration Party: Online streaming, where the management team and outstanding employee representatives look back the past and into the future with employees via online streaming and the monitors to create excellent performance in the coming year.

- **Establishment of Activity Clubs**

To encourage employees for establishing clubs, the Company offers annual budget for each club member. To keep the effective and continuous operation of all clubs, additional budgets are provided to renew the club and subsidize excellent clubs. The clubs shall apply at the beginning of each year. In 2021, 11 clubs were formed in northern, middle and southern Taiwan with 5 clubs renewed and 6 new clubs formed.

- **Allowances and Additional Benefits**

Category	Item
Allowances	Major festival bonuses, labor day bonuses, birthday bonuses, wedding bonuses, birth bonuses, condolence money, and hospital subsidy.
Additional benefits	grant for departmental dining expenses, unscheduled art, culture and festival activities, designated stores in Taiwan and contract for preferential treatment with government certified daycare center.

- **Employee Group Insurance**

The Company applies group insurance for employees. The group insurance is divided into term life insurance, injury insurance, accident and medical insurance, hospitalization medical insurance, cancer insurance, and occupational accident insurance. In case of injury or death with employees due to disease, accident or execution of duties, apart from the reimbursements covered by the labor insurance, the group insurance shall become the subsidy or survivor's pensions of various claims to employees from the Company.

- **Annual Health Examination**

Employees are important assets of the Company and only taking care of them from the entry-level can bring the employee's hearts closer. Hence, the Company cooperates with the medical institutions accredited by the Ministry of Labor and Ministry of Health and Welfare for the processing of labor physique and health examination, to routinely provide the health examination deadline and health



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examination items better than the Occupational Safety and Health Act. The coverage includes the general labor health and physical examination, imaging examination and the top 10 factors of death in cancer each year. Additionally, the Company discusses with the health examination center for the cancer screening items to discover early and treat early, thereby to meet the purpose of prevention through health examination. The Company provides relevant subsidies according to the age and ranking. In 2021, 249 people have receive subsidies for employee health examination, totaling subsidy was NTD 990,000. The health examination-related solutions were based on employee demand and a diversity of preference package are offered by the health examination center for more options to the employees. Meanwhile, the spouses of employees are offered with applicable employee package to jointly take the health examination.

- **Employee Assistance Programs (EAPs)**

The Company introduced EAPs service system on June 6, 2021, providing employees with psychological, physical, legal, financial, and managerial professionalism consulting services. The Company takes care of the physical and mental health of the employees but also offers different services: 24-hour toll free consultation service, soup-for-the-soul articles monthly and 4 years/one-on-one free expert consulting services that can prevent and solve the declined organizational and personal issues in employee work productivity. The employees will devote in work with health body and soul, so that the enterprise can boost its competitiveness and create labor/management win-win situation.

- **Corporate (Visually Impaired) Masseurs**

The Company employs masseurs with physical and mental disability over the long run. Not only does the Company provide opportunities of employment for disadvantaged but also relieves the work stress in employees. The massage benefit is scheduled periodically and all employees are entitled to this service.

5.Labor-management Harmony and Group Negotiation

GRI 102-41 · 402-1

Labor-Management Meeting

The Company called four labor/management meetings in 2021 to strengthen the labor/management relation and protect the rights of labor. During this period, there was no representative of labor/management meeting dismissed, transferred, reduced with salary, or any other adversary treatment due to exercise of duties, and the ratio of total employees subject to the protection of collective negotiation and agreement is 100% (the scope of matters discussed at the labor/management applies to all employees).

Severance Prenotice Rules

GRI 402-1



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The Company shall notify the employees by the pre-notice period of work seniority. If the Company could not notify the employees in advance, the Company shall convert the days to distribute in salary. The severance employees can take 2 days off every week to seek for job during the pre-notice period and shall be issued a “Non-Voluntary Resignation Certificate” and severance fees. The severance prenotice period is described below:

1. Employees having worked successively from 3 months to 1 year, shall send notice 10 days in advance.
2. Employees having worked successively for 1 year to 3 years, shall send notice 20 days in advance.
3. Employees having worked successively for 3 years or more, shall send notice 30 days in advance.

Employee Opinion Mailbox

The Company maintains excellent communication channel with employees through various practices and set up the employee opinion mailbox. The employees may propose suggestions or opinion towards the existing system procedures, business execution and company development. The person in charge of employee mailbox will be served by the senior manager of the administrative center, which will keep certain confidentiality on the proposers of suggestions. The Company formulated the announcement on “Employee Mailbox Management Guidelines” in 2016 by designing the relevant operation procedures apart from the management rules. The management department should complete the processing in 30 working days upon receiving the suggestion or opinions, in addition to design the evaluation and relevant adjustment to reply the proposer officially, in order to maintain the employee relation in peace. The Company did not encounter any employee using the employee mailbox to propose suggestions or opinions in 2021.

- **Employee Satisfaction Survey**

Employees are the important assets of the Company and also one of the key stakeholders. To comprehend the employee’ s satisfaction and opinion towards the company constitutes in various systems, equipment environment and supervisor leadership, the Company has established a communication platform for conducting employee satisfactions survey since 2021 and has truly conducted the employee opinion survey. The distribution of employee satisfaction questionnaire shows the observation on the points and opinions of employees as the reference on company evaluation and improvement on various policies and work environment.

- **2021 Seven Constructs of Employee Satisfaction Survey**

Construct		Description of Scope
1	Company Policy and Vision	Company policy, direction and vision, charity campaign promotion, pandemic remote and working from home.



Construct		Description of Scope
2	Supervision Leadership and Management	Subordinate perception towards the leadership and management of the supervisor.
3	Company Ambient	Workload, getting along with colleagues, work stress, cross-departmental communication, applicable law environment.
4	Salary Remuneration and Benefit System	Annual salary, monthly salary, adjustment of salary, performance bonus, competition and incentive bonus system (sales employees), company and benefit committee welfare.
5	Performance Appraisal/Promotion System	Appraisal system, promotion mechanism, and excellent employee selection standards.
6	Education and Training System	Existing education and training system
7	Office Environment and Hardware Equipment	Hardware work environment and work-related equipment, COVID-19 response and pandemic prevention measures.

- **Employee Satisfaction Scoring Method: Adopting the Likert scale and scored by four stages.**

Even though it is a Likert scale, the points are still 0/25/50/75/100 with the considerable rigid requirement.

Evaluation and Ranking	1 Highly Disagree (Highly Dissatisfied)	2 Disagree (Dissatisfied)	3 Moderate (No Comment)	4 Somewhat Agree (Somewhat Satisfied)	5 Agree (Satisfied)
Scoring	0	1	2	3	4
Point Conversion	0	25	50	75	100

- **Employee Satisfaction Survey Results**

Following the continuous and periodic investigation and optimization improvement each year, the satisfaction score for employees shows rising trend year by year and has maintained stably at relatively high point in recent three years, which nearly meets the satisfaction evaluation standards (75 points ~ 100 points), as shown in the following table:



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The 2021 overall employee satisfaction average score was 86.5 points, up 6.9 points compared with the 79.6 points in 2020. The results indicate that the employee identity and satisfaction towards the overall company policy was better than last year. The less satisfying items of the employees in the 2020 investigation (minimum score 10 items) have improved scores by 5 points or more. It is known from the observation and feedback of opinion that “salary benefit,” “performance appraisal and promotion,” “work ambient,” and “leadership” have been the constitutes the employees are less satisfied. In view of the long-term execution of employee satisfaction and to avoid falling into the myth of continuous pursuit of higher scores, the Company entrusts third-party professional team with investigation in 2022 by optimizing the questions credibility, enhance the investigation confidentiality, establish employee trusts and collect the true opinions and pains of employees, and assist to find the specific improvement method through external counselor.

6. Personnel Training GRI 404-1

2021 Training Performance Statistics by Sex and Duties

YFC’s training plan takes consideration of duty level and professionalism with high valuation regardless of the sex. In 2021, the total training hours were 7,785 hours and the average training hours per employee is 11.4 hours. Statistics show that in managerial position training, the average training hours per male supervisor is higher than that of female supervisor, mainly because of the larger number of female supervisors. Moreover, some positions participated in more external training courses in 2021. The average training hours for non-managerial positions were equivalent between male and female supervisors. In 2021, the training hours for managerial positions were triple that of non-managerial positions, mainly because there were more participants in non-managerial position course but in prevention of pandemic and social distancing, most physical courses changed to short-period online courses. Coincidentally in 2021, the launch of successor program led to the continued holding of physical training courses due to the smaller number of participating supervisors that makes pandemic prevention easier to control. Hence, the difference in training hours between managerial and non-managerial personnel was resulted.



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Sex	Training Hours (hours)		No. of Trainees (People)		No. of Training Sessions (Sessions)		Average training hours (hour/people)	
	Managerial Position	Non-Managerial Position	Managerial Position	Non-Managerial Position	Managerial Position	Non-Managerial Position	Managerial Position	Non-Managerial Position
Female	1,008	3,437	48	390	1,616	8,044	21.0	8.8
Male	1,724	1,616	58	184	2,056	3,364	29.7	8.8
Total	7,785		680		15,080		11.4	

Note: Managerial positions are section supervisors (including) or higher.

Personnel Cultivation and Training

The company internal and external education and training table of 2019 to 2021 are shown below:

Year		2019	2020	2021
Training Hours	No. of Internal Training Courses (Class)	167 (Physical)	599 (Physical 75+ Online 524)	616 (Physical 83+ Online 533)
	No. of External Training Courses (Class)	104	113	101
	Total Training Hours (Hours)	5,495	9,403	7,785
Year	2019	2020	2021	Year
Training Fees	Total Annual Training Fees (NTD)	872,669	790,200	1,017,382
	Average Training Fees Per Employee (NTD)	1,534	1,306	1,496
Average Training Hours/No. of Training	Average No. of Training Hours Per Employee (Hours)	9.7	15.5	11.4
	Average No. of Trainings Received Per Employee (Sessions)	3.7	12.9	22.2
Outcome	Course Satisfaction (%)	95.6%	92.4%	91.2%

Note 1: The average total training hours for employees in 2021 were 7,785 hours, down 17.2% compared with 2020.

The average training hours for employees were 11.4 hours, down 26.3% compared with 2020. The average training participation hours of employees declined mainly because all physical courses have temporarily been suspended during the COVID-19 period. Some courses were adjusted and replaced by online courses to break the limitation of space and venue, in order to meet the pandemic-prevention effect without learning suspension. In consideration of the characteristics and learning effect of the online courses, the hours per class will be lower than the physical courses after converting the physical courses online. Hence, the average number of training participation by employees for the year grew by 71.4%, while the average hours of training participation dropped.



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Note 2: The average training fees per employee in 2021 was NT1,496, slightly up 14.5% compared with 2020, mainly because seven sessions of the financial horizontal business successor incubation program were held in 2021, making the training costs higher and the increase in the overall average.

Note 3: The 2021 course satisfaction was 91.2%, slightly down 1.3% compared with 2020. It is initially determined that the online course was first adopted as the compulsory course for training in all personnel since 2021. Eight compulsory courses of the year included labor safety and health, corporate governance, regulatory compliance (money-laundering related crime prevention, insider trading, information security, and personal data protection) courses. On the other hand, the core departments continue to promote the compulsory course for core personnel, so that employees will develop the voluntary learning habits through the professional and general knowledge courses. Moreover, the familiarization of work content, course sessions, and increased hours leading to the availability and substantial upgrade, will naturally cause the course satisfaction to slightly drop. In the future, the topics and presentation of the courses will be constantly adjusted to meet more demand of the employees.

Statistics of Corporate Internal Education and Training in The Last Three Years

The internal education and training hours and the number of participants were analyzed to show that before the introduction of the digital leaning platform between 2018 and 2019, the “average training hours” were 6~7 hours and the number of “average training sessions” were 4 trainings. After the release of the digital learning platform in 2020, the “average training hours” for employees rose to 8 hours while the “average training sessions” increased to 13 sessions. After the employees learning digital platform has reached certain maturity in 2021, the “average training hours” increase to 11.4 hours while the “average training sessions” increased to 22.2 sessions. The overall training effect grew substantially compared with 2 years ago.

Year	Male		Female		Total				
	No. of Participants	Hours of Participation	No. of Participants	Hours of Participation	Total No. of People	Total Sessions of Training	Average Session of Training	Total Hours	Average Training Hours
2019	720	1,296	1,366	2,106	569	2,086	3.7	3,402	6.0
2020	2,313	1,641	5,515	3,151	605	7,828	12.9	4,792	7.9
2021	5,420	3,340	9,660	4,445	680	15,080	22.2	7,785	11.4

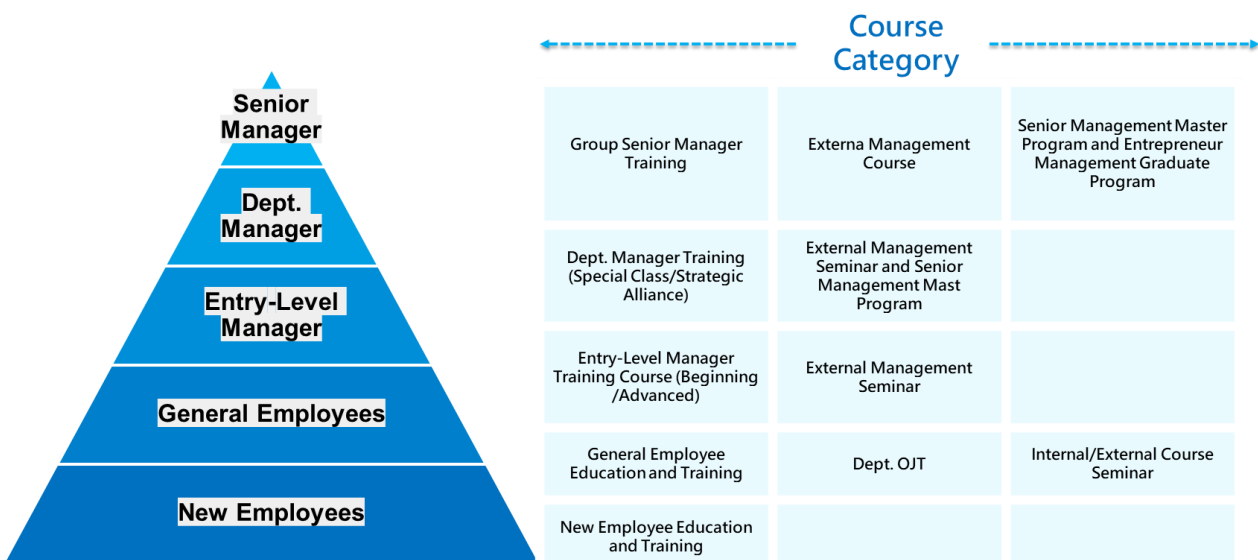
Education and Training Plan Framework

To continue improving the human capital and assure the employees keep pace with time and upgrade

their overall capacity in support of company growth and development, the Company not only follows the group policy in executing the preparation of personnel program but also strengthens the on-the-job training. The Company offers diverse learning resources and routes to shape the learning-based organization ambient and improve the career development of employees. Currently, the Company has completed the establishment of employee education and training system, applying core competence, professional competence, and the five training systems of management competence framework (new employees, regular employees, entry-level supervisors, departmental supervisors, and senior managers). Apart from the cooperation for training with external professional training institutions, the Company also offers internal instructor to upgrade employee professionalism and work competence through experience pass-down and OJT (on-job training) approach. Each year, the Company drafts the annual education and training program through actual execution based on the corporate development and policy integrated with employee competency and demand. Apart from the internal training, the amount of budget subsidizing individual external training expenses is also prepared to provide employees with help in the training expenses of college or master programs. Employees are encouraged to participate in courses or seminars, English classes offered by external professional training institutions in order to help the employees receive education and training opportunities comprehensively through multiple training approaches.

YFC 2021 Training Overview

In 2021, YFC held a total of 717 training courses, including 616 courses of internal training and 101 courses of external training. The average training hours per employee was 11.4 hours.





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Policy	Action Plan	Plan Content	2021 Execution Outcome
Comprehensive personnel incubation program	(1) Senior supervisor training	The financial horizontal business is based on finance and services. To strengthen the quality and quantity of senior management leaders, the Company not only participates in the relevant training courses held by the group but also initiated the successor training program in 2020. The Board of Directors reviewed and passed the prerequisite, selection method, training program and schedule for successor candidate, in order to establish the mechanism for business senior incubation and successor, with routine reporting to the Board of the Directors.	<ul style="list-style-type: none"> Participate in group “potential dragon plan” to incubate the flagship enterprise president successor and senior managers of the group to establish the senior manager database. The successors came from financial horizontal business with 25 members participated in the training, who assist supervisors to improve management capacity and expand diverse thinking through meeting observation, mentorship, enterprise visit, business activities, and study club.
	(2) Departmental supervisor annual training	The departmental supervisor training emphasizes on the intermediate supervisor professionalism/managerial competency, expansion of supervisor finance/financial innovation/market development horizon and thinking ability as the training purpose, which will lead the employees top down in support and promotion of the key functions of the company in the intermediate and long-term development strategies. Apart from the instructional courses, the company also offers study club, seminar, group discussion, case study, and enterprise visit as well as other training methods to promote the thinking and interaction of supervisors. Additionally, the targets of training are expanded to the supervisors outside the financing business and the financial horizontal companies to jointly participate in the training course, enhance supervisor interaction and exchange, and upgrade the personnel liquidity of horizontal companies.	<ul style="list-style-type: none"> In 2021, the departmental supervisor training adopted physical courses incorporated with the weekly reading of articles published on the Managers’ Magazine, to help supervisors boost competence. The physical courses held the “high-performance team leadership and communication skills,” “team consensus establishment and cross-departmental communication” courses, commissioned to external professional training agencies for organization and 73 people participated.



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Policy	Action Plan	Plan Content	2021 Execution Outcome
Comprehensive personnel incubation program	(3) Entry-level supervisor training and certification system	Starting from 2015, the company hosted entry-level supervisor training to design the different lessons based on the four competencies needed for entry-level supervisors, thereby upgrade the professional and managerial capacity of existing section supervisor/reserve supervisor, in order to cultivate and support the talent cultivation in the organization. Instructors are mostly from the intermediate to senior managers inside the company, who pass down the knowledge. Additionally, the employees will be issued standard certificate.	<ul style="list-style-type: none"> The Company has executed 7 years of training and cumulated 118 entry-level supervisors passing the certification. A total of 19 supervisors passed the certification for entry-level supervisor training in 2021, accomplishing a certification rate of 100%. The certification rate for the currently enrolled entry-level supervisors of financing business reached 89% in 2021.
Diverse learning channel, creating voluntary learning environment	(1) Digital Learning Platform	To implement and pass down the culture, core competence and professional knowledge of YFC, and to incorporate "technology," "people" and "information," the company started establishing the digital learning platform at the end of 2019 and started promoting the application widely in 2020. New employees can receive on -the-job training and professional training after report-in through online learning, and employees can acquire relevant professional and general knowledge information from the platform, providing the employees with more diverse, instant and rich training resources, in order to expand the overall learning benefits. The employees will shorten time and cut venue costs to break regional limitation and improve their learning intention.	<ul style="list-style-type: none"> In 2021, a total of 533 new sessions of online sources were offered for peer learning. The total number of online reading hours reached 4,919.8 hours and the per capita online learning hours were 7.23 hours, dup 13% compared with 2020.



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Policy	Action Plan	Plan Content	2021 Execution Outcome
Diverse learning channel, creating voluntary learning environment	(2) External training/certification test/subsidy for on-the-job advanced study	The departmental supervisors will arrange employees to participate in external management company or university held education and training course depending on the actual demand. The company also offers fixed amount of subsidy for employees pursuing degree and experience related advanced study to encourage their personal learning and growth.	<ul style="list-style-type: none"> A total of 101 people applied for external professional training/certification tests/on-the-job grant for advanced study in 2021, with ta total training hours of 3,584.5 hours.



VI. Social Involvement

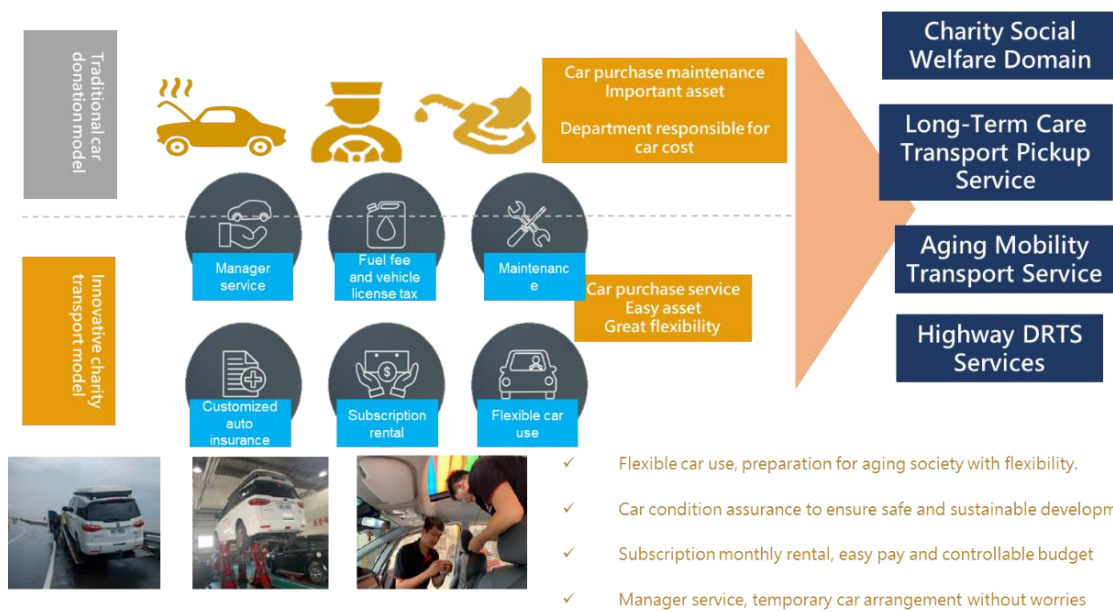
1. Medical Escort Vehicle Program

South Link Highway Smart Transportation Charity Service Project – Complete Traffic Solution

Yulon Group integrates its group resources and upholds to the concept of creating better “people, car and life.” Yulon Group has officially launched the “South Link Highway Smart Transportation Charity Service Project” in April, 2019 to link the automobile horizontal value chain resources of Yulon Group (Yulon Motor, China Motor Corporation, YFC, Luxgen, and Car Plus) and strategic alliance (Out City Love and The Association of South-UnkHealth Care Promotion for Taitung Country (hereinafter referred to as South Link Association). The group offers 5 vehicles of Luxgen V7 with accessibility to South Link residents seeking medical treatment and with immobility. Meanwhile the vehicle dispatch system module and volunteer driver as well as other innovative traffic service design offers local residents with flexible charity and smart medical transportation services. The local South Link Association is commissioned to run the operation and provide local public with flexibility, timely appointment of transportation and the charity sharing platform of smart well-being vehicle through the incubation of local volunteers. The South Link mass transportation is supplemented and linked up with the “last mile to saving life.

- 1 Medical vehicle “service” for South Link provided by Yulon Group: The donation of professional service is not just one-time supply but the demand for medical transportation for point to point.
- 2 E Establish subscription of lease mode: the smart dispatch system efficiency manages the vehicle reservation and flexibility of transfer in favor of data collection and optimization services, using shared operation model to boost influence.
- 3 Increase local employment opportunities: Develop local drivers by providing driver allowance and employment opportunities.
- 4 For new community interaction network: Linking users, driver and local service association through medical transportation services to build a friendly community partner network.
- 5 Improve and promote medical green tunnel: Public in need may register through South Link Association to increase more diverse and efficiency acquisition of medical resources for local residents, linking up the last mile for public in remote areas to reach the medical safety network.

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The project has provided services to local 17,697 rides (full load with 5 vehicles and 2 rides per day) in South Link Highway as of the end of 2021, driving over 640,000 KM. This 3-year happiness medical shuttle 1.0 project (2019.04-2022.03) has accumulated local 18,615 rides in South Link Highway, driving over 680,000 KM, equivalent to circulating Taiwan 566 loops. The project created efficiency transportation service coverage rate so that the senior, disadvantaged, poor and sick people in remote township who could not acquire equal resources over the long run can acquire more medical and transportation services.

Performance of Three-Year Project Services (2019.04-2022.03)

No. of Rides	Driving Route	No. of People Helped	Social Return on Investment (SROI)
<i>18,615 Rides</i>	Over <i>680,000</i> KM (Equivalent to circulating Taiwan 566 loops)	<i>433 People</i> in need	<i>NTD15.79</i>

The South Link Medical Transportation Project introduced the CaaS (Car as a service) charity circular economy, where professional assessment unit is commissioned to calculate the social return on investment (SROI) over two years, yielding “every one NTD devoted creates social value worth NTD15.79). The innovative integrated solution brings higher social positive benefit. In 2022, Yulon Group and YFC still advocated transportation environment with accessibility, promoting the transport justice and traffic equality for senior and advantaged groups. The Company continues to expand the South Link Smart Transportation Charity Service 2.0 Project and intends to bring the professional competency of automobile financing into full play and create higher social value benefit.

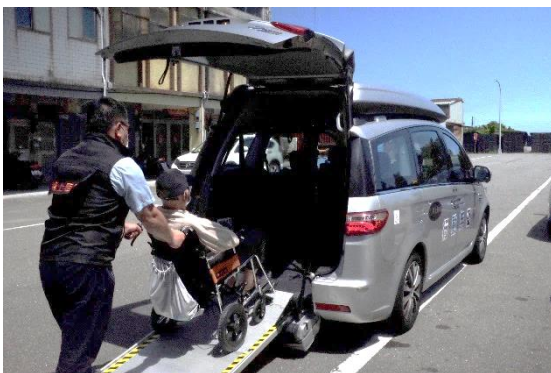
Remote Area Medical Shuttle Service

The Company has collaborated with Department of Health, New Taipei City Government and the Shuanxi District Health Center starting October, 2016. The Company combines the group brand car – Luxgen and the additional driver and shuttle services of Car Plus to mainly offer free shuttle services to the public located in the remote areas of New Taipei City and need to seek for medical treatment at the district health center (including the physical therapy clinic). The Company intends to provide the transportation shuttle resource and services so that disadvantaged groups located in remote area and in need of medical treatment services or in life in general, can receive mobility solutions with convenience. The mobile accessibility through point-to-point shuttle will help those persons with immobility to actively and constantly undergo rehabilitation and thereby improve the body conditions.

1. Collaboration with New Taipei City Department of Health and Shuanxi District Health Center in 2016.
2. Expanded scope of service since 2017, adding shuttle service in Pingxi and Gongliao District.
3. Added shuttle service for Pinglin District Health Center in 2018.
4. The Company still promotes the implementation and expects to provide specific assistance for disadvantaged groups living in remote area and are in need for medical shuttle.

Item	2016Q4	2017	2018	2019	2020	2021 ^[note]	Total
Days Of Shuttle	19	209	206	194	202	169	999
People Of Shuttle	242	3,999	5,213	4,809	3,244	1,769	19,276
Region of Shuttle	Shuanxi	Shuanxi, Pingxi, Gongliao	Shuanxi, Pingxi, Gongliao , Pinglin				

Note: Under the level-3 warning impact of pandemic in 2021, the public suspended temporarily non-urgent medical requirement and then the number of days and people are relatively lower.



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2.Charity Involvement

YFC upholds to the concept of “giving back to the society for what has been taken from it” to implement the corporate social responsibility and target at giving feedback to the society. IN 2021, YFC continues to extend love and warmth to all corners, designing more diverse charity events and helping more disadvantaged groups and charity institution.

Activities	Outcome	Activities	Outcome
Lunar New Year Dish Donations	Total amount donated NT\$146,520, with a total of Lunar New Year dish 128 sets.	Charity Gift Purchase	1.Purchased 1,267 bathing gifts from Taiwan Foundation for the Blind and donated to employees on Mid-Autumn Festival. 2. The Benefit Committee purchased 1,368 pastry gift box from “Children Are Us Foundation” as donation to employees on Christmas.
Blood Donation	Held 3 blood donation campaigns for the year and 119 people participated in donating 42,250 c.c. The cumulative amount of blood donation over the years was 88,250c.c.	30 Hour Famine Event	Employees are invited to take part in Hunger 30. a total of 403 employees have responded to the hunger experience activity, the most vulnerable children will be saved to help them break away from such difficulty and see the future hope again.
Village Safety Box / Foster Supply Donation Box for Foster Children	Donated 184 boxes in 2021, cumulative donation was 547 boxes.	Christmas Shoebox	Collected Christmas shoeboxes on the Eve of Christmas (learning stationery for students/Christmas gadgets) to donate to remote area, tribes and mountain schools. In 2021, a total of 200 boxes were collected, and a total donation was 247 boxes.
Pandemic-Prevention Supplies Donation	Called peers to respond to pandemic prevention policy by jointly donating pandemic prevention suppliers (masks, disinfectant, livelihood supplies, and dried food). A total of NTD122,236 was raised and donated to 49 units.		

YFC continues to care about the disadvantaged groups and charity agencies in the region where its branch companies are located in Taiwan or overseas. YFC also devotes in charity campaigns in Taiwan,

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mainland China, and the Philippines with a cumulative donation of NTD6.4 million (including happiness medical shuttle and remote shuttle plan) in 2021, in an attempt to help the locally disadvantaged groups and persons hit by pandemic disasters to receive good care and carry love forward.

Pandemic-Prevention Supplies Donation



Blood Donation

30 Hour Famine Event



Blood Donation



Christmas Shoebox Activity



IIV. Environmental Sustainability

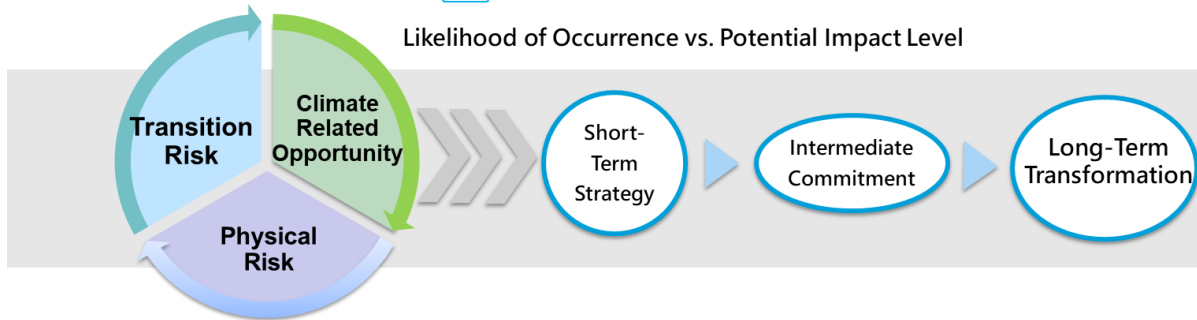
1. Climate Change *GRI 102-12 · 102-15*

Finance Corporation pays attention to global sustainability related issues and the development trends of all industries in attempt to consolidate the market trends for supplying the financing products and automobiles horizontal services, supplemented by innovation in financial technology and industry technology. YFC intends to reduce the impact of corporate operation on the environment and discover new industry opportunities, and therefore collaborating with the public in progress towards the development of sustainable environment. YFC has signed the Task Force on Climate-related Financial Disclosures (TCFD) proposed by the UN Financial Stability Board with official signature in February, 2021, to identify and cope with the risks and opportunities brought by climate change on enterprises.

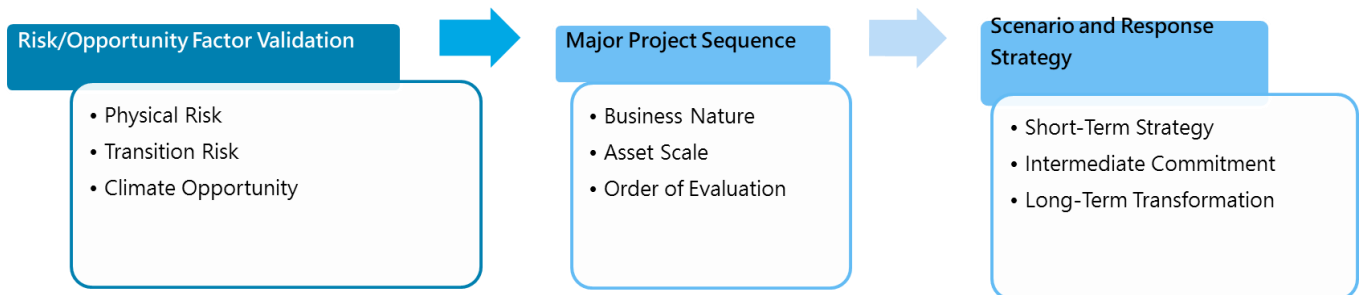


YFC follows the framework of Recommend Actions of the Task Force on Climate-related Financial Disclosures announced by TCFD: Four major scopes disclosing the climate related information, including governance, strategy, risk management, and metrics and targets. YFC Board of Directors supervises the policy and execution outcome of climate change risk management and establishes the "Sustainability Management (ESG) Committee" under the Board of the Directors. The ESG Committee is the senior level of management organization that supervises the promotion of corporate social responsibility, incorporating climate change related issues into the scope of objective and performance management. The ESG execution team proposes the annual execution plan for the following year at the end of each year, and periodically reports the semi-annual execution outcome tracing the different plans to the ESG Committee and the Board of the Directors. The execution team forms a sustainability management team in charge of identifying the risks and opportunities associated with the climate change count for identification, response and countermeasure responses. This will boost the corporate resilience and grasp market opportunities. The sustainability management team takes into consideration of suggestions for climate related financial disclosure to identify the entities, transition risk and opportunities for enterprises and the clients when faced with climate changes, conducting scenario analysis after integrating the environmental information. The team evaluates the impact and financial influence of such risk and opportunities on the company, drafting the short, intermediate, and long-term proposals and planning the strategies of sustainability management.

Scenario Analysis



In reference of the TCFD disclosure suggestions and the Ministry of Science and Technology’s “Taiwan Climate Change Scientific Report,” the trends of future climate change and scenario setup are conducted in response to the various emission situations based on the centennial observation data of Taiwan and described in the Fifth Assessment Report (AR5) published by the UN IPCC. The climate change risk workshop is organized according to the business characteristics of YFC and its subsidiaries, converging the three physical risks, six transition risks and seven climate-related opportunities from the “likelihood to occur” and “potential impact level” of multiple climate risk factors and opportunity factors, and thereby drafting the corresponding strategies and management measures.



Climate Change Risk Analysis

Type	Risk Factor	Financial Influence	Risk Strategy and Management Measures
Physical Risk	Increase In Extreme Climate Incidents	<ul style="list-style-type: none"> • Operation interruption • Financial and property loss • Declining revenue 	<ul style="list-style-type: none"> • Activate backup mechanism according to disaster response guidelines, in order to maintain customer rights/interests, protect employee health, and lower financial and property loss of the company. • Build remote work environment using high-tech system and procedure improvement.



Type	Risk Factor	Financial Influence	Risk Strategy and Management Measures
Physical Risk	Rising Average Temperature	<ul style="list-style-type: none"> • Increased energy consumption • Increased operating costs 	<ul style="list-style-type: none"> • Take consideration of geographic conditions and climate risks when choosing the operation sites, reviewing asset risks, applying insurance for assets held and transfer the asset loss due to extreme climate.
	Rising Sea Horizon	Increased operating costs	<ul style="list-style-type: none"> • Pay attention to flood and other climate associated incidents, resources under possible impact, and warning for energy shortage, to activate the related process according to the disaster response guidelines. • Avoid seafront and low-lying areas when choosing operation sites and making investment.
Transition Risk	Energy and Greenhouse Gas Emission Act Requirement	<ul style="list-style-type: none"> • Declining revenue • Increased operating costs 	<ul style="list-style-type: none"> • Invest in low-carbon and renewable energy industry, and develop green financing products in diversity, and support renewable energy and green industry development. • Expand the product and post-market services for traveling and electricity conservation, construct green vehicle fleet, charting pole basis, and service promotion. • Construct sustainability supply chain through supplier evaluation and risk analysis, so that the supply chain can shift towards low-carbon and net zero sustainability objectives.
	Low-Carbon Technology/Uncertainty of Investment In New Technology	<ul style="list-style-type: none"> • Increased operating costs 	<ul style="list-style-type: none"> • Continue to pay attention to low-carbon/new tech and commercial model development, strengthen technology and R&D personnel, eventually expand the promotion via regional pilot-run mechanism, and coordinate with marketing strategies for early marketing plan.







Type	Risk Factor	Financial Influence	Risk Strategy and Management Measures
Transition Risk	Low-Carbon Technology/Uncertainty of Investment In New Technology	Increased operating costs	Continue to pay attention to low-carbon/new tech and commercial model development, strengthen technology and R&D personnel, eventually expand the promotion via regional pilot-run mechanism, and coordinate with marketing strategies for early marketing plan.
	Change of Customer Behavior and Market Information Uncertainty	<ul style="list-style-type: none"> Declining revenue Increased operating costs 	Pay attention to market demand and meet customer requirement; develop low-carbon products to promote low-carbon and energy conservation products for the specific market of niche customer groups.
	Level of association between customer' s industry and climate.	<ul style="list-style-type: none"> Declining revenue Increased risks 	Conduct climate risk factor identification for the industry or financing target of customer, linking the quality of asset and sustainable risk.
	Rising raw material costs required for operation.	Increased operating costs	<ul style="list-style-type: none"> Before: Record, count and analyze energy/resource requirement facilities and usage patterns. During: Promote energy-saving measures, online education and training. After: Evaluate investment on energy-saving, water conservation, energy monitoring equipment, and green energy.
	Increased negative feedback from stakeholders.	Reputational damage	Boost clean-energy, low-carbon product and services with positive exposure, shaping the ESG sustainable corporate image.

Climate change opportunities

Type	Risk Factor	Financial Influence	Risk Strategy and Management Measures
Climate Change Opportunities	Green Financing Products	<ul style="list-style-type: none"> Increased revenue Enhanced reputation 	Investment in low-carbon and renewable energy industry, diverse development of green financing products, support of renewable energy and green industry development.

Type	Risk Factor	Financial Influence	Risk Strategy and Management Measures
Climate Change Opportunities	Projecting the Market Through Low-Carbon Products	<ul style="list-style-type: none"> • Increased revenue • Enhanced reputation 	Expand the traveling and car energy-saving products and after-sales services, building the promotion for green energy fleet and charging infrastructure and services.
	<ul style="list-style-type: none"> • Diverse New Products/New Services for Boosting Corporate Resilience • Renewable Energy Market/Green Voucher Market 	<ul style="list-style-type: none"> • Increased revenue • Enhanced reputation • Reduced energy consumption 	Pay attention to low-carbon/new technology development, boost technology and R&D personnel to gradually expand the promotion by regional pilot-run mechanism and coordinate with marketing strategy for advanced marketing plan.
	Re-Digitalization of Product Service Procedures	<ul style="list-style-type: none"> • Declined operating costs • Reduced energy consumption 	Lower human interference level through digitalization, boost automation process and uninterrupted services, lower the carbon footprint directly produced from corporate energy consumption and the product process.
	Boost Resource Operation Efficiency	<ul style="list-style-type: none"> • Declined operating costs • Reduced energy consumption 	Boost resource operation efficiency (product digitalization, data clouding, paperless office), boost resistance to natural disasters.

TCFD Task Force on Climate-Related Financial Disclosures

Core Elements	 Governance	 Strategy	 Risk Management	 Metrics and Targets
Disclosures	1. Board of Directors supervising climate risks and opportunities	1. Identify short, intermediate, and long-term climate-related risks and opportunities.	1. Review and evaluate climate risk process.	1. Evaluate metrics for climate-related risks and opportunities.



Governance	Strategy	Risk Management	Metrics and Targets	Governance
Disclosures	<ol style="list-style-type: none"> Role played by management in the evaluation and management of climate risks and opportunities. 	<ol style="list-style-type: none"> Possible impact of climate risks and opportunities on operation, strategy and finance. Flexible strategies for different climate scenarios. 	<ol style="list-style-type: none"> Procedures for managing climate-related risks. System for climate-related risks integrated with the overall risks management. 	<ol style="list-style-type: none"> Disclose the greenhouse gas emission and related risks of scope1, scope 2 and scope 3 (if applicable). Level of target accomplishment.
Strategy and Action Results	<ol style="list-style-type: none"> Signed TCFD initiative in 2021, identifying the possible impact of climate change on the corporate operation. Board of Directors supervises climate policy and execution outcome of climate change-related risk management and establishes the "ESG Committee" under the Board of Directors as the senior management. The ESG Team proposes the annual execution plan for the following year at the end of each year and periodically reports to ESG Committee and Board of Directors. 	<ol style="list-style-type: none"> The trends of future climate change and scenario setup are conducted in response to the various emission situations based on the centennial observation data of Taiwan and described in the Fifth Assessment Report (AR5) published by the UN IPCC. The climate change risk workshop is organized according to the business characteristics of YFC and its subsidiaries, identifying the physical and transition risks and opportunities, as shown in the risk and opportunity analysis table. 	<ol style="list-style-type: none"> Apply TCFD structure to establish the YFC climate risk identification process. Draft response measures according to the identification results of climate risks and opportunities. Incorporate climate change-related risks and opportunity strategies with YFC sustainability operation strategy. 	<ol style="list-style-type: none"> Lower the impact of corporate operation on the environment, develop the targets for energy saving and carbon emission reduction, increase green product financing and independent power plant development targets, and give priority for implement the procurement from local suppliers and green procurement, and build the supply/demand chain of sustainability.



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Governance	Strategy	Risk Management	Metrics and Targets	Governance
Strategy and Action Results	(as stated above)	3.Periodically identify the influence on corporate operation and determine the response strategy and management measures based on the possibility of climate risks and opportunity incidents and the level of potential impact.	(as stated above)	2.The greenhouse gas emission, and the target and performance of energy saving and carbon reduction in 2021 scope 1 and scope 2 as well as the subsequent execution strategies have been disclosed on the company website and the MOPS. 3. Report on the performance and promotion outcome of meeting vasu environmental sustainability targets, periodically report to the ESG Committee.

2. Sustainability of Operation Environment

The Company again passed the ISO14001 environment management system certification in December 2021 and explicitly formulated the environmental safety and health related policies and execution plans:

“Comply with environmental protection, laws and regulations, energy saving and carbon reduction, total participation, continuous improvement, and sustainability management.” The Company develops the metrics and targets of various environmental sustainability, continues to promote water conservation, power conservation, and reduction of greenhouse gas emissions. Nonetheless, due to the continuous expansion of company business, not only does the number of employees increase for the operation offices but also the water consumption, power consumption and greenhouse gas emission are still increasing. Therefore, the setup of targets will control the per capita and emission each year under reasonable level, thereby contributing efforts to environmental sustainability. The ESG Committee approves and promotes the execution of the annual environmental sustainability targets of the Company.



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Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that: Yulon Finance Corporation 裕融企業股份有限公司
 11F,13F&15F 臺灣
 No. 2, Sec. 2, Dunhua S. Rd. 台北市
 Daan Dist. 大安區
 Taipei City 敦化南路二段2號
 10683 11、13、15樓
 Taiwan 10683

Holds Certificate No: **EMS 699309**
 and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

The provision of instalment and loan service for car.
 汽車融資與分期付款服務提供

For and on behalf of BSI:


 Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2018-12-19
 Latest Revision Date: 2021-11-12

Effective Date: 2021-12-19
 Expiry Date: 2024-12-18

Original Registration Date: 2018-12-19
 Latest Revision Date: 2021-11-12

Effective Date: 2021-12-19
 Expiry Date: 2024-12-18



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This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
 An electronic certificate can be authenticated online.
 Printed copies can be validated at www.bsi.com/Client/Directory or telephone +886 (0)2850-0333.
Issue Headquarters: 222, Reg. No. 27, Zhong Rd., Xinyu Dist., Taipei 114, Taiwan, R.O.C.
 A Member of the BSI Group of Companies.

Page: 2 of 2

The ideas of environmental protection are introduced into daily operation, process and measures. The application and regulations of ISO14001 develop the targets, execute the management and performance circulation with continuous promotion. The education and promotion related to environmental protection on employees start with the philosophy of care for the earth, convey the ideas and determination of environmental protection, and provide excellent healthy workplace for employees while responding to energy saving and carbon reduction by introducing the measures related to energy saving and sustainability:

1. Promote paperless service and interna process.
2. Energy conservation measures: LED fixture replacement and automatic turn-off device.
3. Periodic setup of air-conditioning system, periodic cleaning and cooling water tower and vent filters.
4. Advocate for closing the window and door during the use of air conditioning to prevent leakage of cold air or permeability of hot air, in order to boost the air-conditioning efficiency.
5. Automatic sleep mode setup for printers and equipment.
6. Use water sensor device and adjust amount of water dispensing.
7. Recycling
8. Procure green products.
9. Advocate for turning lights off during lunch break.



2021 Green Procurement

Category	Description
Office Environment Facilities	<ul style="list-style-type: none"> • Energy conservation lighting facilities, green building materials • Conformity with green mark multi-function printers
Green Environmental-Protection Supplies Procurement	PEFC- Programme for the Endorsement of Forest Certification paper, green ink printing material, FSC paper, and green paper towels

3. Low-Carbon Emission Conduct

The Company follows ISO14001 environment management system standards to implement the polices on environment management, and promote the various low carbon and emission reduction plans to meet the targets of greenhouse gas emission reduction, drafting the various GHG reduction approaches and opportunities from operational activities, customer service process to the integration of relevant subsidiaries for the development of green business.

The Company continues to boost its digitalization process by adding the system incoming volume each year, adopting computerization of the service process, and reducing paper use. Moreover, the Company strengthens the green service projects by establishing shared car rides service model through subsidiary company - Car-plus Auto Leasing Corporation, to integrate the shared transport resources and advocate for change in road-user conduct. With regards to the carbon emission produced from corporate operations, priority is given to the check on the carbon emission from the power consumption of headquarter office, to calculate to carbon dioxide equivalent (CO2e) and set up the target of carbon reduction. In response to the FSC sustainability development path, the Company introduced the ISO 14064-1 organizational greenhouse gas inventor count management process in 2022 to count the greenhouse gas produced by the company accordance with international standard procedures, optimizing the quality of investigation data. All operation offices of the Company have been designed as the organizational count boundary, using 2022 as the base year and the investigation on the 2022 greenhouse gas emission data will be arranged in 2023 in accordance with ISO 14064-1 to facilitate the subsequent clearer plan for carbon reduction path, and thereby meet the targets of sustainability of the operation environment.

Paperless Operation and Carbon Reduction GRI 305-5

The Company adopted e-signature, e-meeting, electronic incoming bases, systematic request for inspection since 2016. Moreover, the Company introduced scan to mail to advocate for double-side printing for internal documents, in order to reduce paper for operational activities and lower carbon



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emission. With regards to the three scopes of paperless operations, the number of incoming cases to the system between 2019 and 2021 is growing annually, and the benefit of paperless carbon reduction is shown in the following table.

Performance Indicator	Unit	2019	2020	2021
Total No. of Incoming Cases To Paperless System (Total No. Of Sheets)	Sheet	1,993,993	2,221,014	2,498,344
Paperless and Emission Reduction Operation	KG CO ₂ e	14,357	15,991	16,989

Note 1: According to the Executive Yuan EPA carbon footprint labeling information: The printing paper made of native wood pulp comes with a carbon footprint of 3.4 kgCO₂e and it is declared that the pack contains 500 sheets (including package) and the size is A4, 70 grams (210mmx297mm).

Note 2: The A4 printing paper used by the Company between 2021 and 2020 affects the conversion of carbon emission factor (2021: 0.0068kgCO₂e/Sheet; 2020: 0.0072kgCO₂e/Sheet)

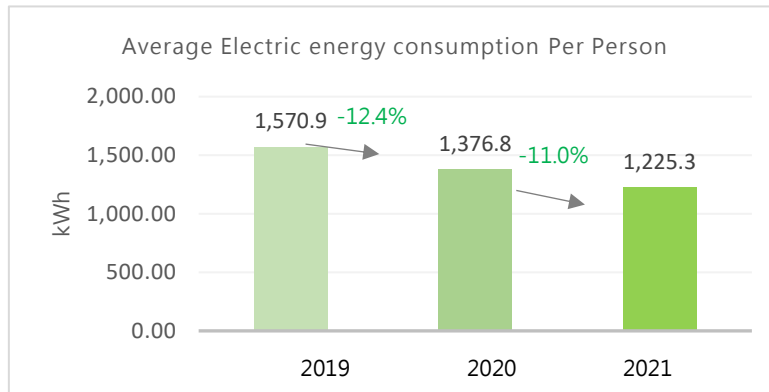
Energy Indirect Greenhouse Gas Emissions GRI 305-2

• 2019-2021 Per Capita Power Consumption

The Company consumed a total of 428,850 kWh of electricity in 2021 (carbon emission only calculated for 11F, 12F, 13F and 15F of Yulon Building in Taipei City), down 4.37 % compared with the power consumption in 2020. According to the calculation of 2021 electricity carbon emission factor announced by the Energy Bureau of the Ministry of Economic Affairs, the carbon emission per kWh is converted through 0.509 Kg of CO₂e for carbon emission effect. Moreover, the global warming potential (GWP) adopts the global warming potential value from the IPCC Fifth Assessment Report, with a total of 10 tons of CO₂e in emission reduction (rounded off).

Year	2019	2020	2021
Total Power Consumption (A)	372,306	448,854	428,850
No. of Employees (B)	237	326	350
Average Power Consumption Per Person (A/B)	1,570.9	1,376.8	1,225.3
Scope of Disclosure	Yulong Building 11F, 13F, 15F	Yulon Building 11F, 12F, 13F, 15F	Yulon Building 11F, 12F, 13F, 15F

Note: The setup approach of an organizational boundary is based on the headquarter site of YFC, adopting operation control approach to calculate the energy direct emission in scope 2 (purchased electricity).



• Indirect Greenhouse Gas Emission Of Energy (Only Based On The Offices In Yulon Buildings In Taipei)

Year	Direct (Scope 2) Greenhouse Gas Emission of Energy	
	Power Consumption (kWh)	Carbon Emission (tCO ₂ e)
2019	372,306	198.4
2020	448,854	225.3
2021	428,850	218.3

Note: Power carbon emission factor announced by Energy Bureau of Ministry of Economic Affairs.

Carbon emission per kWh of electricity: 0.509 KG of CO₂e for 2019, 0.502 KG of CO₂e for 2020, and 0.509 KG of CO₂e for 2021.

To assure more complete, explicit and evidential greenhouse gas emission count data of the Company, the Company introduced the ISO14064-1 procedure in 2022 and uses 2022 as the base emission year to expand o all operation offices for more effective investigation, management and execution of GHG emission, and thereby reducing the impact of corporate operations on the environment.

Carbon Cycle Car Sharing *GRI 305-5*

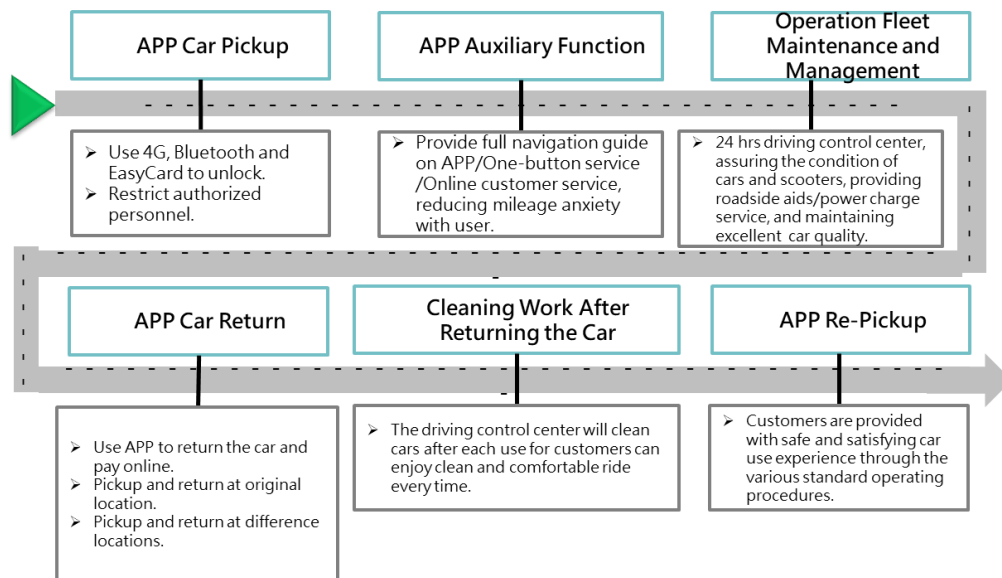
• **Car-Plus Car Sharing Operation Service Model**

The carbon emission produced by electricity, industry, transportation, and building account for the main sources of greenhouse gas emission. In particular, transportation is closely related to the everyday life of everyone. The carbon emission caused by land transportation accounts for the majority of ratio. To mitigate global warming, e-transport, sharing and shared rides are innovative transportation services that can reduce carbon emission from transportation. Therefore, how to boost the user efficiency of vehicle energy becomes the key research and development lesion for car industries worldwide.

Building low-carbon and green public transportation environment not only should take consideration

of the car development towards electric, lightweight, and compact development but also boost the green traveling via shared car resources, in order to effectively improve the transportation performance. YFC subsidiary – Car-Plus not only offers automobile lease services but also thinks about how to promote shared transportation resource with integration through innovative operation mode, expand transport services, promote road users to change in behaviors, and thereby reduce GHG emission and fulfilling the responsibility of global citizens.

Car-Plus officially activated the car sharing services in April, 2020, users can instantly book online, retrieve cars, return cars, make payment, and use automatic case lease services using APP as the tool. Users do not need to go to specific operation office but can turn the leased vehicles at collaborating parking lot and store without the restriction of store business hours and same stations, thereby reducing the transport carbon emission for going back and forth, and the energy consumption produced by labor and paper work.



Car Sharing Operation Status

Item/Region	Taipei City	New Taipei City	Taoyuan City	Hsinchu County/City	Taichung City	Total
No. of Vehicle Holding	310	347	78	9	6	750
Site for Pickup and Returning Vehicles	129	156	42	4	4	335

The car sharing services offered by Car Plus improve the convenience for customers to pick up and return the cars, providing a short to intermediate demand for mobility between MRT/Bus and trains, using sharing to replace owning cars, reducing the carbon footprint produced from traveling and building up a low-carbon transport traffic network. Additionally, in response to the infection of COVID-19 pandemic, Car Plus also pays attention to the cleaning quality of vehicles by assigning specialists with cleaning after each lease, in order to protect the space quality and demand for pandemic prevention of car users.

Operation Promotion Approach

Car sharing optimizes car service with convenience and expansion of service region through the following approach. The optimization and promotion of services are intended to drive users with trends in green consumption, replacing car purchase to make contribution to energy saving and carbon reduction:

1. Continuous Optimization of Hardware/Software	Continue to undergo App modification and hardware replacement to increase service stability. Additionally, develop the vehicle reservation and scheduling function to improve the lease efficiency of vehicles on holidays, thereby enhancing the management function of the operation platform and maintain the specific function of operation team, suing system data to assign labor, warning and improve maintenance efficiency. Consequently, the vehicle availability and service quality will be substantially improved.
2. Improve Availability	Develop enterprise business car users and market propaganda to maintain the increasing speed of members
3. Strategic Alliance	Improve service scale and traveling consistency through the sharing service alliance of automobile and scooters and alliance with parking lots.
4. Continuous Improvement of Convenience	Using the model of leasing in point A and returning in point B through the collaboration with chain parking lots to boost the convenience with car use.



The image of shared stations of Car Plus and the appeal for energy saving the carbon reduction on Facebook.

- **Operation Performance and (Scope 3) Carbon Reduction Performance**



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Car Plus has been growing since the start with 50 vehicles. After nearly two years of operation, the service scale has expanded to 5 counties/cities (Taipei City, New Taipei City, Taoyuan, Hsinchu, and Taichung City) with 335 operation offices and the number of fleets reaching 750 vehicles, accumulating 50,000 members. In 2021, Car Plus has created 60,000 trips with total mileage of 4.8 million KM and 380,000 hours of actual lease. In particular, 9,587 active members have used twice or more services, and the calculation of each (household) active member shall reduce 0.58 tons of carbon emission, estimating the total carbon reduction effect of 2021 shared car service as 5,560 tCO₂e.

2021 Car Sharing operation performance

No. of Lease	Total Mileage	No. of Active Members	Active Members	Carbon reduction (tCO ₂ e)
60,000 trips	4.8 million KM	15,000 people	9,587 People	5,560

Note: According to the research results conducted by Martin et al. Greenhouse Gas Emission Impact of Carsharing in North America (2011), the comparison of the use before and after car sharing indicates reveals that each household can reduce 0.58 tons of GHG emission due to the reduction personal transport used. Each member represents one household.

4. Green Energy Investment

Green Power

As global extreme weather problems become the norm, the development of the petroleum, natural gas or charcoal constitute major threat to the speeding of global warming issues. To support and develop green industry and thereby build a renewable energy system, YES Energy – a subsidiary with 100% ownership of YFC, develops a green energy business by providing electric cars with the installation of convenient charging equipment and system services while extending the solar power equipment financing and independent power plant business. The Company integrates photovoltaic (creative energy) and car power (Consumption energy) resources, making it the largest charging service provider in Taiwan with photovoltaic, electric car power and even energy storage. The company and subsidiaries jointly implement sustainability action through green energy and green power, acting as the critical role in the green energy industry chain for home, car and new-tech energy in a smart and low-carbon city.

- **Implementation Effect of Green Financing Projects (including solar energy and green energy related equipment)**

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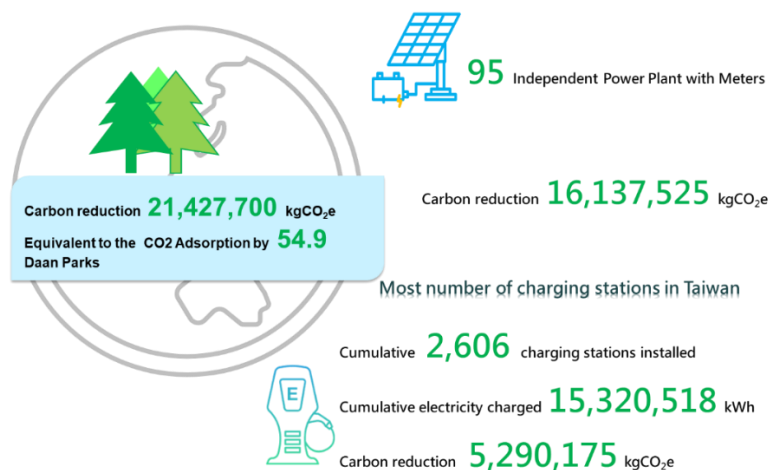
Year	NO. of Financing Power Plants (Cases)	Financing Amount (NTD K)
2018	72	810,019
2019	74	896,300
2020	70	856,600
2021	150	1,115,147

Implementation performance of independent solar power plant

Year	No. of Independent Operating Power Plants (Number Of Meter Installations)	Power Generation (kWh)	Carbon Dioxide Equivalent (kgCO ₂ e)
2018	2	7686	4097
2019	25	2,692,775	1,370,622
2020	33	10,135,739	5,159,091
2021	35	18,867,808	9,603,714
Total	95	31,704,008	16,137,525

Carbon Reduction Performance of Electronic Carrier Charging Station

+ Independent Green Energy Investment Power Plant Estimation



Note: The data of the table refer to the actual operation outcome accumulated since the opening of power plant business and as of December, 2021. The carbon reduction of independent power plant is converted by the power carbon emission factor by year according to the Energy Bureau of Ministry of Economic Affairs. The carbon reduction for power charging station is estimated by the difference of carbon emission of gas-based automobiles and the carbon emission of electric cars under the same driving mileage and condition, and about 0.3453 kgCO₂e is reduced. Additionally, Daan Park absorbs about 390 tCO₂e each year.

Deployment of Solar Power Plants and Electric Carrier Charging Stations

Donggang Maritime Solar Energy Field



The first national school to build campus field composed or solar panels. The total installation capacity reaches 523kW and is expected to provide 670,000 kWh power generation each year, which will provide electricity consumption for nearly 200 households all year round, thereby reducing 529 tons of carbon emission each year.

Yilan District Court Solar Power System



The total installation capacity is 919 kW with annual power generation reaching 270,000 kWh, reducing approximately 111 tons of carbon emission each year.

APS Mechanical Parking Space Charging System



Develop "APS Charging System Automatic Mechanical Parking Lot Charging System" with startup companies, adopting the concept of "charging while parking" to solve the problems with mechanical parking tower or mechanical parking space without charging.

NTU Electric Scooter Power Charge Parking Lot

In response to the Ministry of Education sustainability



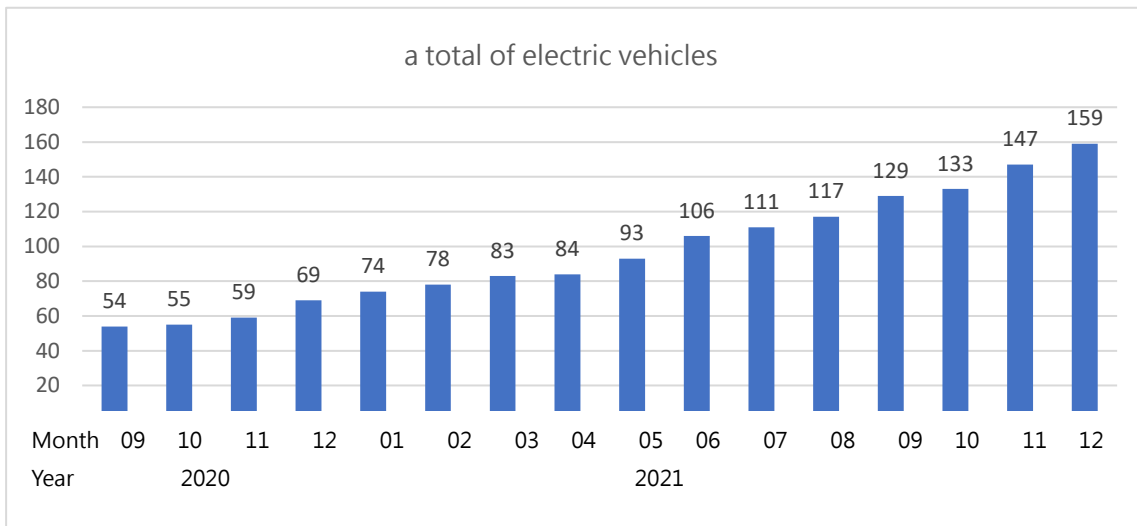
campus program, the electric scooter charging station is built at the NTU Parking space. Students can scan with the "Yes! Charge" App to activate charging, the charging process display and broadcast reminder of charging completion, to clearly control the charging condition of the vehicle and build a campus smart charging living cycle.



Electric vehicle promotional program

YFC’s subsidiary – Car Plus not only boosts the user efficiency of transport through car sharing but also directly invests in the electric car lease market starting in September, 2020. Since 2021, the electric car brand, Tesla, with the highest market share, was used as the main promotion of car series.

Promoted by Car Plus, the monthly new leasing customers for electric cars are growing by 20%. AS of the end of 2021, a total of 159 electric vehicles are leasing. In the future, Car Plus will continue to promote the long-term lease program of electric cars to promote the availability of the use of electric cars, thereby making a contribution to the social responsibility of energy saving and carbon reduction.



5. Environmental Protection Campaign

Topic	2021 Outcome Description
Environmental Protection Activities (Held periodically)	<ul style="list-style-type: none"> • Encourage employees to engage in green activities and make contribution to the sustainability of the earth. <ol style="list-style-type: none"> 1. Mountain cleaning: Yinghanling Trail at Guanyin Mountain. 2. Beach Cleaning: Yeliu Coastal in New Taipei City and Nanliao Fishery Port – Yulin Stairs in Hsinchu. • Second-hand supplies donation: A total of 3,022 supplies were collected, accumulating 4,652 supplies.

Topic	2021 Outcome Description
Resource Recycling and Reuse (Target 20 PCS/Year)	<ul style="list-style-type: none">• Recycling information products to donate for care of the earth.<ol style="list-style-type: none">1. Participating in the charity donation activities of "Recycled Computer Hope Project" held by ASUS Foundation each year since 2016. Old computers phased out are donated to reassemble, clear hardware data, and upgrade software and operating systems for donation to domestic and international non-profit seeking organizations and digital learning centers each year to help disadvantaged children, young students, women, seniors, and persons with disability to learn computer courses, providing digital learning opportunities and boosting digital capacity to improve their life.2. Expand reversible recycling the reuse of computer for donation to earth. Promote the various digital learning activities held and shared y non-profit seeking organizations for digital learning.3. Accumulating 985 equipment for donation (a total of 97 equipment donated in 2021).

Supplies Donation



Beach Cleaning



Mountain Cleaning



2021 Evaluation of Management Approach by Material Topic (Management Approach and its Components)

Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
Governance	2021 Economic Performance	<ul style="list-style-type: none"> • Operation performance • Shareholders' equity • Corporate governance • Risk management • Employee salary, bonus and benefits 	<p>1. Commit in the risk control of all links of operations through sound and stable corporate governance and philosophy of ethical management, in order to produce the optimal operational performance and maintain shareholders' equity: Fulfill regulatory compliance and disclosure information and transparency.</p> <p>2. Provide attractive salary and benefit environment, periodically conduct employee satisfaction survey, establish employee opinion bulletin, create harmonious</p>	<p>1. The Company established the Risk Management Committee and three preventive lines of risk in credit market risk, regulatory compliance risk, and information security and reputation.</p> <p>2. Operate in compliance with "Procedures for Internal Audit Operations" and promote joint audit counseling procedures.</p> <p>3. Establish Board of Directors, Salary and Remuneration Committee and Audit Committee with sound and stable operations.</p> <p>4. Follow the spirit of whistleblower system, "Employee Ethical Code" and "Ethical Management Code" to</p>	<ul style="list-style-type: none"> • Board of Directors • Salary and Remuneration Committee • Audit Committee • Sustainability Management Committee • Risk Management Committee • Audit Office • Operation Development Division • HR Development Division 	<p>P. 43</p> <p>P. 45</p> <p>P. 47</p> <p>P. 60</p> <p>P. 87</p>	<p>Audit Office (02) 2701-0201</p>	<p>1. Evaluate according to "YFC Board of Directors Performance Appraisal Guidelines."</p> <p>2. Establish proper internal control system according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies."</p> <p>3. Participate in the "Corporate Governance Evaluation Indicator and Standard"</p>	<p>Applicable according to the existing evaluation mechanism.</p>

Appendix

Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
			labor/management relation, and insist in team formation.	formulate the "Procedures for Reporting Breach of Ethical Conduct Process." 5. Disclose annual report and financial statements through public information channel to strengthen the information disclosure with transparency. 6. Offer complete performance appraisal and salary and benefit system.	<ul style="list-style-type: none"> • Operation Service Division 			promulgated by TWSE. 4. Conduct the investigation and improvement for the consistency of various system or software/hardware through distributing satisfaction survey to all employees.	
Governance	205 Anti-corruption	<ul style="list-style-type: none"> • Regulatory compliance • Ethical management 	Take initiative to prevent unethical conduct and establish risk control mechanism.	1. Establish reporting channel. 2. Refer to the spirit of whistleblower system, "Employee Ethical Code" and "Ethical Management Code" to formulate the "Procedures for Reporting Breach of Ethical Conduct Process."	<ul style="list-style-type: none"> • Operation Development Division • Operation service Division • HR Development Division • Audit Office 	P. 55 P. 57	Audit Office (02) 2701-0201	Follow the internal control system and internal audit procedure of the company to monitor and audit the various operation processes.	Applicable according to the existing evaluation mechanism.

Appendix

Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
	Customized material topic	<ul style="list-style-type: none"> Operation sustainability management Information disclosure and transparency Corporate Credit rating 	Draft strategy direction and development plan with sustainable development, and invest resources for all links of the operation, implement management cycle, and commit in creating maximum performance.	<ol style="list-style-type: none"> Develop business development plan and key performance indicator each year, routinely review the operation outcome and conduct strategic review and effectiveness review through seminar and management meeting, as well as plan for future direction. Evaluate the company operation status, capital and profits, risk position, capital resource, and liquidity conducted by Taiwan Ratings. 	<ul style="list-style-type: none"> Operation service Division HR Development Division 	P. 24 P. 57 P. 67	Audit Office (02) 2701-0201	<ol style="list-style-type: none"> Conduct target accomplishment and response action review during the monthly and quarterly performance review meeting. Hold the semi-annual (every July) performance review and interim strategy discussion. Commission external rating institution with appraisal at least once a year. 	Applicable according to the existing evaluation mechanism.

Appendix

Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
Social	401 Labor/management relation	<ul style="list-style-type: none"> Employee salary, bonus and benefits Promotion system Labor-management harmony and group negotiation 	Provide attractive salary and benefit environment, periodically conduct employee satisfaction survey, establish employee opinion bulletin, build up friendly workplace, establish consensus, and create harmonious labor/management relation, and insist in team formation.	<ol style="list-style-type: none"> Call labor/management meeting to strengthen the labor/management relation. Offer complete performance appraisal, salary and benefit system with execution. Plan and execute annual education plan. Apart from the training with external professional institution, the Company offers internal training for core competency and OJT (On Job Training). 	HR Development Division	P. 87 P. 80 P. 96 P. 92	Employee opinion mailbox	<ol style="list-style-type: none"> The representative of labor/management may not be dismissed, transferred, cut in salary, or other unfavorable treatment due to the exercise of duties. Conduct systems or hardware/software with consistent survey and improvement through distributing satisfaction survey to all employees. Promote healthy workplace certification. 	Applicable according to the existing evaluation mechanism.
	402 Labor/management relation	<ul style="list-style-type: none"> Healthy and friendly work environment Labor-management harmony and group negotiation 							
	404 Education and training	<ul style="list-style-type: none"> Personnel training 	1. Constantly improve human capital to assure employees keeping up with time, thereby to improve the overall competency in support of	Formulate the annual education and training plan with execution. Apart from the internal training, the Company also prepares the amount of personal training funds for employees to pay for	HR Development Division	P. 99	Employee opinion mailbox	Establish employee education and training system and mechanism, using core competence, professional competence,	Applicable according to the existing evaluation mechanism.

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Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
			<p>corporate growth and development.</p> <p>2. Follow group policy to execute preparatory personnel plan, strengthen on-the-job training, shape learning-type organizational atmosphere through diverse learning resources and paths, and improve career development for employees.</p>	<p>university or master program required credit training expenses.</p>				<p>and the five training systems of management competence framework to upgrade employee professionalism and work competence.</p>	
Social	418 Customer privacy	<ul style="list-style-type: none"> Information security protection and personal data protection 	<p>The Company treats personal data protection as priority and important matters, and appeals for zero data leakage for all links of operations.</p>	<p>1. Develop the personal data safety maintenance and infringement incident handling procedure with execution according to the "Personal Data Protection Act."</p> <p>2. Control according to information security management system.</p>	<ul style="list-style-type: none"> Digital Development Division HR Development Division Operation Service Division 	<p>P. 69 (No incident of complaints for the infringement of customer privacy or loss of customer data was found in 2021)</p>	<p>Audit Office (02) 2701-0201</p>	<p>1. Monitoring records of information security management system.</p> <p>2. Statistics analysis of customer complaint management system</p>	<p>Applicable according to the existing evaluation mechanism.</p>

Appendix

Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
Social	Customized material topic	<ul style="list-style-type: none"> Product service innovation Customer relationship management 	Launch the products and service meeting market demand, provide diversity of communication channels, and create sustained competitiveness.	Build complete customer service system, develop customer complaint processing procedures, and provide diverse complaint channels for dedicated personnel in charge of handling customer complaint cases.	Operation Service Division	P. 70 P. 72	Customer Service Line 0800-367-367	<ol style="list-style-type: none"> Boost convenience of services to customers through system digitalization level and application upgrade. Improve customer service system and operation procedure to boost customer service efficiency and maintain ratio of closing high-performance customer complaint cases. 	Applicable according to the existing evaluation mechanism.
Environmental	305 Emissions	<ul style="list-style-type: none"> Sustainability of operation environment 	Reduce the impact of the environment due to company operation related activities, practice the role of corporate citizen, including energy conservation, reducing the greenhouse gas emission produced directly from operation, and implementing	<ol style="list-style-type: none"> Follow ISO14001 environment management system standards to establish the environment management system plan, develop environmental indicators, analyze the relevant execution effectiveness, and reduce the negative impact of the company on the environment. Periodically report the performance of 	<ul style="list-style-type: none"> Sustainability Management Committee Operation Development Division HR Development Division 	P. 118	Audit Office (02) 2701-0201	<ol style="list-style-type: none"> Paperless operation, improve paperless system incoming cases, reduce paper use for operation and lower carbon reduction. Reduce power consumption of office operations, starting with 	Apart from existing environmental management measures, the ISO14064-1:2018 organizationa

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Dimension	Material Topic	Corresponding Material Topics	Purpose of Management Approach Establishment (Commitment or Targets)	How We Manage (Procedures and Operations)	Related Responsible Department	Performance Outcome	Grievance Mechanism	Management Approach Evaluation Mechanism (Target Evaluation)	Evaluation Result and Adjustment
			environmental sustainability. Develop environmental objectives and execution approach, and thereby implementing corporate philosophy in developing sustainable environment.	meeting various environmental sustainability targets and promotional outcome to the ESG Committee.				the Yulon Building of headquarter office. 3. Green environmental supplies (such as printing papers) procurement, giving priority to use of energy-saving products when replacing office equipment. 4. Develop strategy and validate the short, intermediate and long-term strategy targets and actions through the analysis of TCFD risks and opportunities.	I GHG count management procedure was introduced to all offices, using consistent GHG information management procedure to implement GHG emission reduction management.

GRI Index

GRI 101: Foundation 2016

GRI 102: General Disclosures 2016

Disclosure	Description	Report Content or Explanation	Page No.
1. Organizational Profile			
102-1	Name of the Organization	About YFC – Company History	P. 15
102-2	Activities, brands, products, and services	About YFC – Company History	P. 15
102-3	Location of headquarters	About YFC – Company History	P. 15
102-4	Location of operations	About YFC – Organization System	P. 20
102-5	Ownership and legal form	About YFC -Company History Management Governance –Regulatory compliance	P. 15 P. 55
102-6	Markets served	About YFC –Organization System	P. 20
102-7	Scale of the organization	About YFC –Company History	P. 15
102-8	Information on employees and other workers	Happiness workplace – Human resource	P. 75
102-9	Supply chain	Customer value – Sustainable supplier management	P. 73
102-10	Significant changes to the organization and its supply chain	No material changes in 2021.	-
102-11	Precautionary principle or approach	Management Governance – Risk Management system	P. 60
102-12	External initiative	Management Governance – Corporate Governance -External imitative engagement Environmental sustainability – Climate change	P. 54 P. 112
102-13	Membership of associations	Management Governance – Corporate Governance - External imitative engagement	P. 54
2. Strategy			
102-14	Statement from senior decision-maker	Words from Management	P. 3



Disclosure	Description	Report Content or Explanation	Page No.
3. Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviors	About YFC –Management Philosophy Management Governance -Regulatory compliance Management Governance – Ethical Management	P. 20 P. 55 P. 57
4. Governance			
102-18	Governance structure	Management Governance – Corporate Governance	P. 47
5. Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Management -Stakeholders Engagement	P. 29
102-41	Collective bargaining agreement	No establishment of union organization	-
102-42	Identifying and selecting stakeholders	Sustainability Management - Stakeholders Engagement	P. 29
102-43	Approach to stakeholder engagement	Sustainability Management - Stakeholders Engagement Sustainability Management - Attention on Communication Channel and Communication Frequency of Issues	P. 29 P.35
102-44	Key topics and concerns raised	Sustainability Management - Stakeholders Engagement	P. 29
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	About YFC – Company History	P. 15
102-46	Defining report content and topic boundaries	About This Report Sustainability Management Stakeholders Engagement	P. 1 P. 15
102-47	List of material topics	Sustainability Management Stakeholders Engagement	- P. 29
102-48	Restatements of information	No incidents of restatements	-
102-49	Changes in reporting	Compared with the 2020 metrics of the concerned agenda, the 2021 metrics not only extend and integrates the core agenda from previous year, the metrics also add the “promotion system, “healthy and friendly work environment,” and “sustainability of operation environment.”	P. 33



Disclosure	Description	Report Content or Explanation	Page No.
102-50	Reporting period	About This Report	P. 1
102-51	Date of most recent report	About This Report ; Most recent version published in September, 2021.	P. 1
102-52	Reporting cycle	About This Report	P. 1
102-53	Contact points for questions regarding the report	About This Report	P. 1
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	P. 1
102-55	GRI content index	GRI Standards Comparison Table	P. 138
102-56	External Assurance/validation	Statement of Independent Assurance Opinion	P. 145

GRI 103: Management Approach 2016

Disclosure	Description	Report Content or Explanation	Page No.
103-1	Explanation of the material topic and its boundaries	Sustainability Management - Stakeholders Engagement	P. 29
103-2	The management approach and its components	Evaluation of management approach by material topics in 2021	P. 131
103-3	Evaluation of the management approach	Evaluation of management approach by material topics in 2021	P. 131

Topic-specific disclosures

Disclosure	Description	Report Content or Explanation	Page No.
GRI 201 Economic Performance 2016			
201-1	Direct economic value generated and distributed by the organization	2021 Sustainability performance	P. 7
201-3	Defined benefit plan obligations and other retirement plans	Happiness workplace -Employee salary, bonus and benefits	P. 87
201-4	Financial assistance received from government	No material financial grants received from the government during the reporting period.	-



Disclosure	Description	Report Content or Explanation	Page No.
GRI 204 Procurement Practices 2016			
204-1	The proportion of spending on local suppliers	Customer Value – Sustainable Supplier Management	P. 73
GRI 205 Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption during reporting period.	-
GRI 305 Emissions 2016			
305-2	Energy indirect (Scope 2) GHG emissions	Environmental sustainability –low - carbon emission conduct	P. 120
305-5	Reduction of GHG emissions	Environmental sustainability – low - carbon emission conduct	P. 120
GRI 307 Regulatory compliance related to environmental protection 2016			
307-1	Non-compliance with environmental laws and regulations	No incidents of non-compliance with environmental laws and regulations during the reporting period.	-
GRI 401 Employment 2016			
401-1	New employee hires and employee turnover	Happiness workplace- Human resources	P. 75
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Happiness workplace- employee salary, bonus and benefits Happiness workplace – healthy and friendly work environment The Company does not offer employee stock option	P. 87 P. 92
401-3	Parental Leave	Happiness workplace- Human right policy	P. 78
GRI 402 Labor/management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Happiness workplace –labor- management harmony and group negotiation	P. 96
GRI 404 Training and Education 2016			
404-1	Average hours of training per year per employee	Happiness workplace – personnel training	P. 99



Disclosure	Description	Report Content or Explanation	Page No.
GRI 405 Diversity and equal opportunities of employees 2016			
405-1	Diversity of governance bodies and employees	Management governance – Corporate governance Happiness workplace- Human resources Happiness workplace- Human right policy	P. 47 P. 75 P. 78
GRI 408 Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Happiness workplace- Human right policy Customer Value – Sustainable Supplier Management	P. 78 P. 73
GRI Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Happiness workplace- Human right policy Customer Value – Sustainable Supplier Management	P. 78 P. 73
GRI 406 Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Happiness workplace- Human right policy: No such incidents during the reporting period.	P. 78
GRI 418 Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such incidents during the reporting period.	P. 69

Sustainability Accounting Standards Board (SASB)

Index

Consumer Finance

Topic	Code	Metrics	Corresponding Chapters	Page No.
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	The Company uses personal data in compliance with regulatory requirement and temporarily does not disclose the statistics of such metric.	-
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	1. Customer value – information security protection and personal data protection. 2. The Company did not involve in any legal proceeding associated with the infringement of customer privacy in 2021.	P. 69
Data Safety	FN-CF-230a.1	Information security management overview (1) Number of data breaches, (2) percentage involving personally identifiable information (3) number of account holders affected	1. Risk management system – information security risk management; customer value – information security protection and personal data protection. 2. The company does not have incident related to information and personal data disclosure in 2021.	P. 60 P. 69
	FN-CF-230a.2	Amount of losses from fraud related to credit cards (including card-not present fraud and card-present fraud)	This metric does not apply to the Company.	-
	FN-CF-230a.3	Description of approach to identifying and addressing data security risks	Risk management system – information security risk management	P. 60



Topic	Code	Metrics	Corresponding Chapters	Page No.
Marketing and Sales	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	The statistics data of this metric are temporarily non-disclosed.	-
	FN-CF-270a.2	Approval rate for credit and pre-paid products for applicants with high and low FICO scores	The statistics data of this metric are temporarily non-disclosed.	-
	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with high and low FICO scores	The statistics data of this metric are temporarily non-disclosed.	-
	FN-CF-270a.4	Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or non-monetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the competent authority, according to the statistics compiled by the Consumer Financial Protection Bureau (CFPB)	Customer value – customer relation management	P. 72
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	The company did not have any legal proceedings and amount of monetary losses associated with selling and servicing of products in 2021.	-

Independence Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

2021 Yulon Finance Corporation Sustainability Report

The British Standards Institution is independent to Yulon Finance Corporation (hereafter referred to as YFC in this statement) and has no financial interest in the operation of YFC other than for the assessment and verification of the sustainability statements contained in this report.

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

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

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

Scope

The scope of engagement agreed upon with YFC includes the followings:

1. The assurance scope is consistent with the description of 2021 Yulon Finance Corporation Sustainability Report.
2. The evaluation of the nature and extent of the YFC's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the 2021 Yulon Finance Corporation Sustainability Report provides a fair view of the YFC sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the YFC and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate YFC's efforts recognized by its stakeholders.

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

Methodology

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

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

Conclusions

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

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

GRI Sustainability Reporting Standards (GRI Standards)

YFC provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the YFC's sustainability topics.

Assurance level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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