



# HOTAI FINANCE CORPORATION

## 2024 ESG Report

永續 25 精彩絕倫



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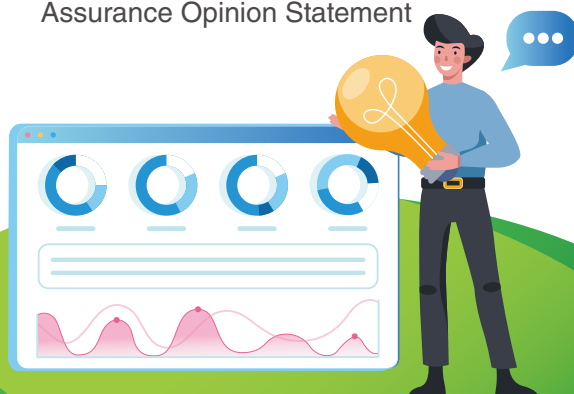
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# About this report

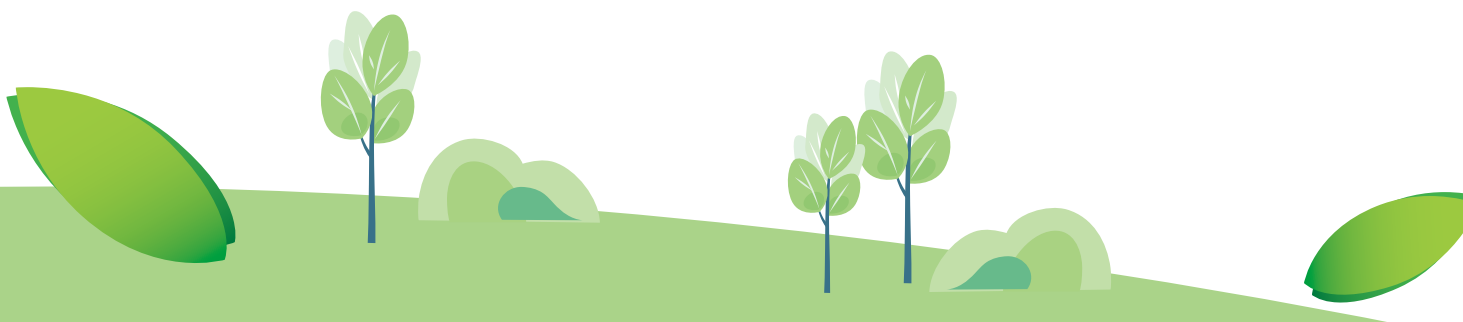
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## ► Preparation standards

This report has been prepared in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the principles of the 2021 version of the Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiatives (GRI).

## ● References for the preparation

Publishing organization	Standard framework/regulations
Global Sustainability Standards Board, GSSB	<ul style="list-style-type: none"> <li>GRI Universal Standards 2021</li> <li>GRI Topic Standards 2016, 2018 and 2020</li> </ul>
International Sustainability Standards Board, ISSB	<ul style="list-style-type: none"> <li>Consumer finance industry standards, Sustainability Accounting Standards Board, SASB</li> <li>General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)</li> <li>Climate-related Disclosures (IFRS S2)</li> <li>* Task Force on Climate-related Financial Disclosures (TCFD) are included in Framework of IFRS S2</li> </ul>
International Integrated Reporting Council, IIRC	<ul style="list-style-type: none"> <li>The International Framework, IR</li> </ul>
Taiwan Stock Exchange Corporation	<ul style="list-style-type: none"> <li>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</li> <li>Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies</li> </ul>
AccountAbility, the U.K.	<ul style="list-style-type: none"> <li>AA1000 Materiality, inclusiveness, responsiveness and impact of the accountability principle standard</li> </ul>
The United Nations	<ul style="list-style-type: none"> <li>UN Sustainable Development Goals, SDGs</li> <li>The UN Global Compact</li> </ul>
The United Nations Development Programme United Nations Environment Programme Finance Initiative World Wide Fund for Nature Global Canopy (non-profit environmental organization)	<ul style="list-style-type: none"> <li>The Taskforce on Nature-related Financial Disclosures, TNFD</li> </ul>





## ► Report coverage period

The data and content disclosed are mainly for the period from January 1 to December 31, 2024, which is consistent with the 2024 Consolidated Financial Statements, with some performance data backdated to information prior to 2019 or postdated to the most recent information in 2024.

## ► Reporting scope and boundaries

This report covers the content pertaining to Hotai Finance Co., Ltd. and its four subsidiaries: He Jing Co., Ltd., He Jun Energy Co., Ltd., Hotai Finance Development Co., Ltd., and Hoyun International Leasing Co., Ltd. If there is inconsistency in the scope of coverage, it will be indicated in the information and data. The scope of information disclosed in this report covers 90% or more of the revenue of the consolidated financial statements of the Company.

In this report, the Company's automobile, scooter, and equipment installment payment business is described as "loan" or "lending" to make it easier for the public to read. It does not mean that the Company does, under any circumstances, engage in the consumer loan business. If you have any questions, please feel free to contact the Company.

Note 1: "HFC" includes Hotai Finance Co., Ltd. (the parent company) and all subsidiaries.

Note 2: "HFC (individual entity)" refers solely to Hotai Finance Co., Ltd. (the parent company) itself.

Note 3: "HFC and its Taiwan subsidiaries" includes Hotai Finance Co., Ltd. (the parent company), He Jing Co., Ltd., He Jun Energy Co., Ltd., and Hotai Finance Development Co., Ltd.

## ► Information calculation basis

The information and statistics in this report were obtained from our own statistics and surveys. Some of the financial figures in the operating performance chapters are from the financial statements attested by independent auditors.

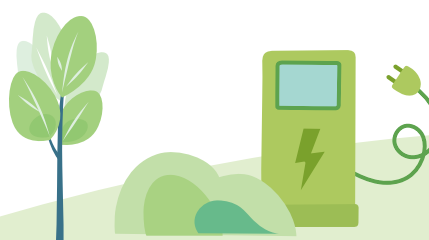
All financial figures in the report are expressed in NTD. The data collection, measurement and calculation are all in compliance with regulatory requirements. If there are no special regulations, international standards shall prevail, and if no international standards are applicable, industry standards or industry practices shall be referred to.



[Financial Reports](#)

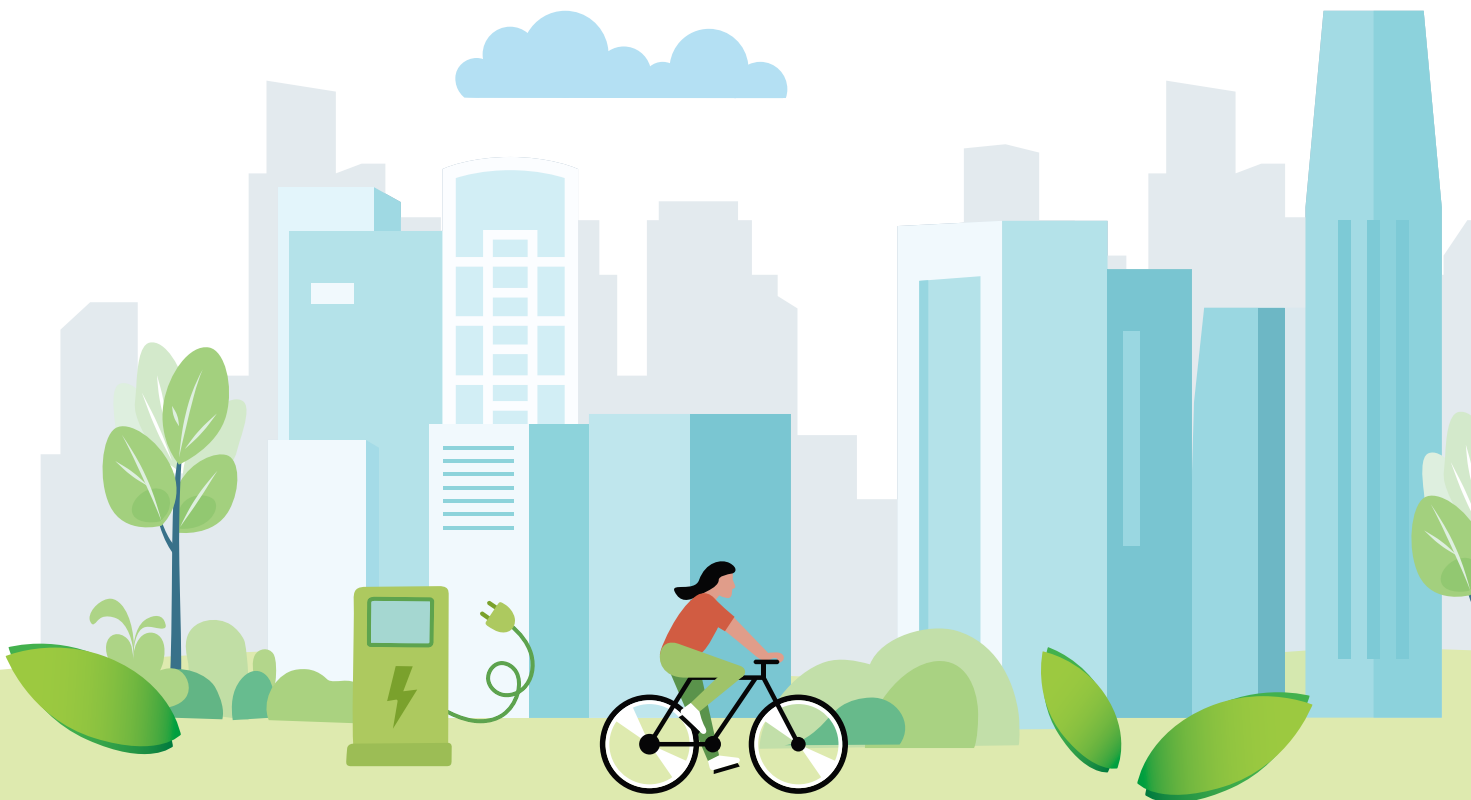


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## ● Reporting quality management process

<b>Planning and implementation</b>	The information in the report was provided by various units of HFC, and the overall planning of the chapter structure was carried out by ESG Committee group members.
<b>Review and confirmation</b>	The ESG Committee and department heads review the contents of each chapter and the correctness of information, review ESG performance and strategic objectives with the board of directors, and implement the annual verification arrangement in accordance with the "Sustainable Development Best Practice Principles" in order to ensure that the quality of the report can be verified by a third party
<b>Quality assurance</b>	<ul style="list-style-type: none"> <li>• The British Standards Institution (BSI) Taiwan has verified this report in accordance with the AA1000AS v3 Assurance Standard and the GRI Standards. After verification, this report is confirmed to be in compliance with the 2021 GRI Universal Standards and the AA1000 Moderate Assurance Type I.</li> <li>• Sustainability information is also included in the internal control of Hotai Finance Co., Ltd., and the "Sustainability Report Preparation and Verification Procedures" are established.</li> </ul> <p>The Company has engaged PricewaterhouseCoopers (PwC) to perform independent limited assurance for the selected information in the report prepared in accordance with the GRI Standards and with the Standards on Assurance Engagements No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the ROC (established with reference to the International Standards on Assurance Engagements (ISAE) 3000 Revised). The assurance report is attached as an appendix to this report.</p>
<b>Publication of the report</b>	After the third-party verification is completed, it is submitted to the Board of Directors for confirmation and resolution before publication.



## ► Release

Every year, Hotai Finance Co., Ltd. publishes the ESG Report in Chinese and English, which are available for download from the Company's website.

<https://esg.hfcfinance.com.tw/zh-tw/download>

Current release: August 2025

Previous release: June 2024

## ► Feedback

If you have any suggestions or questions regarding the contents of this report, you are welcome to contact us at

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Company website: <https://www.hfcfinance.com.tw>



# Message from Management

GRI 2-22

## ► Message from the Chairperson

2024 marks the 25th anniversary of HFC, a profoundly significant milestone for us. Reflecting on the past year, the global economic environment remained challenging, with high interest rates, inflationary pressures, and geopolitical risks continuing to affect the market. However, HFC has maintained steady growth through prudent management, robust internal controls, and agile response strategies. In 2024, consolidated revenue and total assets under management both reached new heights, achieving outstanding operating performance while enhancing corporate resilience to create greater value for shareholders, customers, and all stakeholders.

HFC's consolidated revenue in 2024 hit a record high of NT\$29 billion, slightly up from the previous year, and its consolidated net income after tax is about NT\$3.3 billion with an EPS of NT\$4.44 per share, showcasing remarkable operating performance. Additionally, we shared our success with employees and fostered a fulfilling workplace. The average annual salary for full-time non-managerial employees in 2024 reached NT\$1.29 million. In terms of revenue, profitability, employee salaries and benefits, and sustainability performance, HFC achieved outstanding results, earning 14 prestigious domestic and international awards and recognitions, a record high in the Company's history.

Based on the principle of stable operation, supplemented by new technology, we have strengthened four core businesses: The vehicle installment business has maintained its industry-leading position for 21 consecutive years, continuously providing customers with high-quality financial services and digital experiences. The product installment payment service significantly expanded its distribution channels through the new "Pay4U" brand. We firmly hold the leading position in the corporate finance business market for installment financing of medical and aesthetic equipment, providing more flexible financing solutions for corporate clients.

In recent years, HFC has actively promoted corporate transformation toward a sub-group structure. Through divisional specialized management strategies, we diversified our business portfolio and strengthened our overseas market presence. He Jing Co., Ltd., specializing in heavy vehicle financing, has maintained its No. 1 market position for two consecutive years as of 2024, leveraging its outstanding competitiveness. He Jun Energy Co., Ltd., the Group's green energy pioneer, achieved profitability within just three years of its establishment, demonstrating strong growth momentum. Established in 2024, Hotai Finance Development Co., Ltd. provides professional financial services to small and medium-sized enterprises (SMEs). By integrating group resources, implementing a precise market strategy, and completing the establishment of branches in the six special municipalities, the Company has shown strong market development potential.

Furthermore, HFC officially entered the Southeast Asian market at the end of 2023. HFC Cambodia successfully upgraded to a microfinance institution (MFI) in 2024. Looking ahead to 2025, the focus will be on enhancing brand awareness and expanding market share, with the goal of becoming a top three MFIs in Cambodia within the next five years.

Adhering to its commitment to ESG sustainable development, HFC achieved significant progress in environmental, social, and governance (ESG) aspects in 2024. Environmentally, HFC completed greenhouse gas inventory for all domestic and overseas subsidiaries and initiated a carbon reduction strategy, moving toward the 2050 net-zero emissions goal. Socially, it expanded scooter road safety promotion and enhanced campus road safety education to increase social impact. In terms of governance, it gradually raised the standards for sustainable information disclosure, adopted international governance frameworks, and continued to promote intellectual property management systems to enhance corporate competitiveness and ensure the Company's steady and sustainable operation.

In 2025, HFC will continue to strengthen its business presence, deepen the application of digital financial technology, promote corporate upgrading and transformation, and implement corporate social responsibility through ESG actions. Under the strategic guidance of "rooting downward and breaking upward," HFC will continuously surpass itself, create new market peaks, create more value to shareholders, customers, and society, enhance operational resilience, and continuously pursue innovation and progress.



Hotai Finance Co., Ltd.  
Chairman

劉源森

## ► Message from the General Manager

Successful corporate management lies not only in pursuing excellent performance but also, more importantly, in creating long-term value for all stakeholders and enhancing corporate resilience and competitiveness through continuous improvement. Faced with the increasing global focus on ESG, the Company not only follows international standards, such as SASB, TCFD, and GRI, but also integrates its core business advantages for diverse innovative solutions, ensuring that corporate growth and sustainable development go hand in hand.

In response to the global goal of net zero by 2050, HFC has actively expanded its green energy business. As the pioneer of the Group's green energy development, He Jun Energy has diversified its business scope across the four major business categories, namely, generation, charging, storage, and sales of electricity, and has successfully realized profits in the third year of its establishment, demonstrating excellent business performance. As of 2024, He Jun Energy's contracted solar and energy storage sites across Taiwan exceeded 300, with an annual power of over 89 million kWh generated, enough to supply approximately 300,000 households and reduce carbon emissions by 55,000 metric tons annually. In terms of electric vehicle infrastructure, He Jun Energy's charging service brand, EVRun, has installed charging stations in department stores, office buildings, public parking lots, and Toyota/Lexus dealers' locations, providing convenient charging services for electric vehicle users and contributing to the development of low-carbon transportation.

HFC has also gone beyond legal requirements by completing greenhouse gas inventory for its consolidated subsidiaries in 2024, obtained third-party verification, and been selected as one of the "Top 100 Carbon Competitive Enterprises" among domestic TWSE/TPEX-listed companies for three consecutive years, demonstrating its firm commitment to net-zero transition. Financial influence is also a key driver of sustainable development. In 2024, the Company signed a NT\$29.5 billion sustainability-linked syndicated loan with a banking consortium. The cumulative amount of sustainability-linked loans drawn in the past three years has reached NT\$70.7 billion, as a move to actively promote the development of sustainable finance.

HFC continues to deepen its biodiversity conservation efforts by actively participating in wetland conservation projects and expanding its scope to the six special municipalities. At the same time, through the employee volunteer program, we work with internal and external partners to implement environmental protection, extending the Company's influence to more levels. In addition, the Company promotes beach cleanup and mountain cleanup activities to protect the natural ecology with practical actions.

Talent cultivation and employee well-being have always been important cornerstones of corporate development. The Company continues to promote an employee shareholding trust plan, provide more comprehensive benefit measures, and create a happy workplace. In terms of social responsibility, we continue to promote the "Scooter Road Safety Promotion Project," which not only subsidizes scooter training courses but also extends to rural schools, raising young people's traffic safety awareness. In 2024, the "Road Safety Video Competition" entered its second year, and we saw a continuous increase in participating schools and students, making creative videos an important driver of traffic safety education.

Volunteer service is an important practice of HFC's care for society. In 2024, the total volunteer hours exceeded 10,000, and we collaborated with over a hundred non-profit organizations (NPOs) to jointly implement various social charity projects, exerting the Company's positive social influence.

The Company continues to optimize its management mechanisms, promote digital innovation, enhance business operation resilience, and has been selected as a constituent stock of the TWSE Corporate Governance 100 Index for 5 consecutive years, demonstrating excellent management capabilities. With the rapid development of artificial intelligence (AI) and digital technology, the Company actively adopts AI and BI (business intelligence) technologies to strengthen operational management and service innovation, while enhancing data security and privacy protection, to build a more resilient digitalized enterprise.

Looking to the future, HFC will continue to enhance its ESG strategy, combine its core business with innovative thinking to promote green energy development, reinforce biodiversity conservation, and actively implement digital transformation to enhance corporate resilience and competitiveness. We will continue to optimize employee well-being and talent development mechanisms, expand our positive corporate influence through social charity actions, and work with stakeholders to create sustainable value. In an era of accelerated change driven by AI and digital technology, we will uphold a forward-looking mindset, implement intelligent technology to strengthen corporate governance, and move toward a more efficient and resilient future, thereby realizing a sustainable vision of shared prosperity.

Hotai Finance Co., Ltd.  
General Manager

林彥良



## 2024 ESG highlights performance

### Environment



- Responding to the global trend of sustainable finance development, HFC formulated the "Sustainable Finance Policy".  
The amount of financing for electric/hybrid vehicles and electric scooters reached **NT\$28.154 billion**.
- The cumulative amount of corporate finance sustainable services reached **NT\$2.585 billion**.
- Paperless services can save nearly **9.65 million** sheets of paper annually, equivalent to a reduction of approximately **59,498 kg** CO<sub>2</sub>e.
- Sustainable procurement amounted to **NT\$22.9 million**.

### Society



- The total financing amount for SME inclusive services reached **NT\$68.178 billion**.
- The average salary for non-managerial full-time employees reached **NT\$1.29 million**<sup>NOTE</sup>
- Accumulated **28,515 hours** of employee training
- The employee satisfaction survey response rate was **100%**, with an employee satisfaction score of 4.37 out of 5<sup>NOTE</sup>
- The total number of volunteers reached **2,883 person-times** for **11,695 hours**.

\*NOTE : Data disclosure is primarily based on HFC (individual entity).

### Governance



- Passed Taiwan Intellectual Property Management System (**TIPS**) validation
- Passed **ISO 27001:2022** information security management certification
- Received "Long-term twAA- and Short-term twA-1+" ratings from Taiwan Ratings for **18** consecutive years.
- HFC received long term BBB and short term A-2 ratings from Standard & Poor's (S&P) for **5** consecutive years.



# Honor and recognition

<p>5 consecutive years</p> <p>Top <b>20%</b> in the 11th Corporate Governance Evaluation</p>  <p>臺灣證券交易所</p>	<p>Selected for 5 consecutive years</p> <p>As a constituent of the TWSE Corporate Governance <b>100 Index</b></p>  <p>臺灣指數股份有限公司 TAIWAN INDEX PLUS 指數創新・加值創富</p>	<p>Selected for the first time</p> <p>As a constituent of the Taiwan High Compensation <b>100 Index</b></p>  <p>臺灣指數股份有限公司 TAIWAN INDEX PLUS 指數創新・加值創富</p>
<p>ESG Overall Performance</p> <p>19th Place in Large Enterprise Service Industry</p> <p>2024 Commonwealth Magazine's Sustainable Citizen Awards - Top 100 in Sustainability</p> 	<p>ESG Overall Performance</p> <p>Among Taiwan's Top 100 2024 Taiwan Corporate Sustainability Awards (TCSA)</p> <p>Taiwan's Top 100 Sustainability Model Enterprises</p>  <p>台灣企業永續獎委員會 Taiwan Corporate Sustainability Awards Executive Committee</p>	<p>Successful promotion of scooter road safety</p> <p>Recognized by competent authority</p> <p>2024 Ministry of Transportation Golden Safety Award</p> 
<p>First-time winner</p> <p>Creating a happy workplace</p> <p>1111 Job Bank Happy Enterprise - Gold Award</p> 	<p>4 consecutive years</p> <p>The report has been recognized 2024 Taiwan Corporate Sustainability Awards (TCSA)</p> <p>Corporate Sustainability Report Awards - Platinum Award</p>  <p>台灣企業永續獎委員會 Taiwan Corporate Sustainability Awards Executive Committee</p>	<p>3 consecutive years</p> <p>Scooter Road Safety Project recognized</p> <p>Asia Responsible Entrepreneurship Awards (AREA) 2024 Social Welfare Development Award</p> 
<p>3 consecutive years</p> <p>Selected as a high carbon productivity competitiveness</p> <p>2024 Business Weekly Carbon Competitiveness Top 100</p> 	<p>First-time winner</p> <p>Scooter Road Safety Project recognized</p> <p>2024 British Chamber of commerce in Taipei.</p> <p>Outstanding Enterprise Contribution Award</p> 	<p>2 consecutive years</p> <p>Scooter Road Safety Project recognized</p> <p>2024 TSAA Taiwan Sustainable Action Award</p> <p>Social Inclusion Silver Award</p>  <p>台灣企業永續獎委員會 Taiwan Corporate Sustainability Awards Executive Committee</p>
<p>Ranked in the Outstanding Achievement Category</p> <p>2024 Commonwealth Magazine</p> <p>1.5°C Temperature Control Label</p> 	<p>2 consecutive years</p> <p>Over NT\$1 million in social enterprise procurement</p> <p>Small and Medium Enterprise and Startup Administration, MOEA 2024</p> <p>BuyingPower Third Prize</p>  <p>經濟部中小及新創企業署 SMALL AND MEDIUM ENTERPRISE AND STARTUP ADMINISTRATION MINISTRY OF ECONOMIC AFFAIRS</p>	<p>2 consecutive years</p> <p>2024 China Financial Leasing Ranking - Outstanding Achievement Award</p> <p>(Hoyun International Lease)</p> 
<p>Received the award for the first time</p> <p>9th CNABS Golden Laurel Awards</p> <p>Most Innovative Breakthrough Product Award</p> <p>(Hoyun International Lease)</p> 	<p>Second-time winner</p> <p>2024 Shanghai Association of Taiwan</p> <p>Star of the Association</p> <p>(Hoyun International Lease)</p>  <p>上海台協 Shanghai Taiwan Investors Association</p>	<p>Received the award for the first time</p> <p>Bright Future Excellent Employer</p> <p>(Hoyun International Lease)</p> 

# About HFC

GRI 2-1 、 2-6

## Company basic information

Company Name	Hotai Finance Co., Ltd.
Industry	Other listed companies (same as the information disclosed on the MOPS)
Stock Code	6592
Date of Incorporation	May 1999
Head Office Location	10F, No. 605, Ruiguang Road, Neihu District, Taipei City
Number of employees (including Taiwan and overseas)	2,189 people
Operating revenues	NT\$28,964 million
Total assets	NT\$328,179 million
Total equity	NT\$41,667 million

## Products and services



### Business activities

- New cars, business cars, used cars, motorcycle installment financing and additional loans for original cars
- Corporate equipment installment and leasing business



### Main product or service

- Installment buying and selling and leasing services for various equipment and vehicles
- No sales of prohibited products or services in specific markets



### Business Locations

Taiwan and China  
[Taiwan service locations](#)  
[China service locations](#)

## Supply chain



### Description of supply chain

- Financial institutions providing funds
- Eight major distributors of TOYOTA and LEXUS (about 133 sites) and more than 6,000 used car dealers and HOT Alliance car dealers across Taiwan introduce customers.



### Type of downstream business

- Owners of vehicles and machinery /equipment buyers, nationals of the Republic of China over 18 years old, or foreigners (including juridical persons) with residence permits sign installment payment contracts with HFC and make installment payments.
- HFC pays for the vehicle/equipment to vehicle distributors/equipment suppliers.



### Description of downstream entities and activities

- Signing installment payment contracts with customers
- Signing strategic alliance agreements with financing companies



## Company history

1999

- Hotai Finance Co., Ltd. incorporated

2007

- Expand the mainland market: established Hoyun International.
- Undertook the equipment leasing business
- Passed ISO 9001 international quality certification.
- Received "Long-term twAA- and Short-term twA-1" ratings from Taiwan Ratings



2014

- Implemented an installment app to usher in the era of mobile business

2015

- Awarded the 12th Golden Torch Award as the top 10 excellent companies by the Outstanding Enterprise Manager Association

2016

- Initial public offering approved by TPEX
- National First Prize of the 13th National Brand Yushan Awards "Outstanding Enterprise"
- Awarded "Excellent Business" by Taipei Chamber of Commerce at Businessmen's Festival



2017

- Awarded the 18th "Golden Peak Award" as a top-10 distinguished company by the Outstanding Enterprise Manager Association
- Awarded the 16th "Taiwan Quality Assurance Golden Portrait Award" by the Chinese Industry Commerce Economy Trade Science & Technology Development Association.
- Awarded the "2017 Annual Outstanding Businessperson of the Republic of China" from the General Chamber of Commerce of the Republic of China and awarded the Certificate of Merit and Golden Business Award.



2018

- Implemented AI intelligent credit investigation
- Listing on the emerging market approved by TPEX
- Awarded the "Benchmark Sustainability Award" by the CESD International Forum on Corporate Ethics and Sustainable Development

2019

- Listing on TWSE approved by Taiwan Stock Exchange Corporation



2020

- Entered into the automobile and motorcycle sharing business
- Received long term BBB and short term A-2 ratings from Standard & Poor's for the first time
- Entered into mobile services with chauffeurs (MaaS)

2021

- Net income hit record high
- Established a subsidiary for heavy vehicle installment payment business: He Jing.
- Stepped into solar and green power business
- Won two awards at TCSA
- Selected as a constituent of the TWSE "Corporate Governance 100 Index" in 2021 for the first time



2022

- Established a diversified green energy subsidiary, "He Jun Energy."



2023

- Entered the Southeast Asian market through joint venture with Ly Hour Group in Cambodia.
- Talent Quality-management System (TTQS) - Gold Award.
- Awarded "Best-in-Class 100" by the Taiwan Institute of Directors



2024

- Made a record high revenue
- Established "Hotai Finance Development Co., Ltd.," a subsidiary for corporate finance businesses
- He Jun Energy partnered with Sunnyfounder (Grinnodot Inc.) to jointly establish Runte Green Energy for in-depth cooperation and development in the green electricity market
- Investee in Southeast Asia, Ly Hour Group, upgraded to a MFI and was renamed HFC Cambodia Microfinance PLC



## ► Investee businesses of HFC

With a corporate culture of continuous improvement, HFC continues to introduce diversified and customized services according to different distribution channels and customers. Simultaneously, through in-depth cultivation of supplier channels, development of product policies, enhanced service quality with specialized industry knowledge, and promotion of internal innovation and divisionalization, we continue to diversify our business and has developed four investees under the Company's umbrella.



[Annual Report of Hotai Finance Co., Ltd](#)



## ► Expansion of the Southeast Asian market - further upgrade of joint venture in Cambodia

LY HOUR LEASING PLC. (hereinafter referred to as "Ly Hour Leasing") is a well-known local leasing company in Cambodia. Since its establishment in 2016, it has about eight years of experience in local operation and management. The group to which it belongs, Ly Hour Group, is further involved in finance, real estate, agriculture and other fields, with a high degree of business diversification. Ly Hour Leasing's main business includes the installment and leasing of vehicles and motorcycles, which is quite consistent with the core business of HFC, and is one of the top three car/motorcycle rental companies in Cambodia. Ly Hour Leasing is HFC's beachhead for entering the ASEAN market, and HFC is also actively leveraging its management expertise and technical capabilities to optimize local governance performance and improve resource utilization efficiency.



To accelerate business development and enhance diversified competitiveness, Ly Hour Leasing officially upgraded to an MFI in 2024 and was renamed HFC Cambodia Microfinance PLC. In the future, it will continue to expand its installment product offerings, covering automobiles and scooters, consumer goods, and equipment, to provide diverse services.

## ► Participation in domestic and overseas organizations and initiatives GRI 2-28

Through participation in industry associations and related initiatives, HFC promotes industry exchanges and works with other enterprises in order to respond to external environmental changes and industry transformations, to work together toward a prosperous, harmonious, and sustainable future. The associations and initiatives participated in by HFC and its subsidiaries include the following:

Company	Organization/Initiative	Role	Description
Hotai Finance Co., Ltd.	THE TAIPEI LEASING ASSOCIATION, R.O.C.	Director/ Supervisor	Assist in policy promotion, promote leasing industry exchange and market development, and serve society
	THE TAIPEI SMALL TRUCK LEASING ASSOCIATION, R.O.C.	Member	Coordinate the vehicle leasing industry and promote economic development and social charity in line with policies
	THE TAIPEI SMALL PASSENGER CAR LEASING ASSOCIATION, R.O.C.	Director/ Supervisor	
	TAIPEI COMPUTER ASSOCIATION	Member	Address various challenges from IoT and AI to deep learning and generative AI.
	E.SUN Bank Sustainability Initiative	Responding enterprise	Join upstream supply chain partners to jointly promote carbon reduction and strive to achieve the 2050 net-zero goal
	Sustainable Corridor Initiative, Ministry of the Interior, Executive Yuan	First-wave responding enterprise	Jointly promote the global 30 x 30 biodiversity goals with public and private associations
	Enterprise Asia	Member	Participate in the international sustainability community and promote cross-border ESG exchange by sharing benchmark cases
He Jing Co., Ltd.,	THE TAIPEI LEASING ASSOCIATION, R.O.C.	Member	Assist in policy promotion, promote leasing industry exchange and market development, and serve society
He Jun Energy	Solar PV Generation System Association	Member	Gather industry forces to promote green energy development and support society's progress toward the 2050 net-zero goal
	Taiwan Renewable Energy Association (R.O.C.)	Member	Provide users with high-quality renewable energy services, coordinate industry relations, and enhance common interests
	Taiwan Power and Energy Engineering Association	Member	Combine power and energy-related personnel from industry, government, academia, and research to assist industrial development and talent cultivation
	Taiwan Alliance for Net Zero Emission	Member	Promote global renewable energy development and assist companies in achieving the 2050 net-zero goal, thus promoting sustainable development
	E.SUN Bank Sustainability Initiative	Responding enterprise	Join upstream supply chain partners to jointly promote carbon reduction and strive to achieve the 2050 net-zero goal
Hotai Finance Development Co., Ltd.	THE TAIPEI LEASING ASSOCIATION, R.O.C.	Member	Assist in policy promotion, promote leasing industry exchange and market development, and serve society
Heyun International Finance Leasing	Taiwan Alumni Association in Shanghai	Member	Enhance the cooperation and exchange among members, develop the Taiwan-funded enterprises, and enhance the prosperity of Shanghai
	Shanghai Leasing Trade Association	Member	Reflect and study new issues in the operation and management of the financial leasing industry, safeguard the legitimate rights and interests of members, and enhance the self-regulation of Shanghai's leasing enterprises

# 1 SUSTAINABLE HFC

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Taiwan Corporate Sustainability  
Awards (TCSA)

**ESG Report Awards  
Platinum Award**



Taiwan Corporate Sustainability  
Awards (TCSA)

**Taiwan's Top 100  
Sustainability  
Model Enterprises**



**CommonWealth  
Magazine CSR Award**



# 1.1 Sustainability governance system

The purpose of the Company's operation is to create value for all relevant stakeholders and, in the process, to enhance the resilience and competitiveness of sustainable operations. Since its establishment, HFC has pursued the business philosophy of "customers are the priority, and expertise is fundamental." While developing its core competitiveness, we have not neglected to value and fulfill corporate social responsibilities.

In 2019, HFC officially released the "Sustainable Development Best Practice Principles" and the "Articles of Association of ESG committee," which serve as the strategies for the Company's operation and implementation of sustainable development, in response to the world's current trend of sustainable development, the United Nations Sustainable Development Goals (SDGs), thereby establishing a sound governance mechanism to promote sustainable management.


[Sustainable Development Best Practice Principles](#)


## ► ESG Committee

GRI 2-12 、 2-13 、 2-14 、 2-16

To promote and implement corporate social responsibility (CSR) policies and sustainable business development measures, HFC has established the ESG Committee in accordance with Article 27 of the Corporate Governance Best Practice Principles and the Sustainable Development Best Practice Principles. The ESG Committee is governed by the Board of Directors and consists of a total of five members, with the Chairman serving as the convener, and the members include the President, two Vice Presidents, and one Assistant Vice President. Various functional teams have been set up under the committee, including the Environmental Sustainability team, Corporate Governance team, and Social Participation team, to handle the issues of concerns to different stakeholders and promote the planned work with the relevant departments of the Company, so as to carry out the planning, promotion and execution of related business.


[ESG Committee](#)


## ● Grouping of ESG Committee tasks





The committee holds at least two meetings annually. In 2024, it held two meetings to review the progress and achievements of promoting sustainable management in 2024 and to set the direction for the 2025 sustainable strategy. The personal attendance rate of the committee members reached 100%. The Company's sustainable promotion status is also regularly reported to the Board of Directors. The report content includes a summary and explanation of the promotion results of various environmental sustainability, social participation, and corporate governance projects. Regarding climate risk governance issues, the promotion of greenhouse gas inventory and the development of green energy businesses are also reported as projects.

### 2024 ESG Committee's Oversight of Sustainable Management Promotion

Session	Time	Excerpt of key agenda items
The 1st meeting of the 2nd committee	2024/6/26	1. 2024 ESG budget adjustment 2. ESG promotion and implementation results for the first half of 2024 3. ESG promotion and implementation plan for the second half of 2024 4. Amendment to the Sustainable Development Best Practice Principles 5. Amendment to the ESG Committee Charter
The 2nd meeting of the 2nd committee	2024/12/12	1. ESG promotion and implementation results for 2024 2. 2024 Material sustainability topics 3. 2024 Stakeholder engagement status 4. 2025 ESG strategy directions

### 2024 Status of the Board's Oversight of Sustainable Management Promotion

Session	Time	Excerpt of key agenda items
The 23rd meeting of the 10th committee	2024/1/24	1. 2023 Material sustainability topics identification results 2. Sustainable report preparation and implementation status
The 24th meeting of the 10th committee	2024/3/12	Report on the first quarter greenhouse gas inventory and verification progress
The 24th meeting of the 10th committee	2024/5/8	Report on the second quarter greenhouse gas inventory and verification progress
The 2nd meeting of the 11th committee	2024/6/13	1. Appointment of the 2nd ESG Committee members 2. 2023 Sustainability Report publication: Including material topic management policies and climate change risk management TCFD
The 4th meeting of the 11th committee	2024/8/8	1. Report on the third quarter greenhouse gas inventory and verification progress 2. Amendment to the Sustainable Development Best Practice Principles 3. Amendment to the ESG Committee Charter 4. Formulation of sustainable finance policies, inclusive finance policies, and tax governance policies
The 6th meeting of the 11th committee	2024/11/7	Amendment to the "Sustainability Report Preparation and Verification Procedures"
The 7th meeting of the 11th committee	2024/12/17	1. ESG promotion and implementation results for 2024 include: <ul style="list-style-type: none"> <li>Environmental aspect: Climate change management TCFD, greenhouse gas management, promotion of sustainable finance, and implementation of biodiversity projects</li> <li>Social aspect: Talent development and benefits, implementation of human rights protection, customer rights protection, personal data protection and committee operation, and inclusive finance promotion status</li> <li>Management aspect: Promotion of corporate governance and ethical management, risk management reports (including intellectual property and audit plans), information security, digital innovation, and supply chain management</li> </ul> 2. 2024 material sustainability topics and stakeholder engagement status 3. 2025 ESG strategy directions

## 1.2 Sustainability strategy

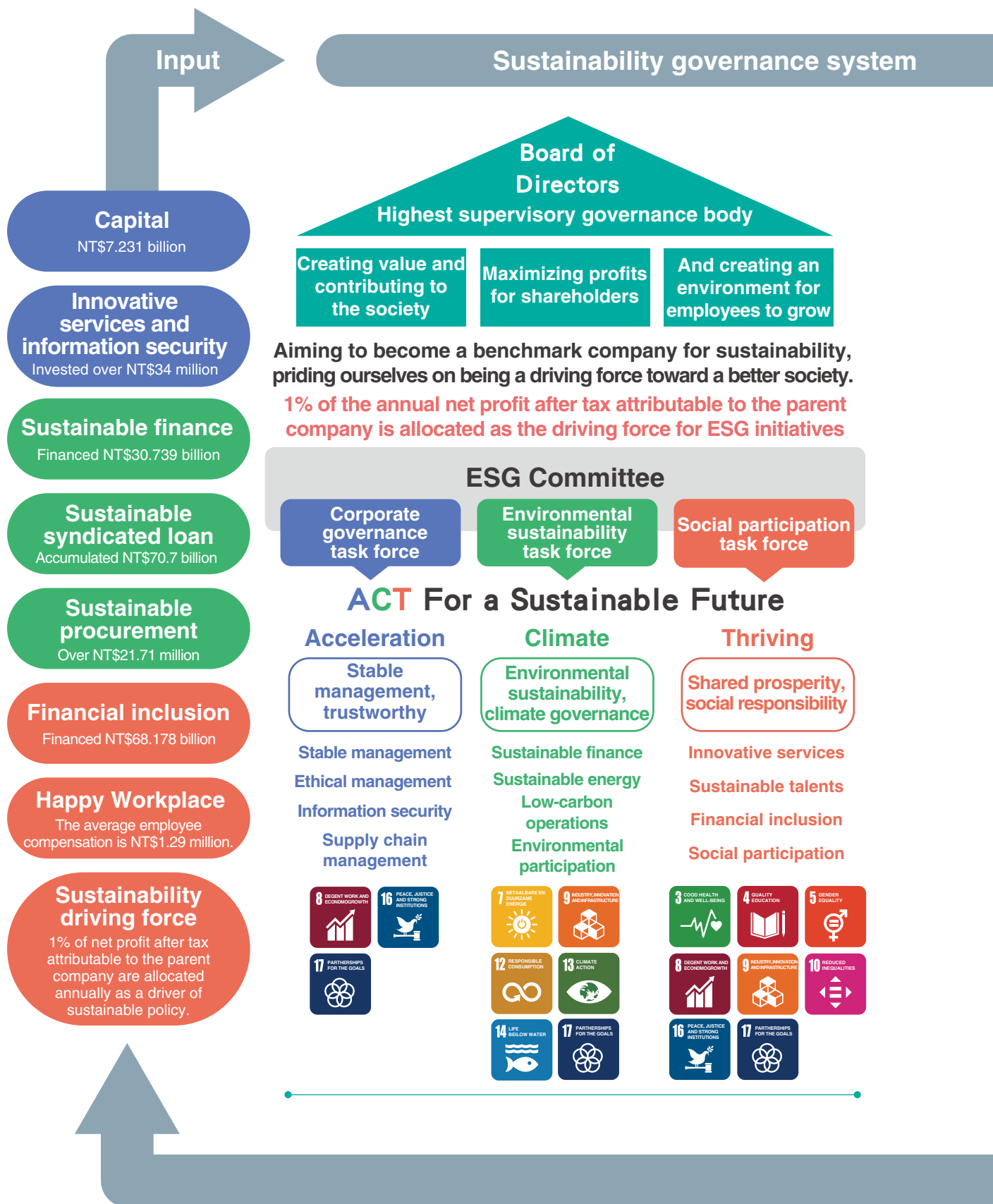
In order to realize social care and pursue sustainable development, HFC has set up three major sustainability focuses and twelve action guidelines in the spirit of ESG, and allocates "1% of net profit after tax attributable to the parent company" every year as a development driver for the promotion and implementation of sustainability policies.

In accordance with the "International Integrated Reporting Framework (IR)" issued by the International Integrated Reporting Council (IIRC), HFC responds to its sustainable strategy from the key capital of sustainable development to shape the corporate sustainable value creation process.

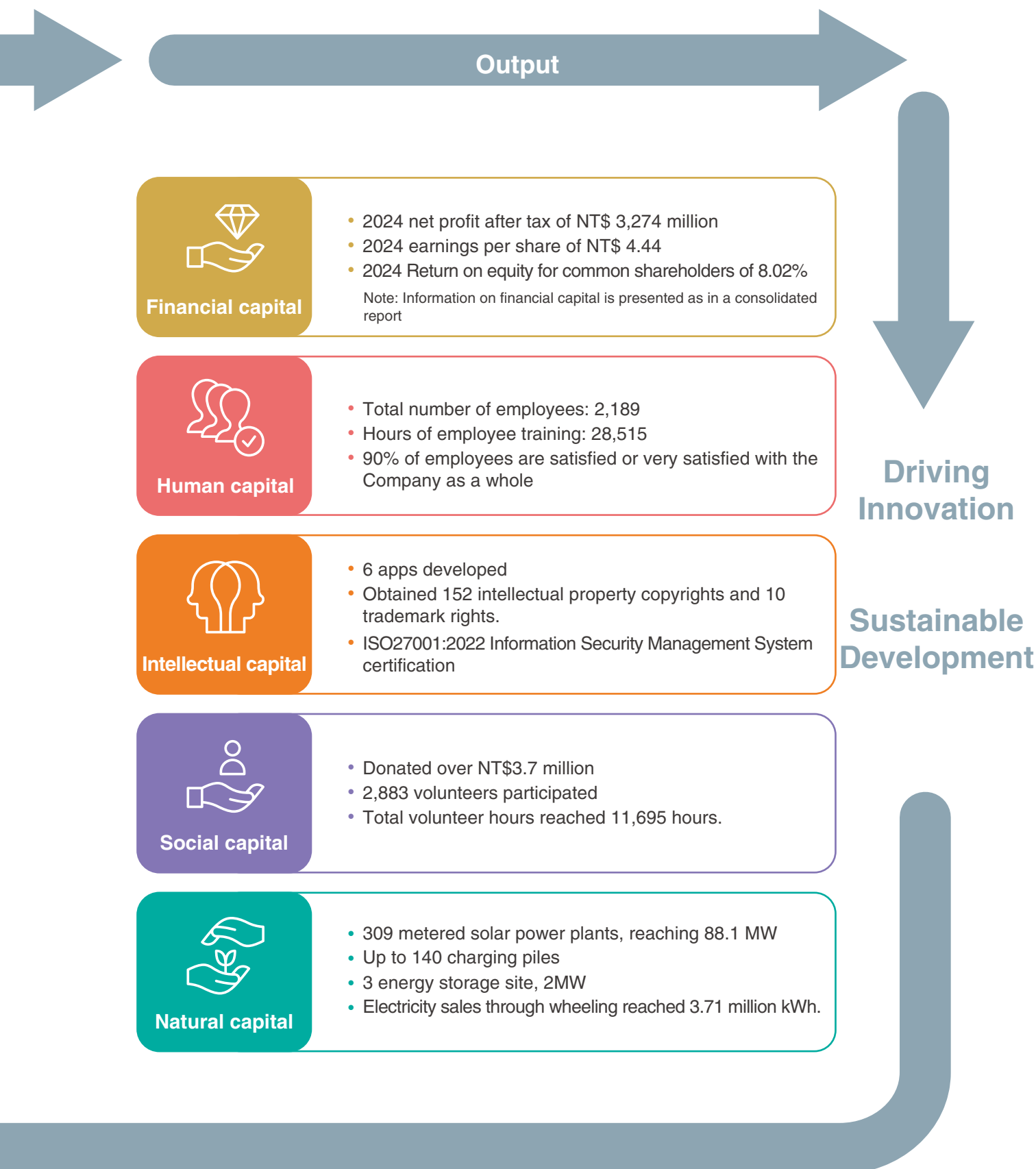
### ● ESG sustainability strategy of HFC



## ● Sustainable value creation process



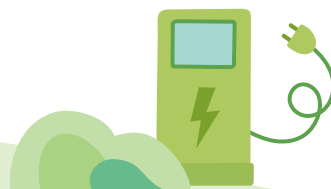




## 1.3 Sustainability strategic objectives

### ► Acceleration - Reliable Operations Worthy of Trust

Strategic direction	Policy management system		Assessment indicators		Corresponding SDGs	Corresponding chapter
	Management Approach	Policy commitment	2024 Key performances	2025 Targets		
Stable management	With the concept of continuous improvement and sustainable management, we continue to improve and establish a sound corporate governance and transparent financial system to create maximum value for stakeholders.	Corporate Governance Best Practice Principles	<ul style="list-style-type: none"> <li>Top 20% in the Corporate Governance Evaluation</li> <li>Selected as a constituent of the Corporate Governance 100 Index</li> </ul>	To meet regulatory requirements and continue to optimize the corporate governance system		2.1 Corporate Governance
		Creating value and contributing to the society, maximizing profits for shareholders and creating an environment for employees to grow	<ul style="list-style-type: none"> <li>Consolidated revenue of NT\$28,964 million</li> <li>Consolidated profit after tax of NT\$3,274 million</li> </ul>	To maintain the position as the No.1 brand in the vehicle installment market		2.2 Operation Performance
Ethical management	Create a culture of integrity and an effective internal control and audit system; comply with laws and regulations and have limited control over the risks.	Risk Management Policy	No violation of law	No violation of law		2.4 Ethical Management
		Establish an ethical corporate management system and enhance employees' understanding of relevant policies	<ul style="list-style-type: none"> <li>Held 6 courses on ethical corporate management.</li> <li>On average, 904 employees completed the training session, accumulating 3,832 hours of training.</li> </ul>	Ongoing education and training courses on ethical corporate management		
Information security	Enhance information security and personal data protection to ensure that the privacy and personal data of stakeholders are not leaked.	"Information Security Management Policy" and "Personal Data Protection Policy" and established the Personal Data Management Committee	<ul style="list-style-type: none"> <li>Launched the ISO 27001:2022 transition and completed external verification in December 2024.</li> <li>2,136 participants completed personal data protection, information security, and intellectual property rights training courses.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented WAF cloud firewall to enhance high-standard website information security protection.</li> <li>Continued to offer information security-related courses.</li> <li>Passed the annual verification of the ISO27001:2022 information security system</li> </ul>		2.5 Information Security and Personal Data Protection
Sustainable supply chain	We should endeavor to drive the supply chain in a positive direction to ensure that our partners have a safe workplace environment, good labor relations, and compliance with laws and regulations; and at the same time, we should proactively join hands with our supply chain partners to create a new sustainable future.	"Supplier Management Policy"; established supplier commitment letters and a supplier evaluation system.	<ul style="list-style-type: none"> <li>The signing rate of the supplier undertakings reached 100%.</li> <li>All suppliers have passed the annual assessment</li> </ul>	<ul style="list-style-type: none"> <li>The signing rate of the supplier undertakings reached 100%.</li> <li>To implement supplier evaluation</li> </ul>		5.5 Sustainable supply chain management
		Working with suppliers to promote ESG actions	In 2024, a total of eight (+60%) suppliers jointly responded to ESG actions.	Invited eight-ten partners to participate in ESG actions.		



## ► Climate - Environmental Sustainability and Climate Governance








Strategic direction	Policy management system		Assessment indicators		Corresponding SDGs	Corresponding chapter
	Management Approach	Policy commitment	2024 Key performances	2025 Targets		
Sustainable finance	We should combine our core expertise to provide tailor-made sustainable staging solutions, so that everyone can realize sustainable green living.	<ul style="list-style-type: none"> <li>The Board of Directors approved the Sustainable Finance Policy.</li> <li>Responded to 2050 Taiwan net zero roadmap and Green Finance 3.0 policy.</li> <li>Applying for bank loans linked to sustainability, providing a wide range of sustainable financial products</li> </ul>	<ul style="list-style-type: none"> <li>Financed eco-friendly vehicles, totaling NT\$28.154 billion.</li> <li>Financed renewable energy and environmental protection industry projects, totaling NT\$2.585 billion.</li> </ul>	Continue to promote green financial products and increase financing for eco-friendly vehicles and other green financial products	 	3.1 Sustainable and Inclusive Services
			<ul style="list-style-type: none"> <li>Cumulative sustainability-linked syndicated loans amounted to NT\$70.7 billion from 2021 to 2024.</li> </ul>	To continue to deepen cooperation with banks in green finance-related businesses		
Sustainable energy	We should respond to green energy for carbon reduction and develop comprehensive green energy services, and provide solutions for stakeholders to achieve net zero and sustainable development	Responding to 2050 Taiwan net zero roadmap—energy transformation strategy	<ul style="list-style-type: none"> <li>Achieved 309 metered sites with an installed capacity of 88.1 MW.</li> <li>Generated 89.21 million kWh in total, achieving a carbon reduction benefit of 55,534 tons CO<sub>2</sub>e.</li> </ul>	Cumulative metered capacity of 144 MW.	 	3.2 Investment in sustainability and cleanliness
			<ul style="list-style-type: none"> <li>Three energy storage sites.</li> <li>Energy storage capacity: 2 MW</li> </ul>	Maintained stable operation and management of existing sites.		
			<ul style="list-style-type: none"> <li>The number of operating charging piles reached 39.</li> <li>140 piles were built</li> </ul>	Signed 50 new contracts for piles, reaching a cumulative total of 190 piles.		
			<ul style="list-style-type: none"> <li>Developed electricity retail services, transferring approximately 3.71 million kWh.</li> </ul>	Worked with other electricity retailers to promote the transfer of green electricity from sites, reaching 25 million kWh, with a cumulative total of 28 million kWh.		
Sustainable operations	Based on scientific data, we should deepen the Company's climate change management mechanism, proactively enhance the efficiency of energy use, and create a low-carbon operation and office space in order to move towards the net-zero goal of 2050.	Established the Environmental Policy and responded to the government's 2050 net-zero goal.	<ul style="list-style-type: none"> <li>Energy intensity (vehicle gasoline and electricity) decreased by 4.4% compared to the previous year</li> <li>Average electricity consumption per million NTD of revenue: 83.03 kWh (↓ 1.26%); average electricity consumption per capita: 1,372.89 kWh (↑ 3.97%).</li> <li>Average water consumption per million NTD of revenue: 0.41 cubic meters (↓ 28%); average water consumption per capita: 6.86 kiloliters (↓ 24%)</li> <li>The percentage of non-fuel-only company cars has reached 72%.</li> </ul>	To reduce the use of energy resources at the operations and improve the efficiency of energy use	 	5 Environmental sustainability
		Implemented greenhouse gas inventory and obtained ISO 14064-1:2018 third-party verification.	<ul style="list-style-type: none"> <li>Completed the consolidated financial statements of subsidiaries.</li> <li>Added Scope 3 emissions information for vehicles financed.</li> </ul>	<ul style="list-style-type: none"> <li>To implement greenhouse gas inventories</li> <li>To gradually increase the inventory items in Scope 3.</li> </ul>		
		Responding to government policies and implementing responsible consumption	<ul style="list-style-type: none"> <li>100 percent are purchased locally</li> <li>Green procurement reached NT\$21.71 million; social enterprise procurement exceeded NT\$1.19 million.</li> </ul>	To continue to implement responsible consumption and procurement.		



Strategic direction	Policy management system		Assessment indicators		Corresponding SDGs	Corresponding chapter
	Management Approach	Policy commitment	2024 Key performances	2025 Targets		
Environmental participation	We should play a key role in shaping a sustainable ecosystem by encouraging and engaging stakeholders to join the sustainability movement and contribute to the sustainability of the earth.	Launched the Green Energy Social Charity Action Project	Added two new cooperative projects to the Green Energy Social Charity Action Project: supporting P'u-ma Elementary School in promoting cultural education and assisting National Hualien Industrial Vocational Senior High School in constructing the county's first solar photovoltaic covered playground.	Continuously promote it in conjunction with the core green energy business, to create dual benefits of social inclusion and environmental sustainability.		5.2 Natural Environment Risk Management 6.4 Environmental Protection
		<ul style="list-style-type: none"> <li>Responded to the United Nations 30X30 Biodiversity Initiative.</li> <li>Safeguarded natural carbon sinks and biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>Protected wetland area of approximately 14 hectares (across New Taipei, Taoyuan, Taichung, and Kaohsiung).</li> <li>The number of wetland volunteers was 234</li> <li>The weight of removed invasive species was 356 kg.</li> <li>Adopted 30 campus trees at National Taiwan University and National Central University.</li> <li>545 people participated in the beach cleanup; 2,520.4 kilograms of garbage was removed.</li> </ul>	<ul style="list-style-type: none"> <li>Expanded wetland conservation efforts to the six special municipalities.</li> <li>Continue to promote habitat conservation actions.</li> </ul>		

## ► Thriving - Shared Prosperity and Social Responsibility

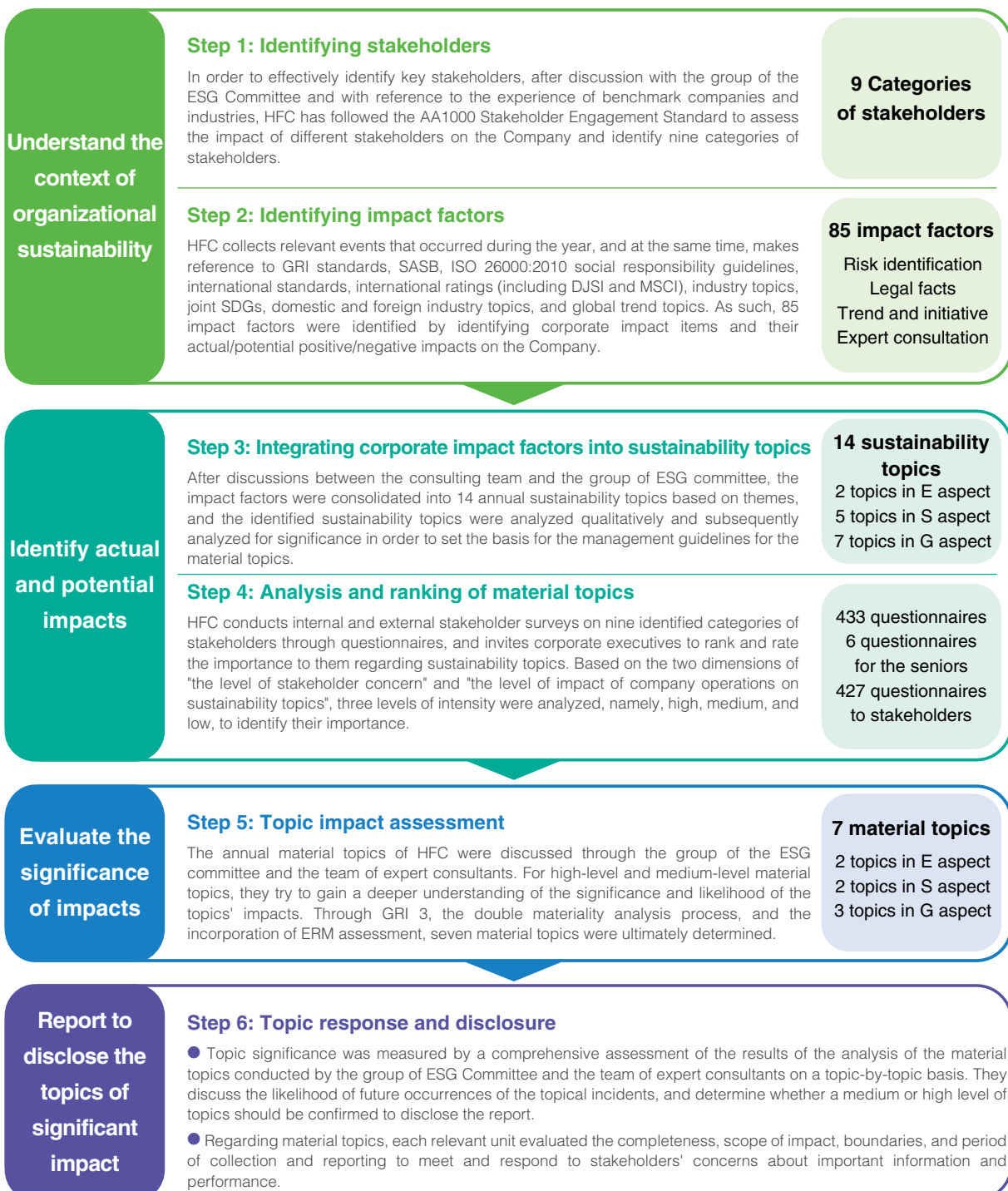
Strategic direction	Policy management system		Assessment indicators		Corresponding SDGs	Corresponding chapter
	Management Approach	Policy commitment	2024 Key performances	2025 Targets		
Sustainable talents	<ul style="list-style-type: none"> <li>Take care of the needs of employees at every stage of life to create a secure workplace</li> <li>Expand the vision and thinking of employees, cultivate diversified knowledge and work skills, and develop diversified functions.</li> <li>We are committed to creating a healthy and safe workplace environment, thereby implementing employee human rights protection. Create a diverse, inclusive, and friendly workplace</li> </ul>	<ul style="list-style-type: none"> <li>Provided competitive remuneration and diverse benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Average salary of full-time non-managerial employees: NT\$1.29 million.</li> <li>The average amount of welfare payment per person was more than NT\$ 57,000</li> <li>90% of employees are satisfied or very satisfied with the Company as a whole, with an average satisfaction score of 4.37 out of 5.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained competitive remuneration.</li> <li>Continued to implement employee satisfaction surveys.</li> <li>Promoted employee care teams.</li> </ul>		4.1 Talent attraction, remuneration and benefits
		<ul style="list-style-type: none"> <li>Developing on-the-job training, external training, and self-development training.</li> <li>Striving for the recognition of national talent cultivation awards.</li> <li>Perfecting the performance appraisal and rotation system</li> </ul>	<ul style="list-style-type: none"> <li>Optimizing training hours: 28,515 hours</li> <li>Average training hours: 13 hours/person</li> <li>Trained 61 internal seed lecturers</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened operational management skills.</li> <li>Improved the internal lecturer system.</li> <li>Enhanced all employees' digital capabilities.</li> </ul>		4.2 Talent Development and Diverse Learning
		<ul style="list-style-type: none"> <li>Formulated the Human Rights Policy.</li> <li>Appointing an occupational safety officer</li> <li>Smooth staff communication channels</li> </ul>	<ul style="list-style-type: none"> <li>5 employee injuries</li> <li>Human rights protection: No illegal violations occurred.</li> <li>Cumulative human rights-related training hours reached 650.9 hours.</li> </ul>	<ul style="list-style-type: none"> <li>To reduce the number of employee injuries</li> <li>Human rights protection: No illegal violations occurred.</li> <li>To continue to promote human rights-related education and training courses.</li> </ul>		44.3 Human rights protection and workplace safety and health

Strategic direction	Policy management system		Assessment indicators		Corresponding SDGs	Corresponding chapter
	Management Approach	Policy commitment	2024 Key performances	2025 Targets		
Innovative services	<ul style="list-style-type: none"> <li>We should adhere to the "customer first" spirit to provide timely and high-quality services.</li> <li>We should promote digital transformation, integrate various needs of stakeholders, and provide one-stop solutions</li> </ul>	Established the "Customer Complaint Handling Standard Operating Procedure" to maintain quality service.	There were a total of 186,314 telephone inquiries, and the average handling time for one call was 2.6 minutes, which is a 16.12% improvement in handling efficiency compared to 3.1 minutes/call in 2023.	To continue to optimize several communication channels to enhance the efficiency of customer complaint handling.		3.3 Customer Rights and Services
		Introduce the Taiwan Intellectual Property Management System (TIPS)	Passed the annual reverification of the Taiwan Intellectual Property Management System (TIPS) (Level A).	Enhanced intellectual property management and passed the annual reverification.		2.4 Ethical Management
		Make the workflow paperless, save paper, and provide customers with the most convenient, environmentally friendly and high-quality service.	Paperless processing for business applications, reducing paper used by 6.27 metric tons.	To increase the proportion of paperless operations		3.4 Digital Innovative Services
		Established an innovation and R&D laboratory to fully launch digital transformation.	Implemented 19 RPA automated processes to improve operational efficiency.	Expanded AI applications in OCR for financial reporting, HR, and finance AI assistants.		
Financial inclusion	<ul style="list-style-type: none"> <li>Launch a wide range of financial products and services to become an accelerator of balanced social development</li> </ul>	<ul style="list-style-type: none"> <li>The Board of Directors approved the Inclusive Finance Policy.</li> <li>Provide corporate banking services to small and medium-sized enterprises that have difficulty in accessing banking resources</li> </ul>	<ul style="list-style-type: none"> <li>26,512 financial inclusion cases</li> <li>Inclusive finance cases amounted to NT\$68.178 billion.</li> </ul>	Continued to provide inclusive financial services and develop diverse non-financial inclusive finance actions for a financially friendly environment.	 	3.1 Sustainable and Inclusive Services
Social Participation	<ul style="list-style-type: none"> <li>We shall promote sustainable actions in line with our core functions to enhance the quality of life for our stakeholders and ensure equitable development opportunities for all.</li> <li>We will connect with partners and integrate resources to support stakeholders to grow together in a rapidly changing environment</li> </ul>	Linking ESG indicators to employee performance evaluation	<ul style="list-style-type: none"> <li>Volunteer service participation reached 2,883 person-times.</li> <li>Total hours of volunteer service of 11,695 hours</li> <li>The average number of volunteer hours per person reached 11 hours, surpassing the annual target of 8.5 hours.</li> </ul>	The average number of volunteer hours per person is 12 hours		6. Social inclusion
		Continuing to promote the road safety dissemination programs in conjunction with the industry.	<ul style="list-style-type: none"> <li>Cumulative subsidies for over 2,600 individuals in three years.</li> <li>Cumulative subsidy amount exceeded NT\$4 million in three years.</li> <li>Cumulative road safety promotion reached 1.15 million person-times in three years.</li> <li>Cumulative 76 entries and over 200 student participants in the video competitions over two years.</li> </ul>	<ul style="list-style-type: none"> <li>Expanded road safety issues from scooters to other diverse topics, thus creating a comprehensive road safety ecosystem.</li> <li>Continue to enhance promotion in schools.</li> </ul>		6.2 Motorcycle road safety program

## 1.4 Material topic analysis GRI 3-1、3-2

HFC follows the latest GRI Universal Standards, specifically GRI 3: Material Topics, to establish a systematic process for identifying material stakeholders and material topics. HFC collected impact factors for 2024, summarized and defined ESG issues, and assessed and identified the actual and potential positive and negative impacts of each ESG issue on the Company, while incorporating them into the overall enterprise risk management (ERM) assessment for management and target setting. HFC adopted a double materiality analysis method for its 2024 material topics, and identified seven annual material topics. After reporting to the Board of Directors and the ESG Committee, this report was prepared based on the principles of completeness, responsiveness, and inclusivity.

### ► Material Topic Identification Process



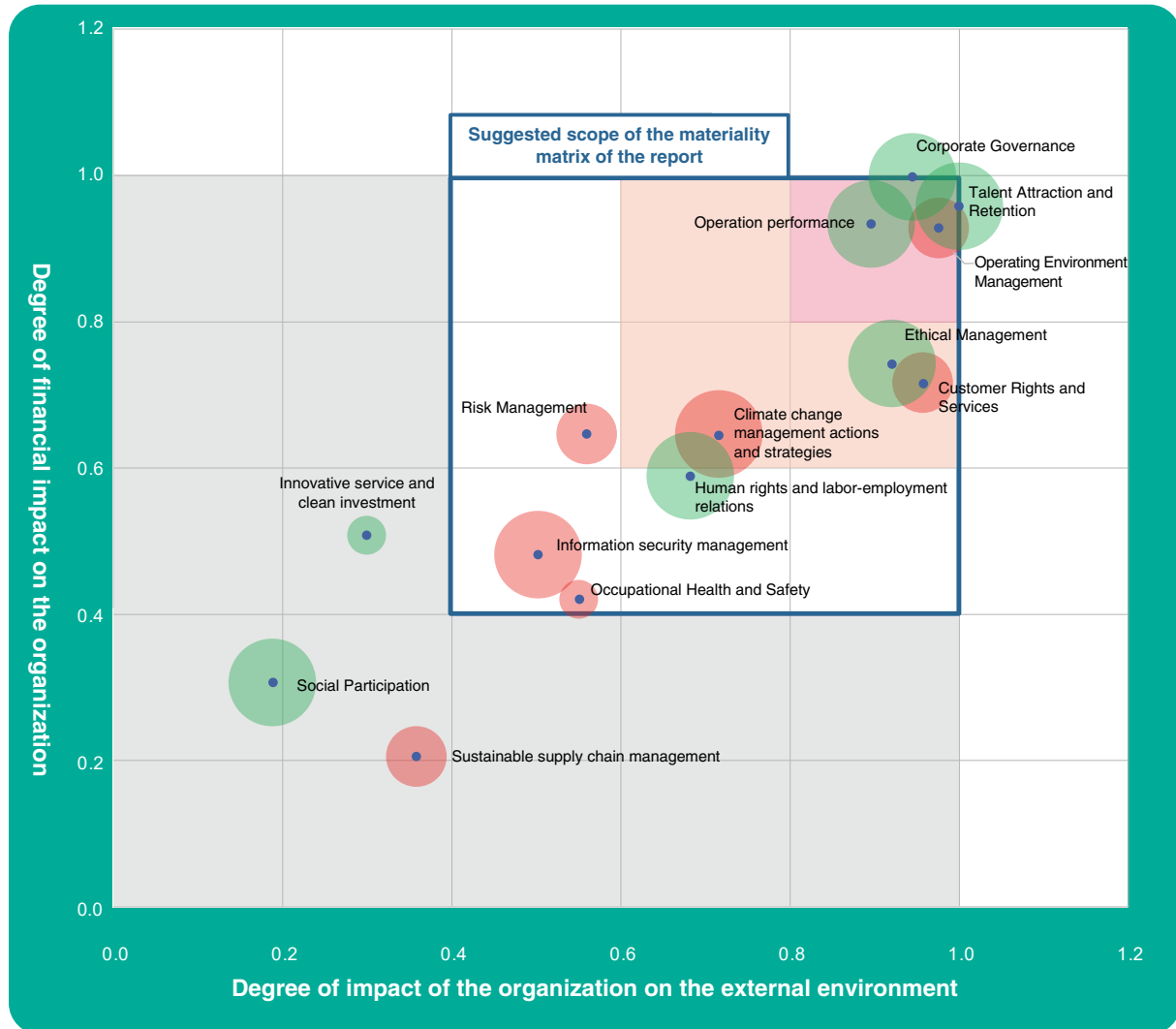


## ► Definition of ESG Issues

ESG	Issue	Aspect of impact		Definition of issue
		Actual/ Potential	Positive/ Negative	
E	Operating Environment Management	Potential	<div> <div>Positive 23.3 %</div> <div>Negative 76.7 %</div> </div>	Management measures and targets for the Company's internal resource utilization, including energy, water, and waste.
	Climate change management actions and strategies	Potential	<div> <div>Positive 47.6 %</div> <div>Negative 52.4 %</div> </div>	Risks and opportunities arising from greenhouse gas emissions and climate change; formulating response measures and strategies, and implementing management actions.
S	Human rights and labor-employment relations	Potential	<div> <div>Positive 62.5 %</div> <div>Negative 37.5 %</div> </div>	Protecting human rights and ensuring the rights and interests of both employers and employees, to provide a diverse and equal work environment.
	Talent Attraction and Retention	Actual	<div> <div>Positive 82.0 %</div> <div>Negative 18.0 %</div> </div>	Providing comprehensive career development and remuneration and benefits mechanisms to ensure diverse development opportunities for employees and increase the Company's human capital.
	Customer Rights and Services	Actual	<div> <div>Positive 47.6 %</div> <div>Negative 52.4 %</div> </div>	Management measures for customer service channels, methods, feedback mechanisms, and product and service information transparency to protect customer rights.
	Occupational Health and Safety	Potential	<div> <div>Positive 47.6 %</div> <div>Negative 52.4 %</div> </div>	Management measures for workplace safety and employee health management.
	Social Participation	Actual	<div> <div>Positive 100 %</div> </div>	Communication and engagement with communities where the organization operates, and participation in social engagement activities, such as volunteer services, community services, and social contribution initiatives.
G	Corporate Governance	Actual	<div> <div>Positive 100 %</div> </div>	Management mechanisms within the organization, including the composition and operation of the Board of Directors and governance measures to protect external stakeholders; and establishing a fair and transparent tax management mechanism in response to global tax justice.
	Ethical Management	Potential	<div> <div>Positive 73.2 %</div> <div>Negative 26.8 %</div> </div>	Formulating and adhering to codes of ethical conduct and internal control mechanisms; strictly prohibiting bribery, corruption, and anti-competitive activities.
	Operation performance	Actual	<div> <div>Positive 82.7 %</div> <div>Negative 17.3 %</div> </div>	The organization's business development and financial performance.
	Risk Management	Potential	<div> <div>Positive 25.0 %</div> <div>Negative 75.0 %</div> </div>	Assessing actual and potential risks and establishing risk management processes, including identification processes, impact assessments and prevention, and mitigation measures.
	Sustainable supply chain management	Actual	<div> <div>Positive 62.5 %</div> <div>Negative 37.5 %</div> </div>	Management methods, processes, and screening and evaluation mechanisms for the upstream and downstream of the industry supply chain.
	Innovative service and clean investment	Actual	<div> <div>Positive 82.0 %</div> <div>Negative 18.0 %</div> </div>	Enhancing competitiveness through innovative services (such as the adoption of digital tools) and investing in sustainable and clean technologies to create revenue and keep abreast of future trends.
	Information security management	Potential	<div> <div>Positive 31.3 %</div> <div>Negative 68.7 %</div> </div>	Information security management, including internal information usage regulations, personal data protection, and the security and management of information management systems and procedures.

## ► Double Materiality Analysis Matrix

After 14 ESG topics issues of concern to stakeholders were identified, and joint discussions among various departments and the group of the ESG Committee, seven most significant material topics with high and medium impact were selected as the basis for this year's report, with their management approaches and performance results fully disclosed in the report.



### Management Approach

- 4 Highly material topics
- 3 Moderately material topics
- 4 Low-level topics
- 3 Tracking topics outside the matrix

### Opportunity/Risk issue

- 7 Opportunity issue
- 7 Risk

### Likelihood of occurrence

- 8 High likelihood
- 4 Medium Likelihood
- 2 Low likelihood





## ► Description of material topic changes

Material Topics	Importance		Adjustment method	Description of the changes
	2023	2024		
Corporate Governance	Moderate	Height	Rising importance	HFC continues to grow and build an effective organization and implements management policies from top to bottom. This is a key to the effectiveness of corporate governance, and the importance of this issue is highly valued by HFC.
Operation performance	Moderate	Height		HFC's business continues to expand. To address the potential for increased regulatory mechanisms for leasing companies, it continues to discuss the diversification of businesses to pursue steady growth and strengthens management response measures to address issues of concern to stakeholders.
Operating Environment Management	Moderate	Height		To raise sustainability awareness, HFC starts with itself, gradually understands the use of operational resources, and implements management policies. It emphasizes and keeps abreast of the environmental management practices by the parent company and its subsidiaries from top to bottom.
Customer Rights and Services	Height	Moderate	Declining importance	HFC actively optimizes various services, improves internal management measures, and protects customer rights. Service management is in good and stable condition. Although the overall concern level has decreased, it remains a material topic for HFC to continuously and actively track and manage.
Information security management	Moderate	Low		The negative impact caused by the previous Hi-MS's information security incident has not recurred after HFC strengthened management measures and made improvements. HFC actively strengthens information security awareness and personal data protection measures in digital operations management. There were no related violations this year, thus gaining the trust of stakeholders.



## ► Description of 2024 material topics and responses

ESG	Material Topics	Aspects of impacts Note 1	Level of impacts Note 2	Risk/Opportunity Identified	
				Identification and Assessment	Strategy Description
Economic governance	Operation performance	Actual/Positive	Height	Opportunity	Deepening and developing diverse businesses, continuously maintaining its position as the No. 1 brand in Taiwan's auto installment loan business, while actively expanding into overseas markets to increase the Company's growth momentum and create positive benefits for investors and stakeholders.
	Corporate Governance	Actual/Positive	Height	Opportunity	Establishing a sound governance mechanism and internal management system to ensure the compliance, transparency, and resilience of the Company's operations, thus enhancing the trust of stakeholders in the Company.
	Ethical Management	Potential/Positive	Moderate	Opportunity	Formulating and complying with the code of business ethics and internal control mechanism to ensure that senior managers, employees, and other important internal stakeholders comply with laws and regulations, and preventing bribery, corruption, and competition from reducing the Company's competitiveness and harming the Company's external image.
Environment	Operating Environment Management	Potential/Negative	Height	Risk	In recent years, the government has engaged in extensive discussions on energy cost and climate issues, particularly regarding price increases for energy resources like electricity and water. Continuously improving energy resource efficiency is essential to mitigate the potential impact of rising management costs due to energy price hikes in addition to creating a safe and comfortable workplace.
	Climate change management actions and strategies	Potential/Negative	Moderate	Risk	Climate issues, such as carbon fees, carbon border tariffs, and supply chain decarbonization have gained significant attention globally. To address extreme climate challenges and seize sustainability business opportunities, beyond actively developing green energy businesses, the Company must monitor policy and market trends to mitigate negative impacts from stricter regulations or worsening climate conditions.
Human rights	Talent Attraction and Retention	Actual/Positive	Height	Opportunity	Continuing to introduce diverse benefits (e.g., the 2024 Golden Life Tour Program) and establish robust talent development mechanisms (e.g., Dual-Track Learning Program) to achieve synergies in talent attraction, development, and retention, thus maintaining competitiveness in a highly competitive labor market.
	Customer Rights and Services	Actual/Negative	Moderate	Risk	As consumers' safety awareness rises, the government has progressively expanded regulations on the financing and leasing industry to protect consumer rights. Continuing to build complete communication channels and product risk management mechanisms to safeguard customer rights, gain market trust, and avoid government penalties.

Note 1: The aspects of impacts are described as "actual/potential" and "positive/negative"

Note 2: In terms of levels of impacts, operations and finances are both considered. Definition of impact levels: Low (<NT\$10 million), medium (NT\$10million–100million), high (>NT\$100 million).

Note 3: ● Direct: The material topic has a "direct" impact on the stakeholders.

▲ A material topic may not directly affect stakeholders, but changes by HFC could still influence their interests.

□ Related: A material topic may involve working with stakeholders (e.g. procurement, outsourcing, etc.)



	Value chain impact boundary and level of involvement Note 3							Corresponding GRI	Corresponding SASB	Corresponding chapter
	Hotai Finance Co., Ltd.	Funding Provider	Customer	Suppliers	Government	Media	Non-profit organization			
	●	●	▲		▲	□		201 Economic performance	-	Chapter 2 Corporate Governance 2.2 Operation Performance
	●	▲			▲			-	-	Chapter 2 Corporate Governance 2.1 Corporate Governance
	●	●	□	□	●			205 Anti-Corruption 206 Anti-competitive activities	-	Chapter 2 Corporate Governance 2.2 Ethical Management
	●			▲				302 Energy	-	Chapter 5 Environmental Sustainability 5.4 Operating Environment Management
	●	▲	□	□	●			201-2 Financial implications and other risks and opportunities due to climate change 305 Emissions		2.3.2 Risk Management Chapter 5 Environmental Sustainability 5.1 Climate Change Risk Management
	●		□		▲			401 Employment 404 Training and Education 405 Diversity and Equal Opportunity	Selling practices	2.3.2 Risk Management Chapter 4 Happy Enterprise 5.1 Climate Change Risk Management
	●		●	▲	▲	□		-	-	2.3.1 Material Risk Management Chapter 3 Customer Value 3.3 Customer Rights and Services




## 1.5 Stakeholder engagement GRI 2-29

HFC provides a wide range of equipment and vehicle installment sales and leasing services. Starting from individual or corporate client negotiation, HFC assesses the customers' needs and designs a customized plan for them. Access to working capital can have a significant impact on the value chain over the course of the service. Therefore, HFC combined the material topics analysis to assess the impacts of each material topic on nine categories of stakeholders in the value chain during the course of the service and then take responses to them.


### ► takeholders' concerned topics and communication performance


Stakeholders	Importance	Targets for products and services of HFC	
	Concerned topic	Communication channels and frequency	Communication results in 2024
<div></div> <div>Individual customers</div>	<ul style="list-style-type: none"><li>• Corporate Governance</li><li>• Ethical Management</li><li>• Customer Rights and Services</li><li>• Operating Environment Management</li><li>• Talent Attraction and Retention</li></ul>	<ul style="list-style-type: none"><li>• Irregular official website information disclosure</li><li>• Irregular customer service hotline</li><li>• Irregular customer compliant hotline</li><li>• Irregular LINE mobile customer service</li><li>• Customer satisfaction survey</li></ul>	<ul style="list-style-type: none"><li>• In 2024, a total of 186,314 inquiries were made by telephone. The average customer call processing time was 2.6 minutes, a 16.12% improvement in processing efficiency compared to 2023 (3.1 minutes).</li><li>• Customers used the LINE online customer service channel, with an average of 11,362 inquiries per month, 52% of which were resolved through automated responses to FAQs.</li><li>• Conducted a satisfaction survey for customers with new vehicles, with an annual average satisfaction score of 4.8.</li></ul>
<div></div> <div>Corporate Customers</div>	<ul style="list-style-type: none"><li>• Corporate Governance</li><li>• Ethical Management</li><li>• Operating Environment Management</li><li>• Customer Rights and Services</li><li>• Talent Attraction and Retention</li></ul>	<ul style="list-style-type: none"><li>• Irregular official website information disclosure</li><li>• Irregular customer service hotline</li><li>• Irregular customer compliant hotline</li><li>• Irregular LINE mobile customer service</li></ul>	
Contact Information	(02) 2276-1511 <a href="https://www.hfcfinance.com.tw/contact">https://www.hfcfinance.com.tw/contact</a>		


Shareholders	Importance	Establishing a comprehensive corporate governance system to protect the rights and interests of shareholders, treat all shareholders fairly, and strive for their long-term support for the Company	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 Shareholders	<ul style="list-style-type: none"> <li>Operation performance</li> <li>Corporate Governance</li> <li>Talent Attraction and Retention</li> <li>Customer Rights and Services</li> <li>Operating Environment Management</li> </ul>	<ul style="list-style-type: none"> <li>Annual shareholders' meeting</li> <li>Regular publication of financial statements/annual reports/ESG reports</li> <li>Irregular investor conferences</li> <li>Announce material information from time to time in accordance with the regulations of the competent authorities</li> <li>Irregular official website information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>The annual shareholders' meeting was held on May 29 to report the operating status and dividend policy to shareholders.</li> <li>Held four investor conferences to explain the Company's operating performance.</li> <li>Disclosed the Company's financial and business information in real time. Please visit the "Quarterly financial statements" section on our website for details.</li> </ul>
Contact Information	(02) 2502-4567 #16301 <a href="mailto:HFC-INVESTOR@hfcfinance.com.tw">HFC-INVESTOR@hfcfinance.com.tw</a>		





Stakeholders	Importance	Suppliers play a key role in promoting the sustainable operations of HFC	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 Suppliers	<ul style="list-style-type: none"> <li>Ethical Management</li> <li>Operating Environment Management</li> <li>Customer Rights and Services</li> <li>Talent Attraction and Retention</li> <li>Operation performance</li> </ul>	<ul style="list-style-type: none"> <li>Supplier tiered evaluation mechanism</li> <li>Signing of supplier commitments</li> </ul>	<ul style="list-style-type: none"> <li>Completed 100% of supplier annual evaluations by December 26, 2024.</li> <li>All projects are carried out in accordance with the "Supplier Management Policy," and the signing rate of the supplier undertaking reached 100%.</li> <li>Suppliers' data is kept on file</li> <li>Eight suppliers jointly responded to ESG initiatives.</li> </ul>
Contact Information	(02) 2502-4567 #11203 <a href="mailto:HFCFINANCE@hfcfinance.com.tw">HFCFINANCE@hfcfinance.com.tw</a>		

Stakeholders	Importance	Employees are the Foundation of Business Operations and Sustainable Development	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 Suppliers	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethical Management</li> <li>Operation performance</li> <li>Talent Attraction and Retention</li> <li>Operating Environment Management</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of benefits and employee education and training on job banks and the internal website</li> <li>Employee grievance mailbox available on the intranet</li> <li>Employee satisfaction survey is conducted annually.</li> <li>Education and training courses</li> <li>Job seekers are required to sign a personal data protection consent form.</li> </ul>	<ul style="list-style-type: none"> <li>The response rate of employee satisfaction survey is 100%, with an average score of 4.37 out of 5.</li> <li>Total employee training hours: 28,515 hours.</li> <li>The average amount of welfare payment per person was more than NT\$ 57,000</li> <li>Job seekers are required to sign a personal data protection consent form; each employee should sign the employee regulation statement on the first day of work.</li> </ul>
Contact Information	(02) 2502-4567 #11100 <a href="mailto:HFCHR@hfcfinance.com.tw">HFCHR@hfcfinance.com.tw</a>		

Stakeholders	Importance	Regulate and assist HFC's operations in compliance	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 Government	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethical Management</li> <li>Operation performance</li> <li>Customer Rights and Services</li> <li>Talent Attraction and Retention</li> </ul>	<ul style="list-style-type: none"> <li>Irregular legal audits</li> <li>Irregular promotional education meetings with competent authorities</li> </ul>	<ul style="list-style-type: none"> <li>All directors comply with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"</li> <li>We make promotions to employees from time to time to incorporate the concepts of ethical corporate management and legal compliance into our daily work. In 2024, a total of 6 ethical corporate management courses were organized, with an average of 904 employees completing each course, accumulating 3,832 hours of training.</li> <li>Thoroughly implement risk management and control, strengthen legal compliance and compliance capabilities</li> </ul>
Contact Information	(02) 2502-4567 #16301 <a href="mailto:HFC-INVESTOR@hfcfinance.com.tw">HFC-INVESTOR@hfcfinance.com.tw</a>		

Shareholders	Importance	Provide funding to support HFC's operations	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 Banks	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethical Management</li> <li>Operation performance</li> <li>Talent Attraction and Retention</li> <li>Customer Rights and Services</li> </ul>	<ul style="list-style-type: none"> <li>Announce material information from time to time in accordance with the regulations of the competent authorities</li> <li>Regular publication of financial statements/annual reports/ESG reports</li> <li>Irregular official website information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Received "twAA-" credit rating for long term issues from Taiwan Ratings for 18 consecutive years</li> <li>Received a long-term issuer credit rating of "BBB" from Standard &amp; Poor's (S&amp;P) for 5 consecutive years.</li> <li>Financial reports are released on a quarterly basis. For details, please refer to the "Quarterly financial statements" section of the website.</li> </ul>
Contact Information	(02) 2502-4567 #16200 <a href="mailto:HFCFINANCE@hfcfinance.com.tw">HFCFINANCE@hfcfinance.com.tw</a>		

Shareholders	Importance	Conveyed accurate information to maintain a positive corporate image	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 media	<ul style="list-style-type: none"> <li>Operation performance</li> <li>Ethical Management</li> <li>Talent Attraction and Retention</li> <li>Customer Rights and Services</li> <li>Operating Environment Management</li> </ul>	<ul style="list-style-type: none"> <li>Held an annual media networking event.</li> <li>Held media press conferences on an ad hoc basis.</li> <li>Issued press releases on an ad hoc basis.</li> </ul>	<ul style="list-style-type: none"> <li>Held an annual media networking event.</li> <li>Held three media press conferences, with a total of 24 media representatives participating.</li> <li>Released 24 pieces of news, with over 850 media mentions (including print and online media).</li> </ul>
Contact Information	(02) 2502-4567 #16305 <a href="mailto:PR@hfcfinance.com.tw">PR@hfcfinance.com.tw</a>		

Shareholders	Importance	HFC has invested in charity and environmental protection initiatives, and joined hands with non-profit organizations to promote social inclusion	
	Concerned topic	Communication channels and frequency	Communication results in 2024
 Non-profit groups	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethical Management</li> <li>Talent Attraction and Retention</li> <li>Operation performance</li> <li>Customer Rights and Services</li> </ul>	<ul style="list-style-type: none"> <li>Festival Gift Purchasing</li> <li>Volunteer Activities</li> <li>Scooter road safety awareness raising</li> </ul>	<ul style="list-style-type: none"> <li>Partnered with &gt;100 nonprofit organizations/ community partners (↗ 20).</li> <li>Employee volunteer participation: 2,883 participants, 11,695 hours.</li> <li>Social innovation procurement: NT\$1.19 million.</li> </ul>
Contact Information	(02) 2502-4567 #16305 <a href="mailto:PR@hfcfinance.com.tw">PR@hfcfinance.com.tw</a>		

The Company has set up a whistleblowing mailbox

[WHISTLE@hfcfinance.com.tw](mailto:WHISTLE@hfcfinance.com.tw)



# 2 Corporate Governance

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Corporate Governance  
Evaluation

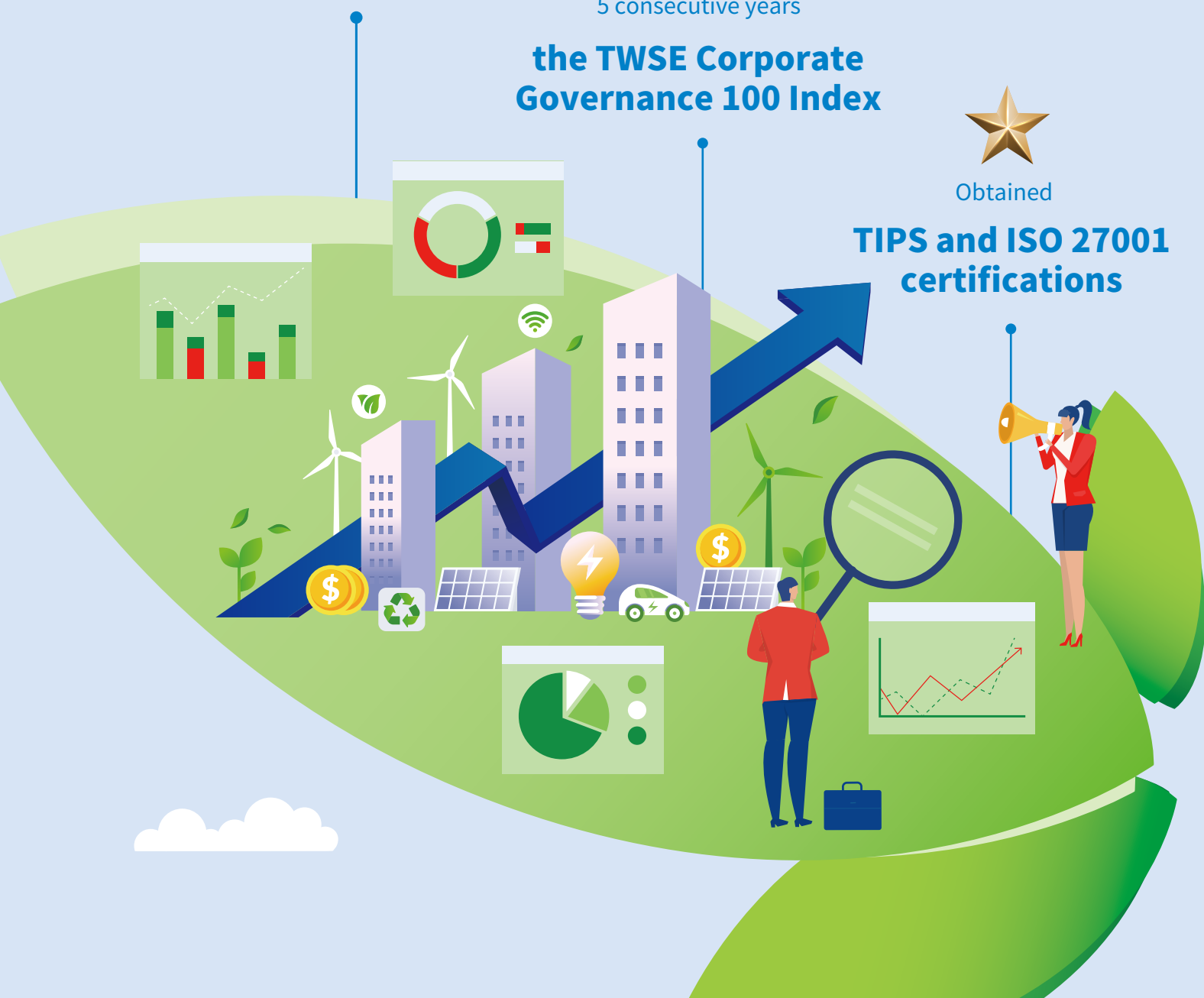
**Top 6%~20%**

Selected for  
5 consecutive years

**the TWSE Corporate  
Governance 100 Index**

Obtained

**TIPS and ISO 27001  
certifications**





# Material topic management

GRI 2-23 、 2-24 、 2-25 、 2-26 、 3-3



## Material Topics

# Operation performance

## International frameworks and indicators

## GRI 201 Economic performance



### Impact description

Transparent disclosure of financial information, such as financial performance and tax payments, can increase stakeholders' confidence in the Company. Strong operational performance indicates corporate stability and growth potential, enhancing market value (an opportunity). Key indicators include revenue and dividends.

☒ Actual

☐ Potential

☒ Positive

☐ Negative

### Policy commitment

Creating value and contributing to the society, maximizing profits for shareholders and creating an environment for employees to grow

anagement actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long-term goals (more than 3 years)
Regular disclosure of operating results	We regularly disclosed financial report information and held earnings call every quarter and updated the internal management performance reports every month.	V	1.To remain the NO.1 brand in vehicle installment industry 2.To maintain growth momentum through continuous business diversification and multi-faceted operations.	
Optimization of the governance of affiliated companies	We assisted our affiliates in implementing a standardized reporting process to maintain consistent output.	V		
Annual key projects and policy planning	We conducted performance reviews on a half-yearly basis and planned ahead for the next year's key indicators and projects.	V		

St	Management goal	Engagement channels	Quantitative tracking indicator	Engagement and management results
Shareholders	Implementing sound and stable operations to safeguard shareholders' equity.	<ul style="list-style-type: none"> <li>Investor conference/quarterly</li> <li>Financial report/quarterly</li> <li>Shareholders' meeting/annually</li> <li>Annual report/annually</li> <li>Official website/irregularly</li> </ul>	Distribution of dividends	<ul style="list-style-type: none"> <li>Complete the divisionalization of the corporate finance in 2024.</li> <li>He Jun Energy partnered with Sunnyfounder to promote strategic cooperation.</li> <li>Paid out a cash dividend of NT\$3 per share in 2024.</li> </ul>
Employees	Sharing economic growth with employees.	<ul style="list-style-type: none"> <li>Employee Welfare Committee/irregularly</li> <li>Company's internal website/irregularly</li> <li>Employee Satisfaction Survey/annually</li> <li>ESG Report/annually</li> </ul>	Distribution of employee welfare benefits	In 2024, welfare payments (three festivals/birthday/travel subsidies/scholarships, etc.) were granted at an average of over NT\$57,000 per person.
Media	Providing the media with latest news and correct information related to the operation of the Company.	<ul style="list-style-type: none"> <li>Press releases/irregularly</li> </ul>	Number of press releases	In 2024, a total of 24 press releases (including financial and non-financial information) were released to convey accurate information and protect stakeholders' right to know through media.




**Material Topics**

# Corporate Governance

**International frameworks and indicators**
**GRI 207 Tax**

**Impact description**

Strong corporate governance represents the transparency and stability of corporate operations, and can enhance the trust of investors, supply chain partners, and customers in the enterprise, thus promoting the stable development of the capital market. Strengthening governance can enhance the Company's operating efficiency (an opportunity). Key indicators include the transparency of information disclosure and the operation of the Board of Directors.

☒ Actual

☐ Potential

☒ Positive

☐ Negative

**Policy commitment**

Formulated the "Corporate Governance Best Practice Principles", "Procedures for Election of Directors", "Rules of Procedure for Board of Directors Meetings", "Rules Governing the Board Performance Evaluation", "Rules Governing the Scope of Powers of Independent Directors", and "Tax Governance Policy" to establish a sound governance mechanism

Management actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long- term goals (more than 3 years)
Enhancing information transparency	Implemented mandatory announcement of material information in accordance with the law, with a total of 71 announcements made.	√	Continue to enhance information disclosure.	
Participation in corporate governance evaluation	Ranked in the top 6%-20% in the corporate governance evaluation.	√	Continue to participate in the corporate governance evaluations.	
Board of Directors' performance evaluation	Completed the annual self-evaluation of the individual board member performance and the Board of Directors performance.	√	To make continuous effort to implement them.	
Board diversity policy	The number of directors who are concurrently the Company's manager did not exceed 1/3 of the board of directors. Added 1 female director.	√	To make continuous effort to implement them.	
Regularly disclosed tax information.	Regularly filed financial reports quarterly in accordance with the law.	√	To make continuous effort to implement them.	

Stakeholders	Management goal	Engagement channels/Quantitative tracking indicator	Engagement effectiveness
Government	1.Implemented disclosure of the Company's financial and non-financial information to protect shareholders' right to know.	Investor conference/quarterly	Held four investor conferences to explain the operating performance.
		Shareholders' meeting/annually	Convened the shareholders' meeting on May 29, 2024, to report the operating performance to shareholders.
		Annual report/annually	Filed and disclosed information prior to the statutory deadline.
		ESG Report/annually	The Sustainability Report was approved by the Board of Directors for release; filed and disclosed it prior to the statutory deadline.
Shareholders	2.Responded to the statutory regulations of the competent authority, and implemented the principles of openness, transparency, and accountability, to fulfill corporate social responsibility.	Official website/irregularly	Updated the latest operational information (including financial and non-financial) on the Company's official website
		Financial report/quarterly	Regularly filed and disclosed financial reports quarterly prior to the statutory deadline.
		Corporate governance evaluation /annually	Continuously participated in the corporate governance evaluations for five consecutive years, maintained a rating in the top 20%, and was selected as a constituent stock of the TWSE Corporate Governance 100 Index.
		Market Observation Post System (MOPS)	Achieved 100% compliance with the competent authority's requirements for regular filing and reporting of business information and the issuance of material information announcements.



## Material Topics

# Ethical Management

## International frameworks and indicators

**GRI 205 Anti-corruption**  
**GRI 206 Anti-competitive Behavior****Impact description**

Formulating and complying with professional code of ethics and internal control mechanism, and strictly prohibiting bribery, corruption, competition and other activities, will help improve stakeholders' trust in the Company. Relevant to corporate compliance and operational risk control (a risk). Evaluation indicators include internal audit results and the implementation of education and awareness-raising events.

☐ Actual☒ Potential☒ Positive☐ Negative**Policy commitment**

- Formulate the "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Operating Procedures and Behavioral Guidelines," and "Ethical Code of Conduct" and other internal regulations.
- Establish and improve the internal control system, formulate and implement the annual audit plan in accordance with the Company's "Regulations Governing the Internal Control System"

Management actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long- term goals (more than 3 years)
Formulated the annual audit plans in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies.	Completed 45 audit plans, including derivatives trading, cyber security inspection, etc., and completed the rectification of relevant deficiencies.	V	Complete the annual audit plan and implement it effectively each year.	
Continuing education for internal auditors of public companies	Internal audit personnel shall attend at least 12 hours of professional training courses on auditing related services organized by the designated professional training institutions.	V	In response to the updates of the legal compliance and internal control system, the Company will continue to dispatch employees for training every year	
Directors, managers, and employees implement the ethical management policy.	Up to 100% of directors and managers signed the Statement of Compliance with the Ethical Management Principles.	V	Continue to implement the Company's internal personnel compliance with the ethical management policy.	
	Directors and senior managers issued monthly written notices promoting the prevention of insider trading			
	All directors and the chief corporate governance officer completed a 3 hour money laundering prevention course			
	Offered 6 ethical corporate management-related courses, with an average of 904 employees completing each course, accumulating 3,832 hours of training			

Stakeholders	Management goal	Engagement channels	Quantitative tracking indicator	Engagement and management results
Corporate Customers	Implemented the operating procedures for endorsement and guarantee, loaning of funds, and derivative trading.	Official Website Information Disclosure Operating Procedures/irregularly	Whether corporate banking services comply with operating procedures	100% compliance with the operating procedures, with regular reporting to the Board of Directors and the Audit Committee
Suppliers	Suppliers are required to commitment letters to ensure their compliance with relevant ethical management regulations.	Supplier assessment / annually	Commitment letters signed by suppliers	100% of suppliers signed commitment letters
Government	Compliance with laws and regulations to implement internal control reporting	Audit plan reporting/ annually	Whether the audit plan is completed and reported	The 2024 audit plan was reported on December 14, 2023.

## 2.1 Corporate governance

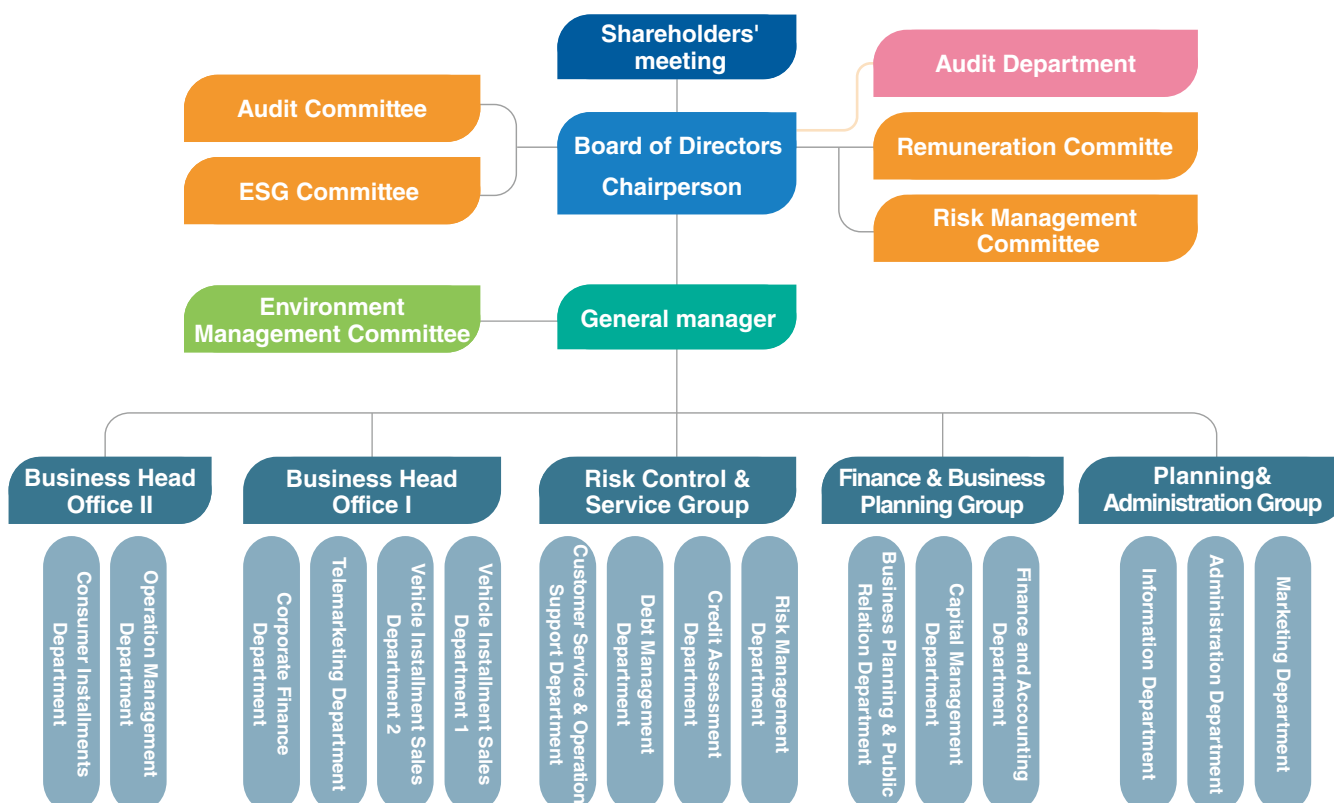
GRI 2-9

Corporate governance has become the focus of attention of the capital market and various stakeholders. Good corporate governance should include a sound board of directors, transparent finance, the establishment of a culture of integrity in the enterprise, and effective internal audits. Establishing a sound corporate governance system helps reduce business risks, enhance competitiveness, and create long-term interests for the Company and shareholders. For HFC, a sound and effective board of directors is the foundation of sustainable operations. In order to establish a sound corporate governance system, we refer to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies formulated by the TWSE to formulate the Corporate Governance Best Practice Principles of HFC to strengthen and implement corporate governance. In light of the development trend of the international and domestic corporate governance systems, we review and update the contents of the principles on a regular basis so as to enhance the effectiveness of our corporate governance.

HFC has been ranked in the top 6% to 20% in the Corporate Governance Evaluation for five consecutive years, including the 11th evaluation. Furthermore, it has been selected as a constituent stock of the TWSE Corporate Governance 100 Index for 5 consecutive years since its initial inclusion in 2021, showing HFC's well-recognized performance in corporate governance and financial performance.


[Corporate Governance Best Practice Principles](#)


### Corporate governance structure of HFC



## 2.1.1 Professionalism, independence, and diversity of the board of directors

GRI 2-10 、 2-11 、 2-15 、 2-17 、 2-18 、 2-19 、 2-20 、 405-1

Starting from 2018, HFC has adopted the candidate nomination system for the election of directors. The shareholders' meeting shall elect directors from the list of candidates for a term of three years according to the Company Act. HFC has established the "Corporate Governance Best Practice Principles," which stipulates that the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include. The "Rules Governing the Duties of Independent Directors" have also been formulated to clearly regulate the number of independent directors attending board meetings, matters to be resolved by the board of directors, the exercise of their powers and duties, as well as their continuing education, so as to enable the independent directors to carry out their functions effectively. Conflicts of interest and recusal are also specified in the Corporate Governance Best Practice Principles.



[Rules of  
Election of  
Directors](#)



[Rules Governing the  
Scope of Powers of  
Independent Directors](#)



### ● Composition of directors

HFC currently has 9 directors, including 3 independent directors, accounting for 33%. Among them, 3 independent directors have served for three terms or less, and none of the directors are employees. There are 2 directors under the age of 50, 4 directors between the ages of 51 and 65, 4 directors between the ages of 51 and 65, and 3 directors over the age of 66. All directors have practical and business management experience in the automotive industry with financial, environmental, advertising, accounting, or economic analysis expertise, which demonstrates the diversity of the composition of the Board of Directors. In addition to professional competence and practical experience, we attach great importance to directors' personal reputation in terms of ethical conduct and leadership.



[Directors' background, tenure and related information](#)



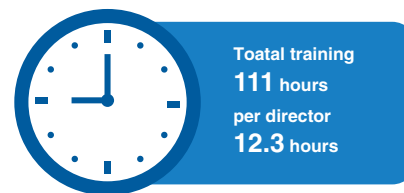
### ► Continuing education of directors

We value directors' reputations in respect to ethical conduct and leadership, and we purchase liability insurance for them. In order to keep abreast of the latest trends in corporate governance and industry dynamics, we also provide directors with courses on the latest regulatory matters and professional knowledge by relevant organizations from time to time. All directors take at least 6 hours of training per year in accordance with the "Implementation Guidelines for the Training of Directors and Supervisors of TWSE/TPEX listed companies".

During 2024, the directors proactively participated in external training programs and seminars related to corporate sustainability, culture of integrity, internal control and risk management, and money laundering prevention, etc. The total number of hours spent on these programs and seminars was 111 hours, and the number of training hours per director was 12.3 hours.

## ► Operations of the board of directors

The directors' duties include establishing a good board governance system, supervising, appointing and directing the company's management, strengthening the management function, and being responsible for the overall operation of the company's economic, social and environmental aspects, and striving to maximize the interests of stakeholders.



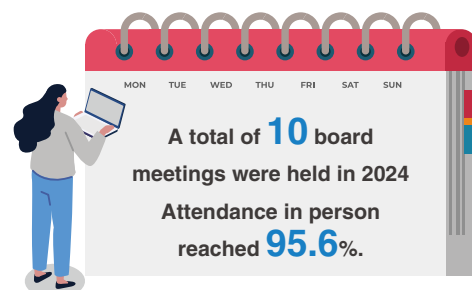
Course title	Organizer	Number of hours	Number of participants
2024 Taishin Net Zero Summit	Chinese National Association of Industry and Commerce	3	7
2024 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation	6	3
Directors' Legal Responsibilities under ESG	Taiwan Insurance Institute	3	1
Anti-Money Laundering Regulations and Case Study	Taiwan Independent Director Association.	3	9
Understanding Corporate Governance Trends through Evaluation Indicators	Taiwan Corporate Governance Association	3	1
Corporate Implementation of Sexual Harassment Prevention and Case Study	Taiwan Institute of Directors	3	7
Summit on Strengthening Taiwan's Capital Market	Taiwan Stock Exchange Corporation	3	1
International Anti-Corruption Practices and Whistleblower Protection	Taiwan Insurance Institute	3	1
Short-term and Long-term Economic Trends for Managers	Taiwan Institute of Directors	3	4



[Details of continuing education for directors \(Chapter 2 of the annual report\)](#)



A total of 10 board meetings were held in 2024. The in-person attendance rate of directors reached 95.6%. The directors proactively participated in and fully discussed in the meetings. In addition, in accordance with the "Regulations Governing Meetings of the Board of Directors," all directors are self-disciplined and recused themselves from participating in the discussion and voting on matters that they or the juridical persons they represent have an interest in and could be detrimental to the Company's benefits. Important resolutions made by the board of directors are also disclosed on the official website in accordance with the principle of integrity, openness, and transparency.



[Important resolutions of the board of directors](#)



## ► Chief corporate governance officer

To improve the performance of the Board of Directors, we engaged a chief corporate governance officer in 2020, who reports directly to the Board of Directors on the progress of corporate governance, to protect shareholders' rights and enhance the board competencies. The chief corporate governance officer's main duties are to handle matters related to the convening of board meetings and shareholders' meetings as per law, prepare the minutes of board meetings and shareholders' meetings, assist directors in taking office and training courses, provide them with information needed to perform their duties, and assist them with compliance.



For the execution of relevant business and the status of continuing education in 2024, please refer to the official website of HFC.

[Governing personnel and operations](#)



► Board of Directors' performance evaluation

In order to enhance the effectiveness of the board of directors, HFC has formulated the "Board of Directors' Performance Evaluation Measures" and conducts an annual board performance evaluation at the end of December each year and an external evaluation at least once every three years. Performance evaluations are conducted through questionnaires and on-site interviews to assess the effectiveness of the board and its functional committees. In the fourth quarter of 2023, HFC commissioned the Taiwan Institute of Ethical Business to conduct the most recent external board performance evaluation, and the results of the evaluation were reported to the board of directors on January 24, 2024. In December 2024, the Company also conducted an internal self-evaluation of the board performance, and reported the evaluation results to the Board of Directors on January 14, 2025.



[Download to read:Board of Directors' Performance Evaluation Measures](#)



Description of the board performance evaluation		
	Operations of the board of directors	Board member
Evaluation item	1. The degree of participation in the Company's operations 2. Improvement to the quality of the Board of Directors' decision-making 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control	1. Alignment with the Company's objectives and tasks 2. Perception of directors' responsibilities 3. The degree of participation in the Company's operations 4. Internal relations management and communication 5. Professionalism and continuing education of directors 6. Internal control
Evaluation year	2023	2024
Evaluation nature	External evaluation	Internal evaluation
Assessment results	The results of the performance evaluation of the board of directors and individual directors are all excellent	The results of the performance evaluation of the board of directors and individual directors are all excellent
Suggestion and score results	<ul style="list-style-type: none"><li>Composition of the board: We will consider incorporating directors with different professional backgrounds to facilitate risk assessment.</li><li>Recording of comments in the meeting minutes: To facilitate reviewing past experience, it is recommended to only record important discussion.</li><li>In addition to the existing mechanism, it is recommended to seek an external organization to be the recipient of complaints, to enhance the reliability.</li><li>Continuous implementation of sustainable business practices: it is recommended to pay attention to the principle of fairness to customers and implement it progressively</li></ul>	<ul style="list-style-type: none"><li>Board of Directors' self-evaluation average: 4.75 (out of 5)</li><li>Individual board members' self-evaluation average: 4.74 (out of 5)</li></ul>



## 2.1.2 Functional Committees

GRI 2-20

### ► ESG Committee

To facilitate the implementation of the corporate social responsibility policy and sustainable development, HFC has upgraded the CSR Committee from being governed by the General Manager to being governed by the Chairman, and renamed it the ESG Committee since September 2021. It holds at least two meetings per year. Please refer to 1.1 Corporate Sustainability Management Strategy in this report for more information.

**2 meetings were held during 2024**
**Attendance in person reached 100%**

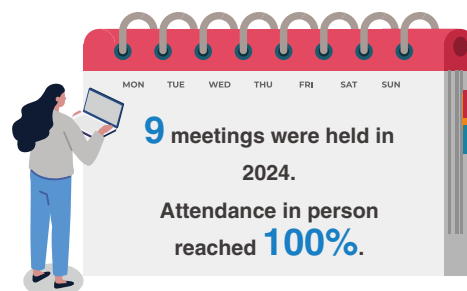
#### Duties

- Reviewed the implementation of corporate social responsibility and sustainable development measures and suggestions
- Plans the direction of sustainable development and the annual implementation plan and progress


[ESG committee discussion matters and resolutions](#)


### ► Audit Committee

In order to strengthen the functions of the Board of Directors and the Company's internal control mechanism, and to assist the Board of Directors in carrying out its duty and authority to supervise the effective execution of the functions of the Company in compliance with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations, including overseeing the quality of the Company's accounting, financial reporting and internal control procedures, HFC established an Audit Committee in 2018 in accordance with the "Audit Committee Charter", with all independent directors as members, which meets at least four times a year.


[Audit Committee Discussion matters and resolutions](#)

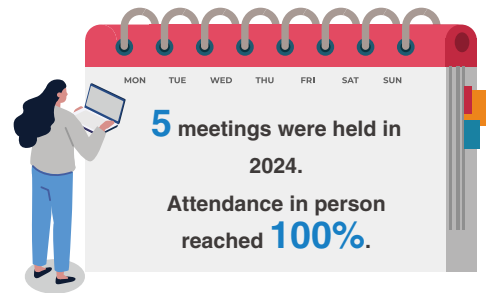

#### Duties

- Formulation or amendment to the internal control system
- Assessment of the effectiveness of the internal control system
- Formulation or amendment to the procedures for handling major financial activities, such as asset acquisition or disposal, derivatives trading, loans to others, and endorsements or guarantees to others
- Matters involving directors' personal interest
- Major asset or derivative trading
- Major loans or endorsements/guarantees to others
- Raising, issuance, or private placement of equity securities
- Appointment, dismissal, or remuneration of certified public accountants
- Appointment and dismissal of chief financial or accounting officer or chief internal auditor
- Annual and semi-annual financial statements
- Mergers and acquisitions stipulated in the Business Mergers and Acquisitions Act shall be handled in accordance with Article 6 of the Law and the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition
- Other important matters stipulated by the Company or competent authorities

## ► Remuneration committee

To enhance corporate governance, we regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managerial officers. Make the Company's remuneration system more transparent and fair to protect the rights and interests of shareholders.

By combining the personal performance of directors and managerial officers, the Company's operating performance and future risks, we set a reasonable remuneration policy to help the Company attract and retain talents, thereby improving corporate productivity and operating performance and promoting sustainable operation development. In accordance with the "Remuneration Committee Charter", HFC established a Remuneration Committee in 2018, with all independent directors as members, which meets at least twice a year.



[Remuneration committee discussion matters and resolutions](#)

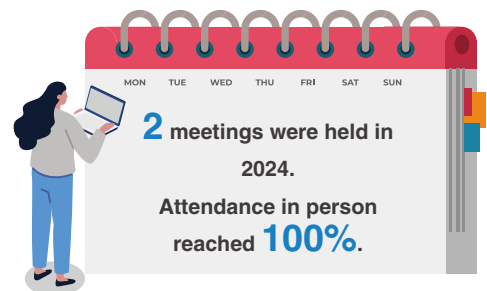


### Duties

- Regularly reviewed the Remuneration Committee Charter and put forth amendments.
- Formulated and regularly reviewed the standards, policies, systems, standards and structures for performance evaluation and remuneration of directors and managerial officers.
- Regularly reviewed the remuneration of directors and managerial officers.

## ► Risk management committee

HFC established a Risk Management Committee in September 2021 with a total of three members. The independent directors serve as the convener and committee members. The committee should hold at least two meetings per year and is responsible for regularly reviewing the Company's risk management policies and procedures and making suggestions. It reviews changes in the quality of the Company's financial assets, risks borne, and trends every six months and regularly reviews the requirements of competent authorities and the Board of Directors for compliance, management mechanisms, and other issues related to risk management. For the above issues, it submits its suggestions and review results to the Board of Directors.





[Risk management committee discussion matters and resolution results](#)



## Duties

- Regularly review the Company's risk management policy and procedures and put forth proposals for discussion by the Board of Directors
- Reviewed the changes in the quality as well as risks and trends of the financial assets owned by the Company every six months and reported the review results to the Board of Directors
- Regularly reviewed the competent authority's legal requirements and the board's requirements for management mechanisms and other issues related to various risk management systems and reported the review results to the Board of Directors
- Other major risks specified by the Company or competent authorities



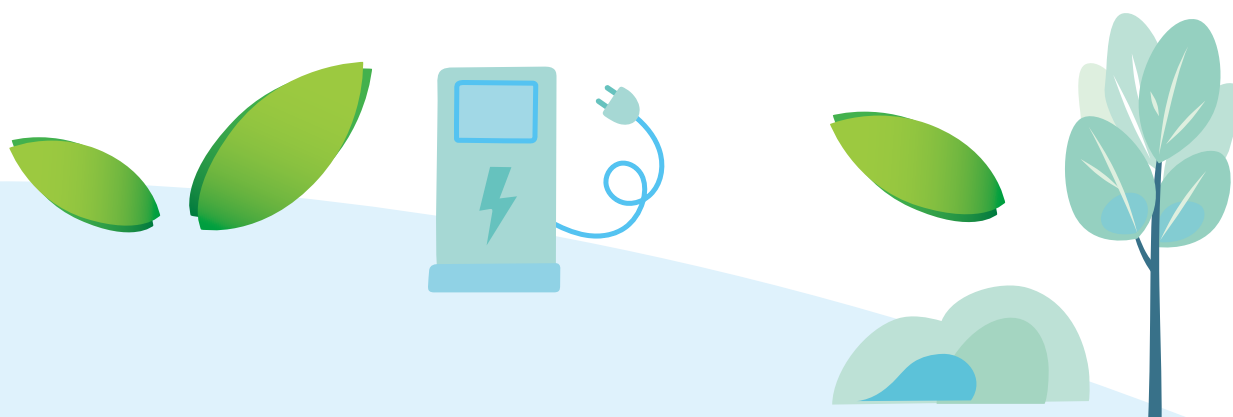
## Real-time disclosure of important information

To protect the rights and interests of stakeholders, transparency and integrity of the Company, HFC provides multiple channels and messages for dialogue with stakeholders and communicates important information to the public transparent and timely to enhance the connection between the Company and its stakeholders.

Open, transparent and real-time financial and non-financial information, including financial statements, earnings call information, official website, articles of incorporation and various regulations, is available in both Chinese and English, allowing stakeholders to download and read the Company's information in a timely manner without language barrier. In addition, the Company has disclosed material information related to its operations on the MOPS in accordance with the law to protect the rights and interests of stakeholders.



[Click to view historical announcements of material information:MOPS](#)



## 2.1.3 Remuneration policies

GRI 2-19

The remuneration paid by HFC to the directors is subject to the Articles of Incorporation based on the general level of the industry and is determined by the board of directors as authorized. In addition, we have a remuneration committee in place, and the director remuneration should be reviewed and approved by the committee before submitting it to the board of directors for resolution. The director remuneration is determined mainly based on the Company's operating performance (such as the achievement rates of revenue, pre-tax net income, and net income after tax) and the director performance evaluation results, including but not limited to each director's contribution to the Company and attendance.

The manager remuneration includes salary, bonus, employee remuneration, etc. The salary and bonuses are mainly determined according to the position and contribution; the employee remuneration is subject to the Articles of Incorporation of HFC and should be submitted to the Board of Directors for resolution and reported to the shareholders' meeting. We regularly conduct manager performance evaluation in accordance with the Manager Performance Evaluation Regulation per year. The evaluation indicators include but are not limited to each manager's achievement of annual targets, business administration skills, individual contribution to the Company's performance (such as the achievement rates of revenue, pre-tax net income, and net income after tax), leadership, and management skills; the evaluation results are taken as a reference for performance bonuses and salary increases. The manager remuneration should be reviewed and approved by the Remuneration Committee before being submitted to the Board of Directors for resolution.



[See HFC's annual report for salary information](#)



### ► HFC's remuneration policy

#### In compliance with the “Articles of Incorporation of HFC”

	Remuneration structure	Performance evaluation
<b>Directors</b>	<ul style="list-style-type: none"> <li>Director remuneration</li> <li>Employee remuneration</li> <li>Bonus (performance bonus)</li> </ul>	<ul style="list-style-type: none"> <li>Overall performance of the Company's operations</li> <li>Results of the directors' performance evaluation are used as a reference</li> <li>Degree of participation in Company operations (e.g. participation in various functional committees)</li> <li>Financial metrics:               <ol style="list-style-type: none"> <li>Company revenue: Performance achievement rate, pre-tax net income achievement rate, etc.</li> <li>Financial structure: Delinquency rate (a quality risk indicator for accounts receivable), outstanding principal balance, net profit margin</li> </ol> </li> </ul>
<b>Managers</b>	<ul style="list-style-type: none"> <li>Salary</li> <li>Employee remuneration</li> <li>Bonus (performance bonus)</li> </ul>	<ul style="list-style-type: none"> <li>Relative financial metrics: Return on equity (ROE), market performance, annual target achievement rate</li> <li>Non-financial metrics:               <ul style="list-style-type: none"> <li>Employee Satisfaction</li> <li>ESG sustainability includes assessing risks and opportunities for sustainable operations, reviewing the Company's key performance in fulfilling social responsibility, environmental sustainability, and corporate governance.</li> <li>Other: Achievement of annual policies/strategic targets and other material issues.</li> </ul> </li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee remuneration</li> <li>Bonuses (three festivals, year-end)</li> </ul>	<ul style="list-style-type: none"> <li>According to the annual performance evaluation results</li> </ul>

Review by  
the  
remuneration  
committee

Report to  
the board  
of directors  
for  
resolution

※The composition of employee bonuses varies depending on the nature of the business.

## 2.2 Operation performance

GRI 201-1、201-4

Since its establishment in 1999, HFC has continued to take "satisfying customers' needs" as the goal of its operation; by combining its own core competencies and developing the concept of sustainability, HFC has achieved good and stable growth in business performance, which is the foundation for the stability of the Company's sustainable development.

"Strengthening the Company's core business," "developing diversified products," and "reinvesting in businesses" are the three important pillars for HFC's business development. Therefore, HFC's long-term and stable investment in talent, research and development, distribution channel development, and business models has created continuous growth momentum.

Since 2007, HFC has received "twAA-" credit rating for long term issues and received "stable" outlook rating from Taiwan Ratings for 18 consecutive years; since 2020, HFC has received "BBB" credit rating for long term issues from Standard & Poor's for 5 consecutive years. The Company continues to receive the best credit ratings as a domestic auto financing company, and has steadily maintained its position as a market leader in the automobile installment business.

### ► Direct economic value generated and distributed in 2024

Unit: Thousands of NTD

Generation of direct economic value (A)	29,208,359
Operating revenues	28,963,830
Rental income	8,231
Interest income from deposits	43,087
Other income	154,445
Government subsidy income	38,766
Distribution of direct economic value (B)	19,551,762
Operating costs	12,374,199
Employee Salaries and Benefits	3,417,172
Payment to investors: dividends paid	2,304,451
Income tax paid to the government	1,455,940
Retention of economic value (A-B)	9,656,597

Note 1: Based on the consolidated financial statements, the subsidiaries included in the consolidated financial statements include Hoyun International Limited, He Jing Co., Ltd., He Jun Energy Co., Ltd., and Hotai Finance Development Co., Ltd.

Note 2: Government subsidy income in 2024 only includes tax refunds from the Chinese government.

## ► Creating value for shareholders

Unit: NTD

Subject Matters	2022	2023	2024
Consolidated net profits after tax	4,070 million	4,092 million	3,274 million
Earnings per share	6.40	6.41	4.44
Consolidated return on assets	2.68%	2.72%	2.48%
Consolidated return on equity	13.94%	11.23%	8.02%
Dividend distribution	4.5	4	3
Dividend payout ratio	64%	62%	68%

Note: The 2024 dividend includes a cash dividend of NT\$3.

## ► Tax management

HFC complies with the tax regulations of each operating location and has a "Tax Governance Policy" in place, approved by the Board of Directors. In addition to honestly issuing uniform invoices or e-invoices and filing tax returns and paying taxes in accordance with the law, HFC follows the international transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD), does not intentionally transfer profits to low-tax countries or tax havens, and follows relevant international (such as IFRS) and domestic regulations and guidelines to periodically disclose tax information with commercial substance to enhance company transparency.

[Tax Governance Policy](#)

## ► Income tax expense paid in the last 3 years

Unit: NTD

Year	2022	2023	2024
Payment of consolidated income tax	1,127 million	1,443 million	1,456 million
Payment of standalone income tax	834 million	1,080 million	1,127 million

## ► Political donations, donations, and participation in external organizations

HFC adheres to the principle of political neutrality and has not made any political donations in recent years, including but not limited to any form of direct or indirect expenditures and donations to candidates, political parties, policy lobbying groups, political movements, or organizations influencing legislation, and organizations related to referendum proposals. Also, to promote industrial and social development, HFC participates in various industry associations and social charity activities and works with stakeholders toward sustainable shared prosperity.

Unit: Thousands of NTD

Year	2022	2023	2024
Donations	1,246	4,054	3,709
Membership fees for external organizations	283	276	268

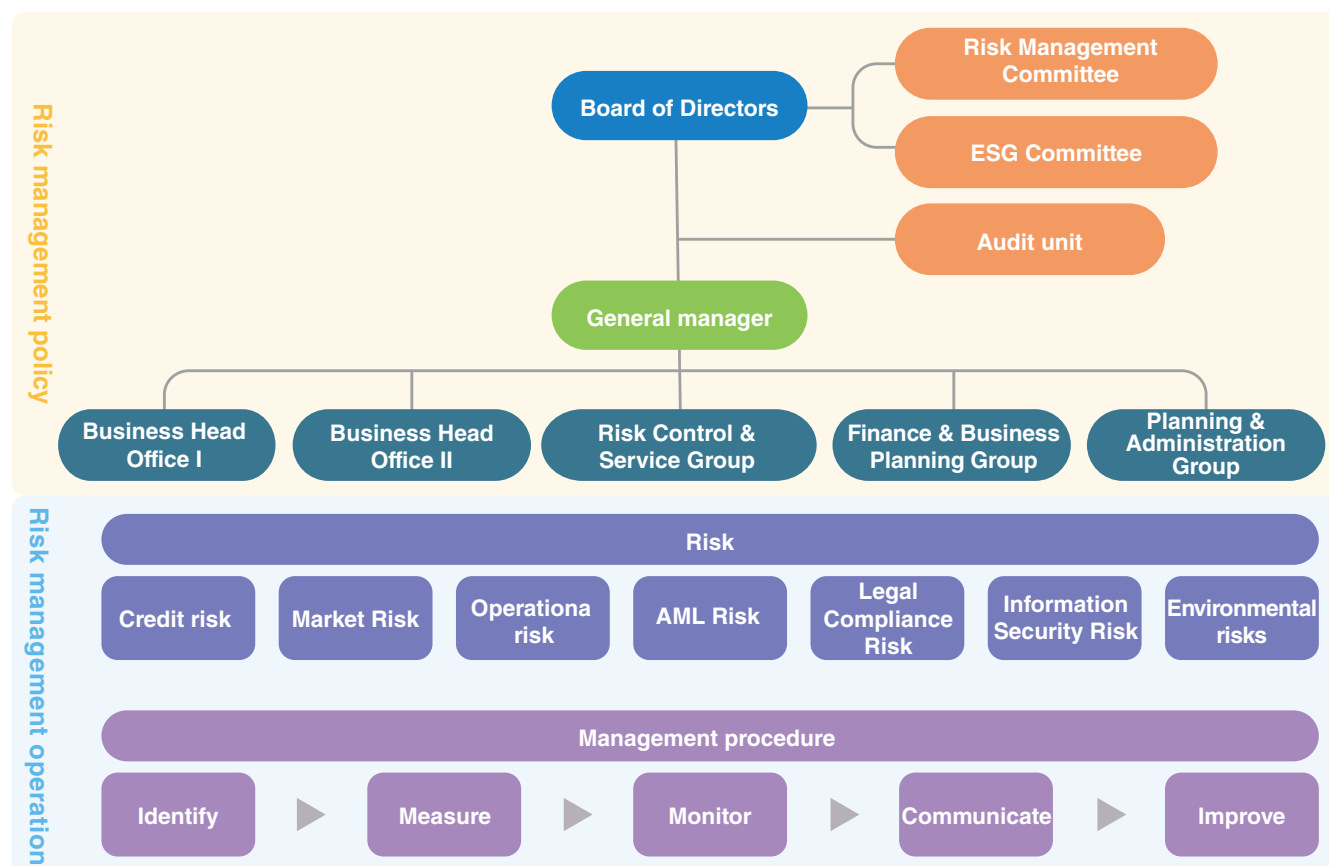
Note: The scope of disclosure is primarily HFC (individual entity).

## 2.3 Risk Management

HFC strictly complies with laws and regulations to effectively control risks, ensures that it reduces business risks, protects the Company's reputation, and fulfills its fiduciary duty as a good administrator during business innovation and transformation. In order to cope with the changing and increasingly stringent legal environment, HFC needs to consider various conditions to strengthen its ability to comply with laws and regulations, as well as prudently judge and manage and control the existence of risks to enhance the Company's operational resilience, in order to achieve the goal of sustainable operations in an environment of multiple risks and challenges.

HFC established the Risk Management Committee in 2021 to reinforce our risk control and management. It is supervised by the Board of Directors, which is the highest governance body in risk management. In addition, we already amended the "Risk Management Policy" in 2021 to strengthen our corporate governance and improve our risk control and management mechanisms.

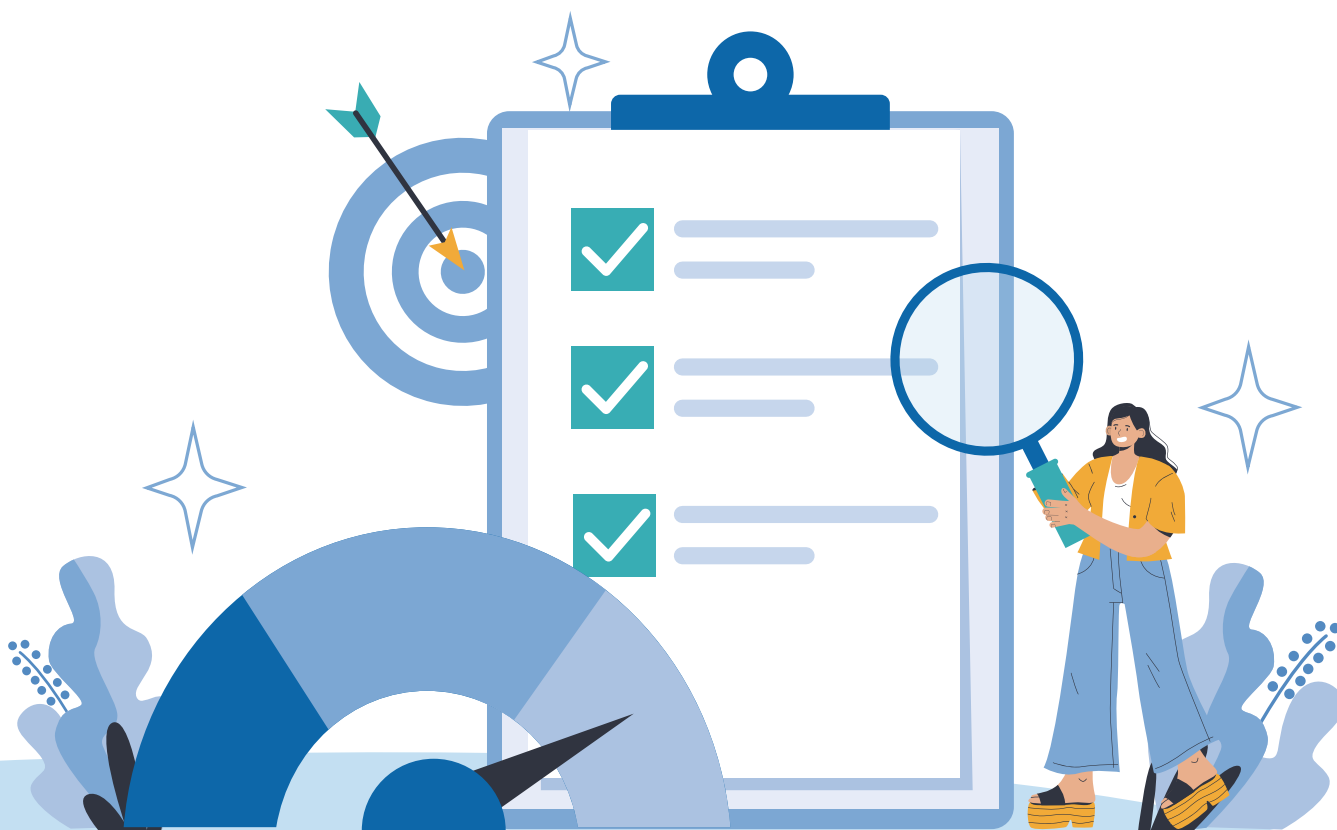
### ● Risk management mechanism and framework


[Risk management policy](#)




Level	Organizational unit	Key responsibilities
Highest governance body	Board of Directors	<ul style="list-style-type: none"> <li>The highest governing body for approving risk management policies and the organizational structure to ensure the effective operations of the risk management mechanism</li> </ul>
Supervisory unit	Risk Management Committee 3 independent directors	<ul style="list-style-type: none"> <li>Regularly review HFC's risk management policy and put forth solutions</li> <li>Review the "Asset Quality Management Report" submitted by the Risk Management Department every six months and report to the Board of Directors</li> </ul>
	ESG Committee	<ul style="list-style-type: none"> <li>Regularly review HFC's sustainability-related risk management policies and propose solutions.</li> </ul>
	Audit unit	<ul style="list-style-type: none"> <li>Regularly conduct internal audits related to risk management.</li> </ul>
Risk management unit	General manager	<ul style="list-style-type: none"> <li>Oversee the Company's overall risk management status.</li> </ul>
	Risk Management Department Supervisor: 1 person Specialized staff: 4 people	<ul style="list-style-type: none"> <li>Formulate the overall risk management mechanism.</li> <li>Formulate applicable policies and operating procedures</li> <li>Take the initiative to communicate with stakeholders about risk events to reduce the potential operational impact thereof</li> </ul>
Various responsible units	Business units Support units	Each responsible unit follows risk management policies and procedures, promptly reports abnormal situations to the Risk Management Department, and proposes improvement measures.

Faced with rapid changes in the market and social environment, to keep abreast of the relevant risks and opportunities in various products and services, HFC has also established sound control processes and credit review mechanisms. This not only reduces the impact of customer defaults on the Company's operations but also checks customers' credit, preventing ourselves from falling into financial risk situations.



## Risk management process and credit review mechanism

Stage	Scope	Overview of risk control mechanism
Know Your Customer (KYC)	All products and services	<ul style="list-style-type: none"> <li>Business-end application report / System-related KYC information fields</li> <li>Customer exclusion "Negative Factor" Filtering: Applicants or business operators with criminal convictions affecting company operations, illegal business activities explicitly prohibited by government regulations, media exposure verified to pose risks to business stability, or severe abnormalities (e.g., payment defaults, provisional seizures, or provisional disposition).</li> </ul>
Professional team review	Personal finance	<ul style="list-style-type: none"> <li>Regardless of personal or corporate finance, different credit review KPIs are established based on risk attributes. We prioritize efficiency for low-to-medium risk cases, while strengthening scrutiny for medium-to-high risk cases.</li> </ul>
	Corporate finance	
Multi-dimensional assessment	Personal finance	<ul style="list-style-type: none"> <li>Focus on credit checks, financial affordability, undertaking, and transaction counterparties.</li> </ul>
	Corporate finance	<ul style="list-style-type: none"> <li>Emphasis on operational behavior, financial performance, management team, fund usage, and industry development trends (e.g., forward-looking, sustainable industries like renewable energy).</li> <li>HFC's dedicated corporate finance entity, Hotai Finance Development, incorporates "corporate sustainability" into credit review criteria, including: <ol style="list-style-type: none"> <li>Corporate governance: Presence of negative media reports or penalties.</li> <li>Social commitment: Robust HR systems and management.</li> <li>Environmental management: Commitment to environmental protection (e.g., absence of pollution or resource waste, implementation of energy-saving systems, or use of renewable energy).</li> </ol> </li> </ul>
Risk quantification support		<ul style="list-style-type: none"> <li>Design quantitative scoring mechanisms as a reference for credit decision-making.</li> </ul>
Review Committee		<ul style="list-style-type: none"> <li>Cases with larger exposure amounts or differing opinions are submitted to the Review Committee for suggestions from professional members.</li> </ul>
Post-loan follow-up		<ul style="list-style-type: none"> <li>Regular tracking via external institutions (e.g., CCIS's details of blacklists).</li> <li>In 2024, the "Collection Scorecard (C-Card)" was adopted to establish a robust collection risk model to accurately identify risks for overdue clients while safeguarding client credit.</li> </ul>



## 2.3.1 Material Risk Management

HFC reviews critical risks directly related to operations and establishes management measures. In 2024, with internal management measures, there were no incidents that exceeded the Company's expectations or had a significant negative impact on the Company's financial statements.

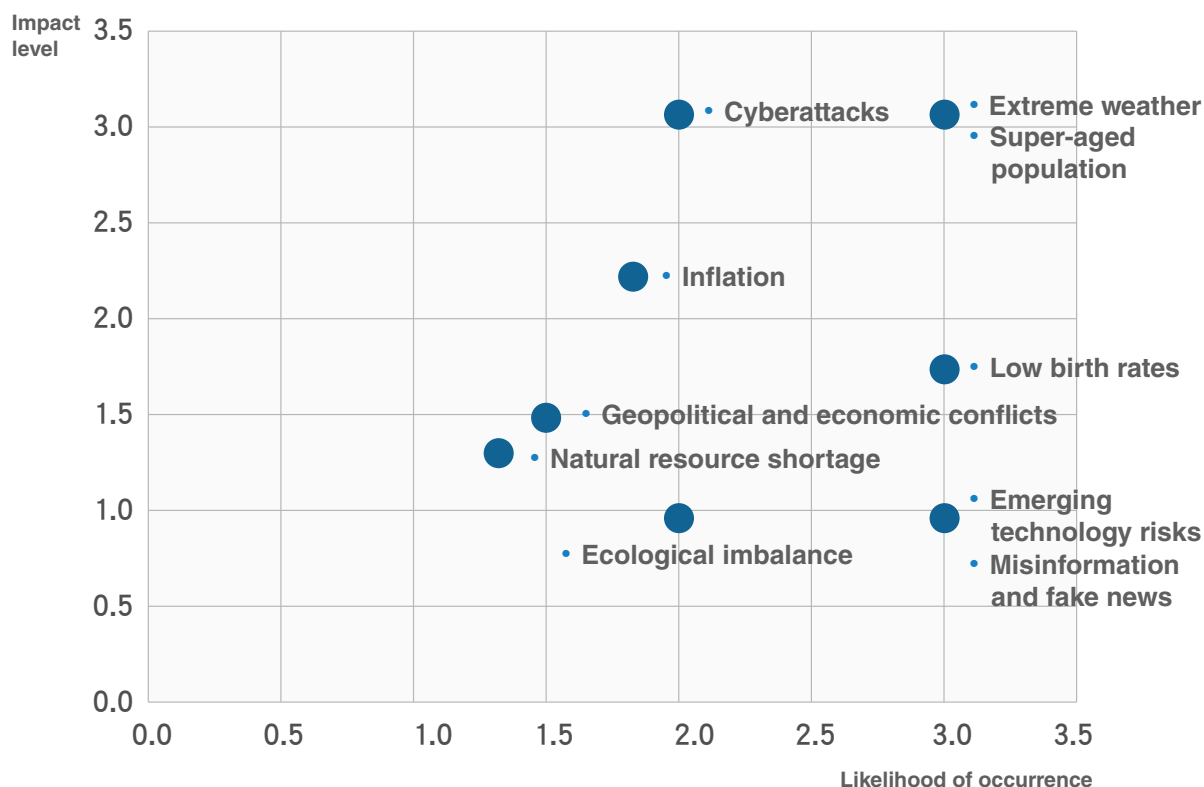
Material Risks	Risk identification	Corresponding management measures	Management unit
Market Risk	Interest rate and exchange rate fluctuations will affect the Company's operations	<ul style="list-style-type: none"> <li>Maintain a certain percentage of medium to long-term financing to avoid the risk of market interest rate fluctuations</li> <li>Undertake foreign exchange swap and interest rate swap contracts to hedge the exchange rate risk of foreign currency loans from financial institutions and effectively reduce the risk of future exchange rate fluctuations.</li> <li>Adjust the structure of long-term and short-term borrowings to ensure sufficient funds to meet operating needs and reduce liquidity risk.</li> </ul>	Funding Department
Credit risk	Loan defaults, affecting the Company's profitability and jeopardizing operations	<ul style="list-style-type: none"> <li>Establishes internal operational guidelines.</li> <li>A rigorous credit review and approval system and a complete examination process are in place to implement and enforce risk management</li> <li>Identify, analyze, and monitor assets and changes in the external environment</li> <li>Continue to improve the knowledge of credit investigation techniques and other related aspects of loan management so as to reduce loan</li> </ul>	Credit Assessment Department
	Borrowers' defaults affect the Company's profit	<ul style="list-style-type: none"> <li>Establish statistical models for applicants' credit ratings and calculate the probability of the default risk.</li> <li>Monitor the Company's asset quality and development trends, submit a monitoring report to the Risk Management Committee every six months, and discuss the countermeasures against the asset quality trends and study feasible credit and overdue receivable collection policies in the future with relevant departments at the Asset Quality Management Meeting every six months.</li> </ul>	Risk Management Department
AML Risk	Failure to implement KYC (Know Your Customer) may lead to inadequate control over fund flows.	<ul style="list-style-type: none"> <li>Strengthen supplier oversight and require new suppliers to be screened through Taiwan Depository &amp; Clearing Corporation's Anti-money Laundering and Combating the Financing of Terrorism (AML and CFT) screening system to confirm they are not blacklisted.</li> <li>Annually monitor high-risk cases, with varying management frequencies: high-risk cases annually, medium-risk every three years, low-risk every five years.</li> <li>Offer training to enhance employees' awareness of AML.</li> <li>Establish audit items based on internal regulations and procedures, conduct regular audits, and issues audit reports.</li> <li>See <a href="#">2.4.2 Anti-money Laundering and Combating the Financing of Terrorism</a> for detailed management measures.</li> </ul>	<ul style="list-style-type: none"> <li>First line of defense: AML Task Force</li> <li>Second line of defense: AML personnel</li> <li>Third line of defense: Audit Department</li> </ul>
Legal Compliance Risk	Failure to comply with laws and regulations may result in fines from government agencies, which will affect the Company's operations and reputation.	<ul style="list-style-type: none"> <li>HFC complies with government laws and regulations, and internally supervises various businesses and contracts to comply with laws and regulations.</li> <li>Promote legal compliance self-assessment, regularly examine compliance matters within the scope of each department's responsibilities, and enhance the effectiveness of internal corporate governance.</li> </ul>	All departments
Information security and personal data protection risks	Failure to maintain information security and personal data protection may lead to government penalties and impact operations and reputation.	<ul style="list-style-type: none"> <li>Establishes the "Information Security Policy", "Personal Data Management Policy", and other management regulations, with control systems in place.</li> <li>Implements ISO 27001 information security management system to ensure a secure and reliable IT environment, thus safeguarding data, system, equipment, and network security.</li> <li>Refer to <a href="#">2.5 Information Security and Personal Data Protection</a> for detailed measures.</li> </ul>	Information Department

Material Risks	Risk identification	Corresponding management measures	Management unit
Environmental risks	Natural disasters or changes in environmental regulations may affect the Company's operations.	<ul style="list-style-type: none"> <li>Implement environmental and energy management, including environmental protection, energy saving and carbon reduction, and waste reduction and recycling, while paying attention to the maintenance of safety in operating sites.</li> <li>Refer to <a href="#">5.4 Operating Environment Management</a> for detailed measures.</li> </ul>	Administration Department
Climate Change Risk	Failure of the to control the physical and transitional risks arising from climate change may affect its operations.	<ul style="list-style-type: none"> <li>We actively strive to understand market trends, pay attention to customer needs, adjust our products and services quickly, such as offering preferential interest rates for eco-friendly vehicles, and design and promote green and environmental products and services.</li> <li>Refer to <a href="#">5.1 Climate Change Risk Management</a> for detailed measures.</li> </ul>	Marketing Department Debt Management Department Credit Assessment Department

## 2.3.2 Risk Management

The World Economic Forum (WEF) publishes the global risk report annually, which is a multi-dimensional assessment report on the possible impact of emerging risk issues on different stakeholders. HFC has referenced the WEF's global risk report and the "Taiwan Sustainability Risk Survey" and collaborated with risk management and relevant units to focus on ten emerging risk issues related to the industry and operations, assess the likelihood and impact of future occurrence, and further formulate management policies to prevent and mitigate the possible impact of such risks if occurred.

### Emerging Risk Assessment Matrix



## Emerging Risk Management Measures

Issue	Risk identification	Management measures
Geopolitical and economic conflicts	<ul style="list-style-type: none"> <li>Geopolitical and economic conflicts may lead to the rise of trade protectionism, and sanctions may affect the supply chain, causing raw material/energy prices to rise and financial turbulence.</li> <li>Restriction of technology or capital, resulting in an increase in logistics costs. Lack of materials affects customer operations and activities, resulting in delays in payment collection and the ability of customers to pay.</li> </ul>	Establish robust risk control processes and credit review mechanisms; integrate quantitative tools to track client credit risk. Relevant units offer OJT (on-the-job training) on topics like credit risk analysis, product knowledge, industry insights, and market dynamics to enhance staff's ability to keep abreast of market changes.
Inflation	<ul style="list-style-type: none"> <li>The government may raise interest rates to curb inflation, which may affect the Company's operations due to fluctuation in interest rates and exchange rates.</li> <li>Inflation may cause employees to experience a decline in real wages, which will affect their living standards.</li> </ul>	
Misinformation and fake news	<ul style="list-style-type: none"> <li>In the era of information explosion on the internet, many unscrupulous individuals engage in financial fraud through fake accounts, imposter websites, and false information, causing economic losses to the public and resulting in government penalties.</li> </ul>	To prevent clients from being deceived and incurring economic losses, HFC has launched a two-pronged awareness campaign targeting both internal (employees) and external (clients) stakeholders to enhance public awareness of fraud prevention. For details, refer to <a href="#">3.1.1 Inclusive Finance</a>
Cyberattacks	<ul style="list-style-type: none"> <li>Customer data is an important digital asset of the Company and often a frequent target of cyberattacks. Data leakage or ransomware risks caused by cyberattacks will affect the Company's operations.</li> </ul>	In response to rapid technological development, frequent cyberattacks, and emerging technological risks, HFC continues to strengthen information security and personal data management to maintain the stability of the Company's information system operations and protect the rights and interests of stakeholders. Refer to <a href="#">2.5 Information Security and Personal Data Protection</a> for details.
Potential emerging technology risks	<ul style="list-style-type: none"> <li>The rapid development of AI brings new opportunities to society and the economy. However, if AI technology needs to be connected to external systems, the risk of data leakage increases.</li> <li>Inaccurate training data may lead to biased AI outputs, affecting decisions.</li> </ul>	
Low birth rates	<ul style="list-style-type: none"> <li>Low birth rates cause labor shortages, intensifying talent competition. Less competitive enterprises may miss out on many outstanding talent.</li> <li>Low birth rates reflect increased family care burdens for younger employees in the future.</li> <li>Low birth rates may shift market demand, requiring innovative products to meet changing consumer preferences.</li> </ul>	Create a friendly workplace to attract talent and maintain the Company's competitiveness. Address low birth rates and aging populations through digital transformation to boost employee work efficiency. Refer to <a href="#">3.4 Digital Innovative Services</a> and Chapter <a href="#">Chapter 4 : Happy Workplace</a> for details.
Super-aged population	<ul style="list-style-type: none"> <li>Taiwan will become a super-aged society in 2025, highlighting labor shortages. As governments around the world are encouraging employment opportunities for middle-aged and elderly people to make up for the labor shortage, the Company may be less attractive in the labor market if it fails to create a friendly work environment.</li> </ul>	
Extreme weather	<ul style="list-style-type: none"> <li>Frequent extreme weather events (e.g., droughts, short-term heavy rainfall, typhoons) significantly impact society and the economy.</li> </ul>	Adopt the TCFD framework to assess and manage environmental impacts from operations. Refer to <a href="#">5.1 Climate Change Risk Management</a> for details.
Biodiversity loss and ecological imbalance	<ul style="list-style-type: none"> <li>Operations in environmentally sensitive areas may harm biodiversity and impact natural capital and resource sustainability on Earth.</li> </ul>	Adopt the TNFD framework to assess and manage environmental impacts from operations. Refer to <a href="#">5.2 Natural Environment Risk Management</a> for details.
Natural resource shortage	<ul style="list-style-type: none"> <li>Natural capital depletion may increase raw material costs or cause supply chain disruptions, thereby extending operational timelines and reducing corporate clients' repayment capacity.</li> </ul>	Relevant units offer OJT to enhance staff's ability to keep abreast of market changes.

## 2.3.3 Internal control system

Faced with rapid changes and challenges in the external environment, to enhance the efficiency and resilience of risk management and to comply with the requirements of various emerging regulations, HFC has had professional managers design the "Internal Control System," which has been approved by the Board of Directors. This system rigorously reviews consistency between each management unit's internal operating procedures and external regulations to avoid operational risks or legal violations. Through regular and ad-hoc audits by the independent audit unit, all business units and support units are required to cooperate in conducting self-audits. Simultaneously, we conduct assessments of control environment, risk assessment, control activities, information and communication, and monitoring and improvement to strengthen the control of operational risks.

### ► Audit department

The Audit Department is directly governed by the Board of Directors. With an independent and full-time internal audit mechanism adopted, the department consists of one chief auditor and four full-time internal auditors. The audit department upholds the spirit of supreme independence, objective and impartial position, and professional due diligence to ensure the implementation of regular and irregular audits, and it also adheres to the principle of honesty and credibility when performing business, assists the board of directors and managers in inspecting and reviewing the "internal control system", measures the effectiveness and efficiency of operations, and provides timely recommendations for improvement. In addition, the audit department conducts extensive and in-depth audits and analyses of various operational activities to ensure that all business operations comply with laws and regulations. If there are any anomalies, the audit department will expose them and track them for improvement in order to fulfill the spirit of corporate governance. In 2024, 45 audit plans were completed, with quarterly reports to the Audit Committee and the Board of Directors, covering derivative trading, information security, personal data protection, and ESG report preparation.

### ● Sustainability-related management control activities

Management item	Audit result	Assessment frequency	Latest audit time	Board reporting date
Information security management	The audit results are in compliance with the relevant laws and regulations.	1/ 1 year	July 01, 2024	August 08, 2024
Personal data protection management	The audit results are in compliance with the relevant laws and regulations.	1/ 1 year	October 22, 2024	January 14, 2025
ESG Report	Audit results all comply with relevant laws and regulations, and the "Sustainability Report Preparation and Verification Procedures" have been amended in response to updates in regulations by the competent authority.	1/ 1 year	August 23, 2024	November 07, 2024
AML/CFT	The audit results are in compliance with the relevant laws and regulations.	1/ 2 year	December 03, 2024	January 14, 2025
Prevention of insider trading	The audit results are in compliance with the relevant laws and regulations.	Non-legally mandated voluntary internal controls	May 26, 2023	August 03, 2023



## 2.4 Ethical Management

GRI 205-2 、 205-3 、 206-1

To maintain HFC's culture of ethical management and corporate reputation, we manage the ethical relations between employees and stakeholders through the Company's relevant internal systems and have established an anti-corruption system to engage in business activities under the principles of impartiality, integrity, trustworthiness, and transparency, in order to lay a foundation for robust and sustainable development. In 2024, there were no corruption and anti-competitive activities in HFC.

### ► Regulations for ethical corporate management of HFC

Regulations	Summary	Applicable entity	Public information
Ethical Corporate Management Principles	The prevention scope includes bribery and acceptance of bribes, providing illegal political donations, inappropriate charitable donations or sponsorships, offering or accepting unreasonable gifts or other improper benefits, infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights, and engaging in unfair competition.	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Managers</li> <li>• Directors</li> </ul>	
Procedures for Ethical Management and Guidelines for Conduct	Clearly define various acts of unethical conduct and corresponding handling guidelines, and incorporate ethical management into employee performance evaluations and human resources policies, while establishing clear and effective reward/punishment and grievance systems to ensure zero tolerance for violations.	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Managers</li> <li>• Directors</li> </ul>	
Code of Ethical Conduct	Guide the behavior of the Company's directors and managers to comply with ethical standards and enhances stakeholders' understanding of the Company's ethical standards.	<ul style="list-style-type: none"> <li>• Managers</li> <li>• Directors</li> </ul>	

### ► Ethical management implementation framework

Unit	Role
Board of Directors and ESG Committee	<ul style="list-style-type: none"> <li>• Supervisory role: Annual performance results is reported to the Board of Directors and the ESG Committee at least once a year.</li> <li>• Ethical management performance for 2024 was reported to the ESG Committee on December 12, 2024, and to the Board of Directors on December 17, 2024.</li> </ul>
Supervisory unit: Audit Department	Regularly supervise the implementation of ethical management and report the implementation directly to the Board of Directors
Responsible unit: Relevant units	They are responsible for the amendment to and implementation and interpretation of the Procedures for Ethical Management and Guidelines for Conduct, provide consulting services, input notifications in the system, and manage the employee code of conduct and notifications, while reporting directly to the Board of Directors on the implementation situation.

HFC has formulated relevant management regulations for managers at different levels and stakeholders. We have established the Ethical Corporate Management Principles and the Procedures for Ethical Management and Guidelines for Conduct for directors, managers, and employees. They require those with substantive management interests within the enterprise not to directly or indirectly provide, promise, request, or accept any illegitimate benefits, or engage in other unethical conduct that violates good faith, is illegal, or breaches fiduciary obligations in order to obtain or maintain benefits. They also mandate that directors and senior management issue statements affirming compliance with the ethical management policy, and employees are required to adhere to this policy as a condition of employment. Additionally, to prevent conflicts of interest,



**In 2024, no complaints or reports related to violations of ethical management were received.**



avoid self-interest opportunities, and regulate confidentiality obligations, fair trade, and the protection and proper use of company assets, the Code of Ethical Conduct is established for directors and managers.

To ensure that no bribes are received, HFC requires all suppliers to sign a pledge of integrity or integrity clause, which stipulates that bribery is prohibited and that suppliers shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations related to listing on TWSE and TPEX, domestic and foreign anti-bribery laws (including, but not limited to, the Anti-Corruption Act of ROC, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act), or other domestic and foreign business conduct related laws. In the event of a breach, any contract or order with the supplier will be canceled or terminated without notice. In 2024, all suppliers signed the Letter of Commitment and CSR clauses.

HFC pays attention to the development of measures and regulations on ethical management at home and abroad, raises employees' awareness from time to time, and implements the concept of ethical management at work. In 2024, we offered six courses on ethical management to all employees, topics including the intellectual property rights, anti-bribery, information security education, insider trading prevention. An average of 904 employees completed the training in each course, and the total accumulated training hours amounted to 3,832 hours.

## ► Ethical Management Courses (Taiwan Region)

Course title	Type of employees	Total hours	Number of people completing the training	Percentage of employees in Taiwan
[2024] HFC – TIPS Management Regulations & Corporate IP Management Awareness-raising	TIPS implementation team	80.4	67	5.5%
[2024-Q1 Regulations] Information Security	All employees of HFC/He Jing/He Jun Energy	206	1,030	86.0%
[2024-Q2 Regulations] Insider Trading Prevention	All employees of HFC/He Jing/He Jun Energy	104.2	1,042	87.0%
[2024-Q2 Regulations] Personal Data Protection Act	All employees of HFC/He Jing/He Jun Energy	415.6	1,039	86.8%
[2024-Q3 Regulations] HFC – Trade Secrets Law and Employee Non-Compete Regulations	All employees of HFC/He Jing/He Jun Energy	1,641	1,094	91.3%
[2024-Q4 Regulations] Anti-Bribery Practices	All employees of HFC/He Jing/He Jun Energy	1,384.8	1,154	96.4%

Note 1: Taiwan region includes HFC, He Jing, and He Jun Energy, totaling 1,197 employees.

Note 2: Hotai Finance Development, established in 2024, is gradually implementing the training system.

Note 3: Number of people completing the training is based on statistics as of December 31, 2024, excluding resigned employees.

## ► Ethical Management Courses (China Region)

Course title	Type of employees	Total hours	Number of people completing the training	Percentage of employees in China (%)
Business Training (including anti-corruption, personal data protection)	New hires	276	276 people	30%

Note 1: China region includes Hoyun International Lease, totaling 917 employees.

## ► Results of 2024 internal regulations for ethical corporate management of HFC and its Taiwan subsidiaries

Subject	Communication channels	Achievements in 2024
Directors	We disseminate information in writing and organize director's training courses.	<ul style="list-style-type: none"> <li>All directors and the chief corporate governance officer completed a 3-hour money laundering prevention course</li> <li>Directors and senior managers issued monthly written notices promoting the prevention of insider trading</li> </ul>
Employees	We promote ethical corporate management measures and company policies through education and training courses.	We organized 6 courses with an average of 904 employees completing each course, accumulating 3,832 hours of training
Suppliers	Suppliers are required to sign supplier undertakings and a corporate social responsibility clause to promise not to engage in bribery.	100% of suppliers signed the supplier undertakings, corporate social responsibility clauses

### 2.4.1 Regulatory Compliance

GRI 2-16 、 2-27

HFC emphasizes the importance of legal compliance and discipline, upholds the principle of ethical business practices and reviews the latest changes to its legal database from time to time. When changes in laws and regulations related to the Company are detected, we will notify the relevant units to conduct impact assessments and report to the superior. Coupled with occasional education and training (including but not limited to online law courses and law dissemination), we continue to strengthen compliance management, deepen the company's legal compliance culture and strictly ensure that all business activities are in compliance with legal requirements. In addition, to ensure the excellent tradition of ethical corporate management, there are detailed rules for different positions and levels to follow.

HFC defines significant events as those requiring public disclosure of material information under Taiwan Stock Exchange regulations. In 2024, 71 pieces of material information were released. For significant events, in accordance with the "Operational Procedures for the Handling of Material Internal Information of Hotai Finance Co., Ltd.," a dedicated unit shall conduct an investigation of the event. Projects shall be submitted to the president for project explanation, including response handling, follow-up tracking, and improvement strategies. Significant events are communicated in advance with directors through pre-meetings to reach a consensus and ensure full understanding, followed by formal reporting or resolution at the board meeting.

#### ► Significant events of stakeholder concern

In 2024, HFC had no regulatory violations. Regarding media reports on a "HFC Central Management Office's supervisor controversy," the issue was resolved with a mutual agreement reached.



► In 2023, there was one penalty imposed for violating government regulations.

Cause	Basis of Penalty
Subsidiary iRent experienced a user data leakage.	HFC was fined NT\$ 50,000 by TWSE for failing to comply with "Regulations Governing Establishment of Internal Control Systems by Public Companies" of TWSE in supervising and managing subsidiaries
Note: In August 2024, 100% of iRent's shares were sold, and it is no longer a subsidiary of HFC.	Subsidiary iRent was fined \$470,000 by Department of Transportation, Taipei City; Department of Transportation, New Taipei City; Department of Transportation, Taoyuan City; and the Ministry of Transportation and Communications, but all four fines were revoked after appeals.

## 2.4.2 Anti-money Laundering and Combating the Financing of Terrorism

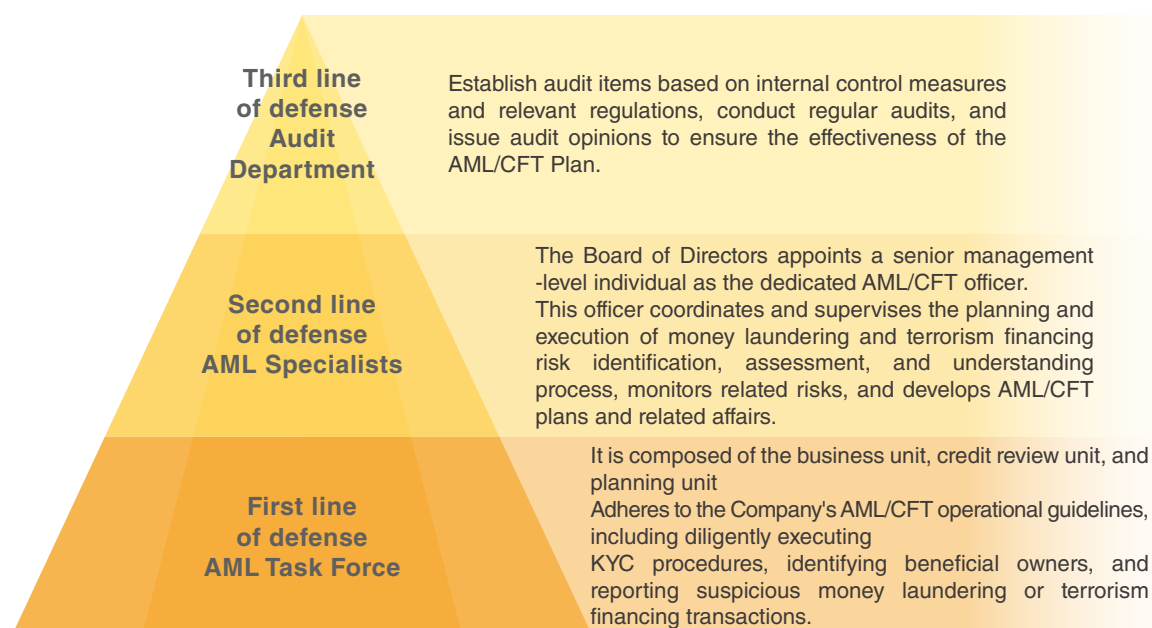
HFC complies with the Money Laundering Control Act, the Counter-Terrorism Financing Act, the Regulations Governing Anti-Money Laundering of Financial Leasing Enterprises, and the Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Financial Leasing Enterprises. The AML and CFT Program, approved by the Board of Directors, strengthens mechanisms to prevent money laundering and terrorism financing. HFC's Board of Directors appoints a senior management-level AML/CFT officer with full authority to coordinate and supervise AML/CFT endeavors and to ensure that there is no concurrent position that would create a conflict of interest with their AML/CTF responsibilities. The officer reports to the Board of Directors and Audit Committee at least annually and immediately in cases of significant AML/CFT regulation violations.



[AML and CFT Program](#)



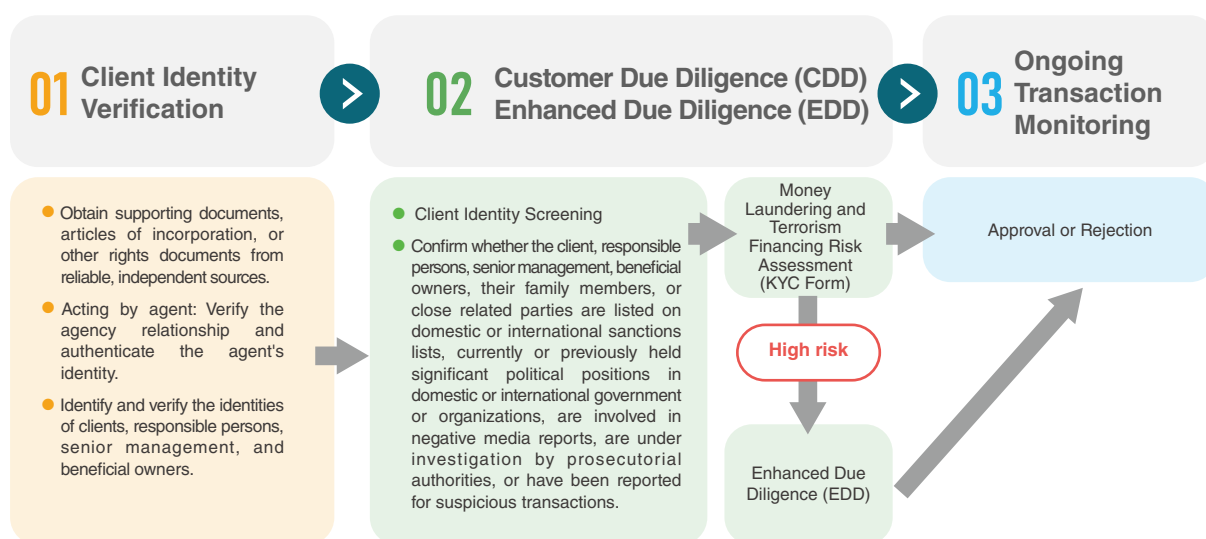
► AML/CFT governance mechanism



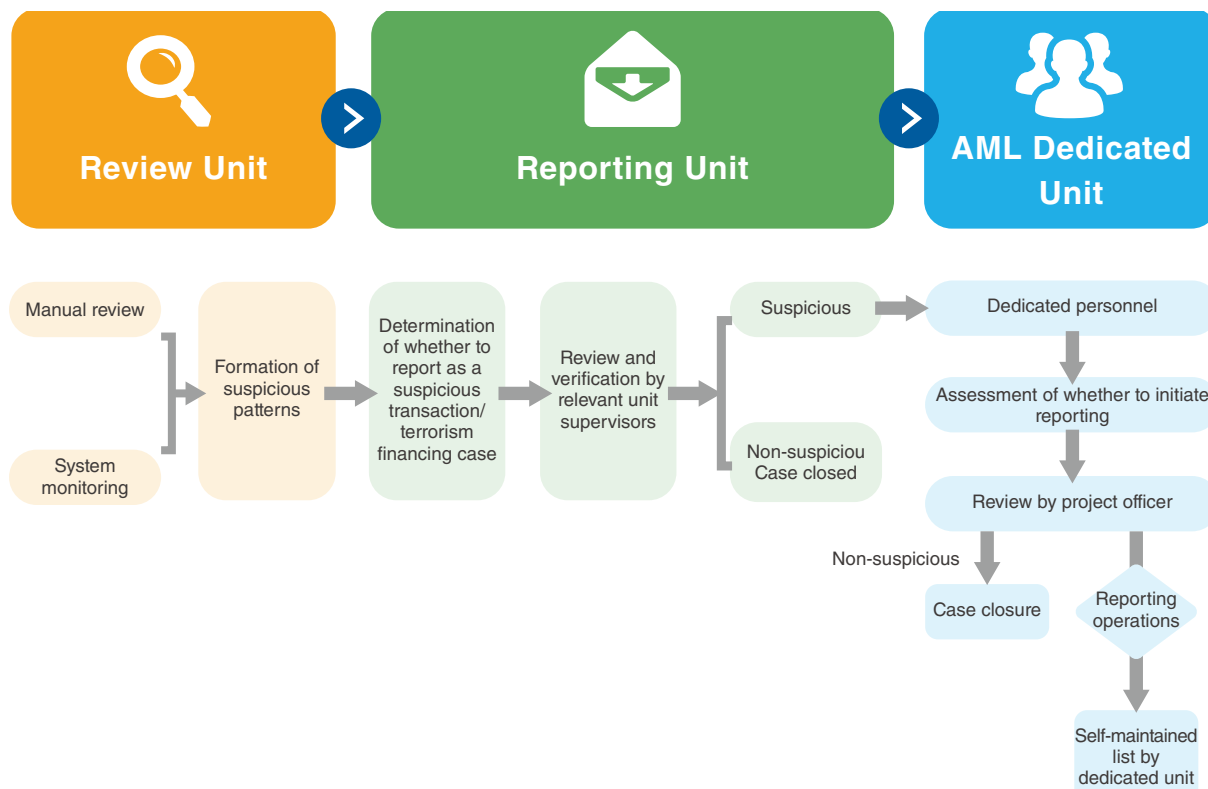
Tracking item	Summary	Review frequency
AML and CFT Program	Matters concerning client identity, verification of names of clients and transaction-related parties, continuous transaction monitoring, record keeping, reporting of cash transactions above a certain amount, reporting of transactions suspected of money laundering or terrorism financing, and responsible personnel, etc.	1/ 1 year
Comprehensive AML/ CFT risk assessment	An assessment report covering the overall risk level of clients, countries or regions, products and services, transactions or payment channels, appropriate measures to reduce risks, etc.	1/ 2 year
Record retention	Implement record-keeping procedures for transaction documents, reports on cash transactions exceeding a certain amount, reporting of transactions suspected of money laundering, and related supporting documents; if laws stipulate a longer retention period, those regulations shall prevail.	At least 5 years
Internal audit	Verify compliance of operations with policies and regulatory processes.	1/ 2 year

## ► AML/CFT review process

HFC's AML and CFT Program mandates comprehensive consideration of client background, occupation, socio-economic activity characteristics, region, and organizational type and structure for non-natural-person clients to identify money laundering, terrorism financing, and proliferation financing risks. Clients or beneficial owners holding significant foreign political positions are classified as high-risk, so enhanced identity verification or ongoing review measures are required, including senior management approval before establishing or expanding business relationships.



## ► Suspicious case reporting mechanism



## ► Offering training to enhance risk awareness

To heighten frontline employees' sensitivity to money laundering, terrorism financing, and related crimes, so as to ensure timely identification of risky cases during operations, HFC adopts a top-down approach to "enhance market risk awareness and case review capabilities." The 2024 achievements are detailed below.

Specific measures	Description
Director Training	Annual AML/CFT training, mandatory for all directors. Prosecutor Li, Bing-Chi from the New Taipei District Prosecutors Office was invited for training on May 29, 2024.
Enhancing market risk awareness	1.Regular meetings are held to share macroeconomic information (e.g., interest/exchange rates, fiscal/monetary policies) to increase employee sensitivity to emerging economic issues. 2.Occasional economic events or information is released in the departmental chat group in the first place, allowing staff to quickly understand and keep abreast of market conditions.
Enhancing case review capabilities	1.Regular team meetings for discussion: 12 sessions in 2024. 2.Case studies on defaults and complex cases 3.OJT: 12 sessions in 2024. (1)Content: Credit risk analysis, product knowledge, industry insights, industry movement information, financial analysis, movable asset knowledge and evaluation, real estate expertise and valuation, central bank credit control regulations, etc. (2)Format: Periodically scheduled topics are presented by internal staff, along with occasional external lecturers.

## 2.4.3 Introduction of the Taiwan Intellectual Property Management System (TIPS)

HFC continues to diversify its business. In addition to the establishment of subsidiaries (He Jun Energy and He Jing), HFC has renewed its merchandise installment brand (Pay4U) and its mascot in order to carry out its digital transformation. In order to properly control the management of trademarks and other intellectual property, through the development and optimization of the intellectual property management system, we have strengthened our intellectual property risk management while deepening our cooperation with companies related to the industrial value chain, and continued to enhance the Company's brand image in order to strengthen our brand penetration rate. Through the refinement of the intellectual property management system, such as the mechanism of trademark acquisition, protection, maintenance and utilization, the recognition of various service-related brands of HFC and its subsidiaries will be strengthened by the general public, thereby facilitating the diversified development of HFC and its subsidiaries. We have also strengthened our training and communication to enhance the intellectual property awareness of our staff and to promote the Company's compliance with corporate governance and intellectual property laws and regulations. In 2024, HFC (individual entity) formulated 4 annual intellectual property management goals and achieved all of them:

- (1) Established an intellectual property management mechanism that focuses on trademarks
- (2) Organized at least 4 educational trainings related to the intellectual property management mechanism
- (3) Formulated model clauses for the attribution of intellectual property with partner companies.
- (4) Obtained the Class A specification of the Taiwan Intellectual Property Management System (TIPS)

As of the end of 2024, HFC (individual entity) had a total of 152 copyrights including advertisements, publicity, and educational and training materials produced by HFC, according to the results of the intellectual property inventory. The 10 trademarks have been registered and are currently effective.



## 2.5 Information Security and Personal Data Protection

### 2.5.1 Information Security Management

HFC (individual entity) officially completed the transition to the ISO 27001:2022 information security management system (ISMS) and passed third-party verification in 2024, to ensure the ISMS confidentiality, integrity, and availability. We regularly conduct an annual panoramic evaluation of information department system development and maintenance and data center management every year to review the annual performance of 14 information security management and control indicators in ISO 27001. There has been no information security violation in HFC in the past 3 years.

#### ► Information security management policy



[Information Security Management Policy](#)



#### ► Information security management

In recent years, with frequent cyberattacks and network information and product security issues, information security issues have become more important to enterprises and the public sector. How to control and alleviate such risks and reduce losses has become the priority of business management.

The WEF's "Global Risks Report 2024" indicates that cyberattacks and potential risks from emerging technologies continue to rank among the top ten global risks. In particular, the number of ransomware cases has increased dramatically around the world, and the majority of cybersecurity incidents can be attributed to human error. With escalating cybercrime, the losses caused to enterprises are substantial. The report also mentioned that the current growth rate of global cyber threats is beyond people's ability to prevent and manage.

In response to information security, the Information Department is the main unit responsible for planning and developing the information security of HFC. We have established information security management measures and policies and computerized information system control operations to ensure the confidentiality, integrity and availability of information, protect the Company's information assets from improper use and disclosure, and ensure the security of information collection, processing, transmission, storage and circulation.



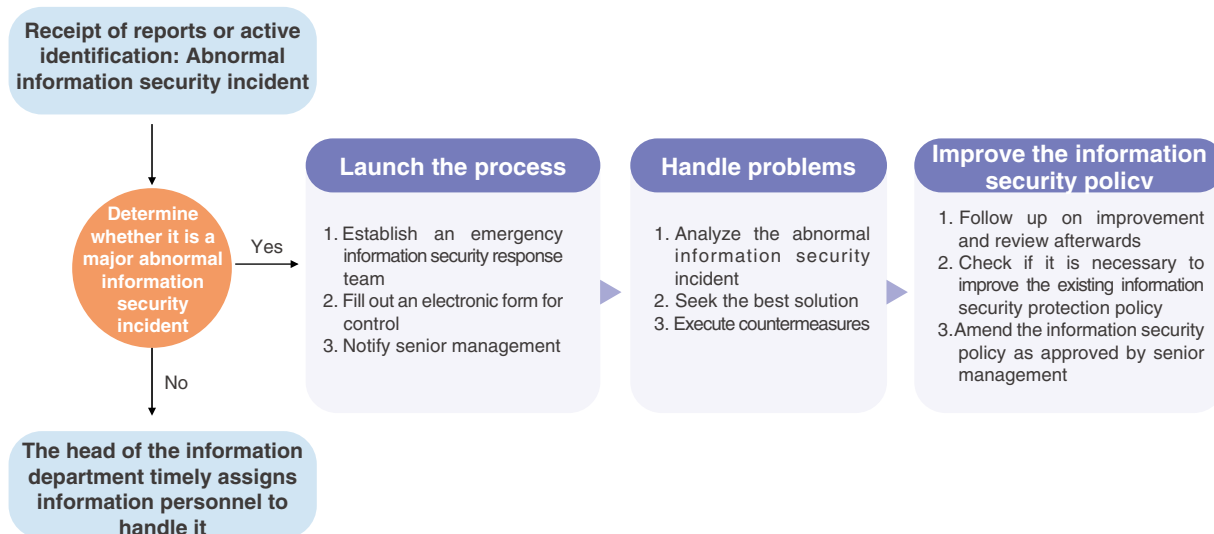
## ► Information security management mechanism

Unit	Role
Board of Directors and ESG Committee	<ul style="list-style-type: none"> <li>Supervisory role: Review the implementation status of information security policies and plans, and report annual performance results to the Board of Directors and the ESG Committee.</li> <li>Information security management performance for 2024 was reported to the ESG Committee on December 12, 2024, and to the Board of Directors on December 17, 2024.</li> </ul>
Responsible information security officer Information Department Manager	<ul style="list-style-type: none"> <li>Determine and provide the resources needed to establish, implement, operate and maintain the management system</li> <li>Regularly report the "Information Security Management System (ISMS)" management review meeting conclusions, implementation results and improvement suggestions to senior executives</li> <li>Responsible for early warning and monitoring of information security status, and handling information security situations and incidents.</li> </ul>
Information security implementation team	<ul style="list-style-type: none"> <li>Risk management: Establish the information security risk management procedure and perform assessments on a regular or irregular basis every year.</li> <li>Incident management: Establish the prevention, response, and recovery handling operations for information security incidents.</li> </ul>
Emergency response team	<ul style="list-style-type: none"> <li>The team adheres to the ISMS-P-09 Cyber Security Incident Notification and Response Management.</li> </ul>
Internal audit team	<ul style="list-style-type: none"> <li>Incorporate information security management into the internal control system management.</li> </ul>

## ► List of information security implementation measures

Method	Subject Matters	Frequency	Summary
Internal	Internal control self-evaluation audit	Annually	<ul style="list-style-type: none"> <li>Each unit self-evaluates the implementation of information security internal controls.</li> <li>The internal control self-evaluation audit was completed on November 28, 2024.</li> </ul>
	Internal audit	Annually	<ul style="list-style-type: none"> <li>The Audit Department, together with relevant units, audits the implementation status of information security.</li> <li>The internal audit was completed on July 4, 2024.</li> </ul>
	Information security audit	Annually	<ul style="list-style-type: none"> <li>The Information Department initiates company-wide audits with the cooperation of all units.</li> <li>The information security audit was completed on August 12, 2024.</li> </ul>
	Information security education	Annually	<ul style="list-style-type: none"> <li>It is to raise information security awareness through training courses.</li> <li>1 session held, 1,030 participants completed the training in 2024.</li> </ul>
	Phishing email testing	As needed	<ul style="list-style-type: none"> <li>It is to enhance employees' vigilance against unfamiliar emails; a total of 2 tests were conducted in 2024.</li> </ul>
External	Regular vulnerability scanning	Annually	<ul style="list-style-type: none"> <li>Vulnerability scanning is outsourced to third-party professional information security service providers; a total of 3 scans were performed in 2024.</li> </ul>
	APP program source code inspection	Annually	<ul style="list-style-type: none"> <li>APP program source code inspection is outsourced to third-party professional information security service providers.</li> </ul>
	ISO 27001:2022 audit	Annually	<ul style="list-style-type: none"> <li>The transition was completed and passed third-party verification in December 2024.</li> </ul>

## Information security incident management process



Note 1: Personnel from the Information Department take turns serving as the information security incident reporting contact point

Note 2: Major abnormal information security incidents are defined as those that affect the Company's reputation or disrupt the Company's operations for more than eight hours

## Information security violations in HFC in the last three years

Subject Matters	2022	2023	2024
Number of major information security incidents	0	0	0
Number of violations of customer privacy	0	0	0
Number of customers affected by information leakage	0	0	0
Total fines/penalties paid for information security incidents	0	0	0

Note: The disclosure scope for 2022-2023 was HFC (individual entity); starting from 2024, the disclosure scope includes consolidated subsidiaries.

## ► Regularly review the vulnerability in information security

To further enhance the strength and breadth of information security across all systems within HFC (individual entity), we commission an impartial and objective third party to conduct a thorough review of our systems. Therefore, we commissioned an information security consulting company to perform vulnerability scanning to comprehensively assess the weaknesses of information systems and the overall information security risk level. A total of 3 vulnerability scanning was performed in 2024. Third-party scan reports provide clearer information security improvement guidelines and professional advices.

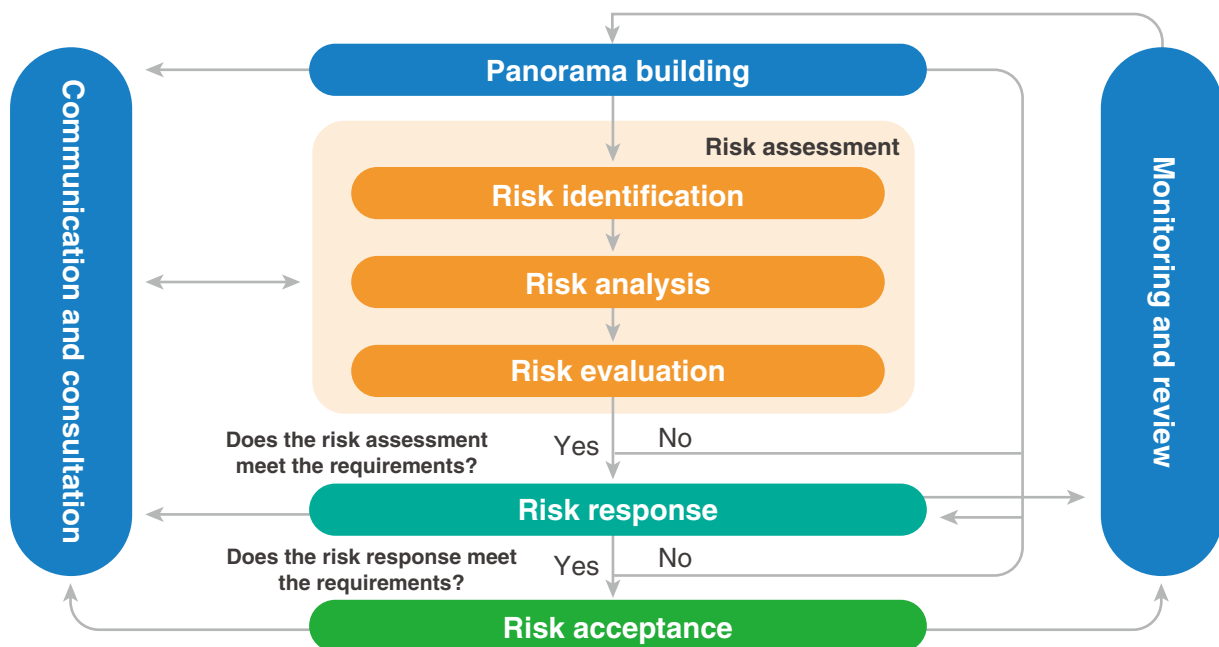
## ► Internal information security audit

As the information security system is like the blood vessels of an enterprise, to ensure normal and secure operations of the information system, the Information Department arranges regular internal audits every month and every year, and all employees in the Company must cooperate.

The audit mechanism and method differ by level. The monthly audit schedule is formulated by the Information Department to audit systems or system functions going live for information security risks, to ensure the normal operation and alignment of new systems or functions with needs.

For the annual audit, employees conduct self-check through the "Personal Computer Information Security Checklist". We design different audit topics every year. The Information Department assigns dedicated personnel to randomly audit 10–20% of the Company's personal computers. After the audit, the percentage of defects for each department is calculated, and an annual information security audit report is prepared that covers relevant improvement measures.

## ● ISO 27001 ISMS process

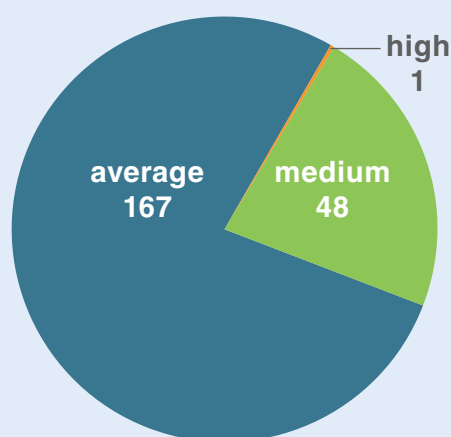


## ► Regular risk assessment

We regularly review the Company's information asset risks and formulated an information asset risk response program in accordance with the ISO 27001 ISMS process to review and improve the one "high" risk.

## **Information asset assessment results and risk response plan**

In 2024, we conducted a risk assessment of 199 information assets and identified a total of 216 vulnerabilities and corresponding threats. There were 1 high, 48 medium, and 167 average risks.



The unacceptable high-risk item "APY05 Host, Microsoft Windows Server 2008 R2 Operating System": Due to the operating system no longer supporting updates, there is a high vulnerability due to "security updates no longer supported." Continued use poses a high risk of "malicious attacks. HFC has initiated system update operations for this high-risk item to ensure the information security of the operating environment.

## **Enhancing information security and personal data protection awareness for all employees**

HFC and its Taiwan subsidiaries list the personal data protection course and the information security course as required for all employees. Through the courses, we raise their awareness of information security once again. If an employee fails to complete the courses prior to a deadline, it will be included in the annual performance evaluation. The courses contain a variety of information. We explain the purpose and background of the Personal Data Protection Act, the definition of personal data assets, digital personal database and online privacy content collection, processing, use, and security maintenance. We teach clear definitions in class, provide relevant learning materials, and arrange after-class exercises, allowing employees to understand the course content through questions to ensure effective learning. In 2024, we offered three courses to employees, and a total of 2,136 people completed the three courses on the Personal Data Protection Act, intellectual property rights, and information security.



## 2.5.2 Personal data security protection

In the digital age, the safeguarding of personal privacy is highly complex. To ensure that the privacy of all customers is not compromised, HFC and its Taiwan subsidiaries have designated the Planning Department as the dedicated department for promoting personal data management and have established a Personal Data Affairs Bureau, and the Personal Data Management Policy, which has been approved by the Board of Directors. The policy is applicable to formal employees, contract employees, part-time employees, outsourced vendors, and other stakeholders of the Company (including subsidiaries). Furthermore, operating regulations, such as the "Personal Data File Security Management Regulations," the "Personal Data Collection, Processing, and Use Management Regulations," and the "Outsourced Vendor Personal Data Security Management Operating Regulations" have been formulated for personal data security management. Meanwhile, firewalls have been established to prevent personal data leakage or misuse, thus providing comprehensive protection for clients' personal data. In 2024, the Personal Data Affairs Bureau held a total of 4 meetings, and there were no incidents of violating the Personal Data Protection Act or leaking customer information throughout the year.



[Personal data management policy](#)



### ► Personal data security management mechanism

Unit		Role
Board of Directors and ESG Committee		<ul style="list-style-type: none"> <li>Supervisory role: Review the implementation status of personal data management policies and plans, and report annual performance results to the Board of Directors and the ESG Committee.</li> <li>Personal data management performance for 2024 was reported to the ESG Committee on December 12, 2024, and to the Board of Directors on December 17, 2024.</li> </ul>
Personal Data Affairs Bureau <small>Note</small>	Bureau Chief - Head of the Planning Department	Responsible for decisions on various bureau matters and overall management of personal data security policies and resource allocation.
	Executive Secretary	Responsible for bureau meeting minutes, serving as a coordinator between various departments, and planning and promoting various personal data security-related activities within the Company.
	Standing Task Forces	<ul style="list-style-type: none"> <li>Risk management: Implement personal data risk assessment management procedures.</li> <li>Incident management: Responsible for personal data inventory and provision, serving as the executing unit and contact point for related matters, and planning and promoting various personal data security-related activities within the Company.</li> </ul>
	Emergency response team	Responsible for emergency response and handling personal data infringement incidents to prevent the expansion of losses.
Internal audit team		Incorporate the management of personal data protection into the internal control system management.

Note: The Personal Data Affairs Bureau has 6 standing task forces: Planning, Customer Service, Credit Review, Debt Management, Human Resources, and Information Technology; and 1 non-standing task force: Emergency Response.

## ► Internal management mechanism for personal data protection

We have dedicated personnel in each department to regulate and manage customers' personal data and hold a review meeting every year to review the relevant management regulations and items managed in a timely manner, to see if there are any measures to be adjusted, added, or deleted. We have formulated relevant management measures to prevent all security breaches. For example, no personal data can be stored on portable information devices such as laptops, portable hard drives, and USB flash drives, which can only be used through encryption. Employees' access permissions to or right to retrieve personal information are also restricted.

## ► Outsourced vendor management

At present, HFC also works with external entities for personal data processing and execution. All relevant vendors need to understand HFC's high security standards for personal data protection before collaboration. We also carefully evaluate the vendors' past collaboration records, enterprises served, and capability requirements before collaboration to ensure that both parties have a consensus on customer data security protection before collaborating. We require outsourced information vendors related to data storage, including data center management and main hardware host maintenance vendors, to obtain ISO 27001 information security management system certification. In addition, before the outsourced service is suspended or ends, the outsourced vendor should return all relevant personal data and intellectual property used or kept during the service period in accordance with the content of the agreement, and then our contact point is responsible for deleting the use, access, and other permissions for such data, to ensure that there are no information security breaches.

## ► Key personal data protection items

Key implementation item	Purpose and benefits	Implementation results in 2024
Regular inspection of personal data file inventory	All units keep abreast of customers' sensitive data in the business process, how it is used, and the number of years it should be kept.	We conducted a Personal Data File list inventory on August 29, 2024, to complete the current status update of personal data maintained by each department.
We inspect the internal access permission system every year.	We manage the access permission of the personnel system and ensure that the personnel of each department use customer personal data with the minimum access permission.	On March 20 and September 6, 2024, we conducted an inventory of our "internal authorization system" to confirm and update the system rights of all employees.
We offer employee personal data protection education and training every year.	All employees need to receive personal data protection education and training every year to enhance their sensitivity to personal data protection.	In 2024, a total of 1,039 people completed the courses on the "Personal Data Protection Act"; we had them take a test to test their response after each course.
We regularly hold "personal data breach response exercises".	We held exercises to see if we could find out the relevant customer personal data use records in a short period of time when their personal data is leaked, to identify the potential reasons for the leakage and improve the response to data breach in the future.	We held a total of 1 session of "personal data breach response exercises" in 2024.
Zero tolerance for personal data protection violations	If any employee of the Company or its subsidiaries violates the "Personal Data Protection Management Policy" or infringes upon the rights of data subjects in any other way, the employee involved and their relevant supervisors shall be subject to disciplinary action in accordance with the Company's work rules and relevant regulations, depending on the severity of the circumstances.	In 2024, one employee was penalized for violating personal data protection regulations. Investigation revealed no data leakage occurred, and the Company handled the matter in accordance with regulations and strengthened internal training.

# 3 Customer Value

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Inclusive services amount

**NT\$15.8 billion**



Sustainability-linked loan

**NT\$70.7 billion**



Digital Apps and Services

**8 types**





# Material topic management

GRI 2-23、2-24、2-25、2-26、3-3



## Material Topics

# Customer Rights and Services

## International frameworks and indicators

Self-defined topics  
SASB sales



### Impact description

Comprehensive customer service channels, feedback mechanisms, and increased product information transparency are management practices that protect customer rights and prevent consumer disputes. Customer rights and service quality impact the Company's market reputation and business performance, presenting both opportunities and risks. Evaluation indicators include customer service training and complaint resolution rates.

☒ Actual

☐ Potential

☐ Positive

☒ Negative

### Policy commitment

- Continue to promote digitalization and improve service quality
- The "Fair Customer Treatment Principle" has been formulated, along with a robust complaint mechanism established. The "Customer Complaint Handling Standard Operating Procedures" are followed, with cases classified and continuously tracked by dedicated personnel according to the circumstances of each case.
- We have signed the "Buy Now Pay Later (BNPL) Self-Regulatory Guidelines" to improve consumer protection mechanisms, including personal data protection, customer complaints or disputes, customer financial risk warnings, debt resolution mechanisms, and ensuring that marketing and advertising are free from falsehood or misleading information.

Management actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long-term goals (more than 3 years)
Implementation of customer complaint procedures	There were 33 material customer complaints which are 100% filed and tracked.	V	<ul style="list-style-type: none"> <li>• To follow up on 100% of major customer complaints.</li> <li>• To analyze common causes of customer complaints and make systematic improvements</li> </ul>	To completely reply to customer complaints and optimize and improve business execution.
OJT training	Course completion: 100%	V	<ul style="list-style-type: none"> <li>• Online course/attendance rate: 100%</li> <li>• To implement standard customer service replies</li> </ul>	
Digital communication channels	Utilization rate of digital channels: 68.3%	V	<ul style="list-style-type: none"> <li>• To achieve 60% utilization rate of digital channels</li> <li>• To optimize LINE text customer service and automated replies</li> </ul>	<ul style="list-style-type: none"> <li>• To achieve 80% utilization rate of digital channels</li> <li>• To optimize LINE text customer service and automated replies</li> </ul>

Stakeholders	Management goal	Engagement channels	Quantitative tracking indicator	Engagement and management results
Corporate Customers	<ul style="list-style-type: none"> <li>• Maintain customer rights and protect personal data security</li> <li>• Provide comprehensive communication channels to promptly respond to customer needs and complaints</li> </ul>	<ul style="list-style-type: none"> <li>• LINE mobile customer service / Irregular</li> <li>• Official website information disclosure / Irregular</li> </ul>	<ul style="list-style-type: none"> <li>• Number of complaints:</li> <li>• Number of customer data leakage incidents</li> <li>• Anti-fraud awareness-raising campaigns</li> <li>• Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• In 2024, a total of 152 customer complaint cases were recorded.</li> <li>• In 2024, 0 incident of customer data leakages occurred.</li> <li>• Anti-fraud awareness-raising campaigns reached over 380,000 people in 2024.</li> <li>• Customer satisfaction for vehicle installment customers reached 4.8 points (up by 0.1 points from the previous year).</li> </ul>
Individual customers				
Media	Provide accurate information to the media to avoid misleading the public.	<ul style="list-style-type: none"> <li>• Press releases or response to media inquiries / Irregular</li> <li>• Online patrol/ Irregular</li> </ul>	Number of online patrols	A total of 46 online patrols were conducted, with fake messages on social media reported to prevent customers from being misled by misinformation.

## 3.1 Sustainable and Inclusive Services

HFC's main product is the vehicle/equipment/goods instalment business, which provides installment solutions to customers so that they can have more flexible payment options. In terms of the leasing business, we mainly provide enterprises with financing services for various equipment, semi-finished products or raw materials on a leasing basis.

While the financial industry is booming, "inclusive finance" and "green finance", which are aimed at fulfilling social justice and responding to sustainable development, are also attracting market attention. As a financial services provider, HFC continues to deepen the connection between products/services and sustainability, making sustainability the DNA of HFC's business, and is committed to improving the quality of life while contributing to environmental sustainability.

### 3.1.1 Inclusive Finance

The UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) stated "inclusive finance is a driver of economic growth, job creation and social development," which shows the key role that financial services play in the process of social development. HFC responds to the United Nations Sustainable Development Goal (SDG) 8 "decent work and economic growth" and SDG 10 "reduced inequality" to actively realize financial inclusion and launch diverse financial products and services in alignment with different groups' and parties' needs. To enable all clients to make good use of relevant financial services and promote the well-being of the public. °

#### Financial service usability

- SME financing
- Taxi program

#### Financial service quality

- Fair customer treatment principles
- Financial education promotion

#### Financial service accessibility

- Financial friendly services



[Inclusive finance policy](#)



### ► Financial Service Usability - Providing Convenient Personal Finance and SME Financing Services

HFC has set up direct approval projects for small- and medium-sized enterprises (SMEs) that have difficulty accessing bank resources, particularly in the fields of medical care, construction equipment, machine tools, and heavy vehicles. As such, we approve loans through a more simplified and faster process to provide services in alignment with business owners' needs and support SMEs to operate steadily and pursue their dreams pragmatically in the process of rapid growth.

## ► HFC's inclusive finance service results over the past 3 years

Target customer group	Year	2022	2023	2024
SMEs	Number of new cases	2,991	3,529	3,943
	Total amount financed	NT\$10.524 billion	NT\$12.296 billion	NT\$15.818 billion
	Non-performing loan ratios	0.83%	0.39%	0.74%

Note 1: According to the Ministry of Economic Affairs' definition of SMEs, it refers to enterprises with paid-in capital or capital contribution under NT\$100 million, or fewer than 200 regularly employed employees.

Note 2: Non-performing loan ratios = non-performing loan cases/total retained amount. Over the past three years, the quality of the assets has been maintained at a good quality, and the ratio of non-performing loans is less than 1%.

## ► Inclusive finance service results of HFC's subsidiaries in 2024

Target customer group	Subsidiary	He Jing Co., Ltd.,	Hotai Finance Development Co., Ltd.	Hoyun International Leasing
SMEs	Number of new cases	2,658	254	19,657
	Total amount financed	NT\$8.554 billion	NT\$6.396 billion	NT\$37.41 billion

Note 1: Starting from 2024, HFC's Sustainability Report includes information on its subsidiaries; therefore, data collection begins from 2024 onwards.





Note 2: According to the Ministry of Economic Affairs' definition of SMEs, it refers to enterprises with paid-in capital or capital contribution under NT\$100 million, or fewer than 200 regularly employed employees. The definition of SMEs according to China's government for Hoyun International Lease refers to enterprises with paid-in capital or capital contribution under CNY 400 million, or fewer than 1,000 regularly employed employees.

Note 3: All monetary units are in New Taiwan Dollars (NTD). The amount financed by Hoyun International Lease is converted at the exchange rate announced by the Bank of Taiwan on December 31, 2024: CNY: NTD = 1: 4.381.

## ► Financial Service Quality - Implementing Fair Customer Treatment Principles and Committing to Enhancing Public Financial Literacy

HFC adheres to the business philosophy of "Customers are the priority, and expertise is fundamental," striving to provide high-quality services and products to meet customer needs and expectations. To protect consumers' rights, the Company has established the Fair Customer Treatment Principles and signed the BNPL Self-Regulatory Guidelines, aiming to create a safe transaction environment where consumers can feel secure and trustful during their shopping experience.

In addition to establishing a comprehensive customer service and protection mechanism, in recent years, with the increasing prevalence of fraud incidents, especially with rapid technological advancements and the popularity of online shopping, fraudulent tactics are becoming increasingly varied and covert, making them difficult to identify. Through the integration of self-media platforms, including the official website, LINE@ account, and fan page, HFC actively engages in various communication and negotiation efforts with consumers and compiles common fraudulent tactics to enhance their financial literacy and strengthen their self-prevention awareness, to reduce the occurrence of fraud incidents. In 2024, HFC's anti-fraud awareness campaigns reached over 383,000 people.

   				
Type of fraud	Impersonation of the Company's website	Impersonation of the Company's social media accounts	Phishing SMS impersonating the Company	Impersonation of the Company's sales personnel
Tactics	Replicating website URLs with keywords similar to the official website	Inducing users to click on links to add as friends	Clicking on website URLs for entering verification information	Providing false business cards and identification documents
Purpose	Luring users into fake websites to steal personal data	Claiming guaranteed approval and charging handling fees	Unauthorized credit card charges and account misuse	Deceiving individuals to obtain personal data or ATM cards.
Prevention methods	Do not casually join links from unknown sources.	Do not hand over ATM cards, passwords, passbooks, or account seals.	Do not click on links in suspicious text messages.	Verify with the Company or apply directly on the official website.

## ► Financial Service Accessibility - Creating a Financial Friendly Service Environment

The accessibility of financial services is crucial for promoting social and economic development. As a leading brand in vehicle installment services in Taiwan, HFC provides services to tens of thousands of vehicle installment cases per year to meet the "mobility needs" of the public. Furthermore, in recent years, HFC has actively promoted digital transformation by creating a digital integration platform. From application submission and contract signing to disbursement requests, the entire process is digitalized. Along with a review robot, we provide customers with a "highly accessible, convenient, and fast" service experience, with application and disbursement completed in as little as 15 minutes.

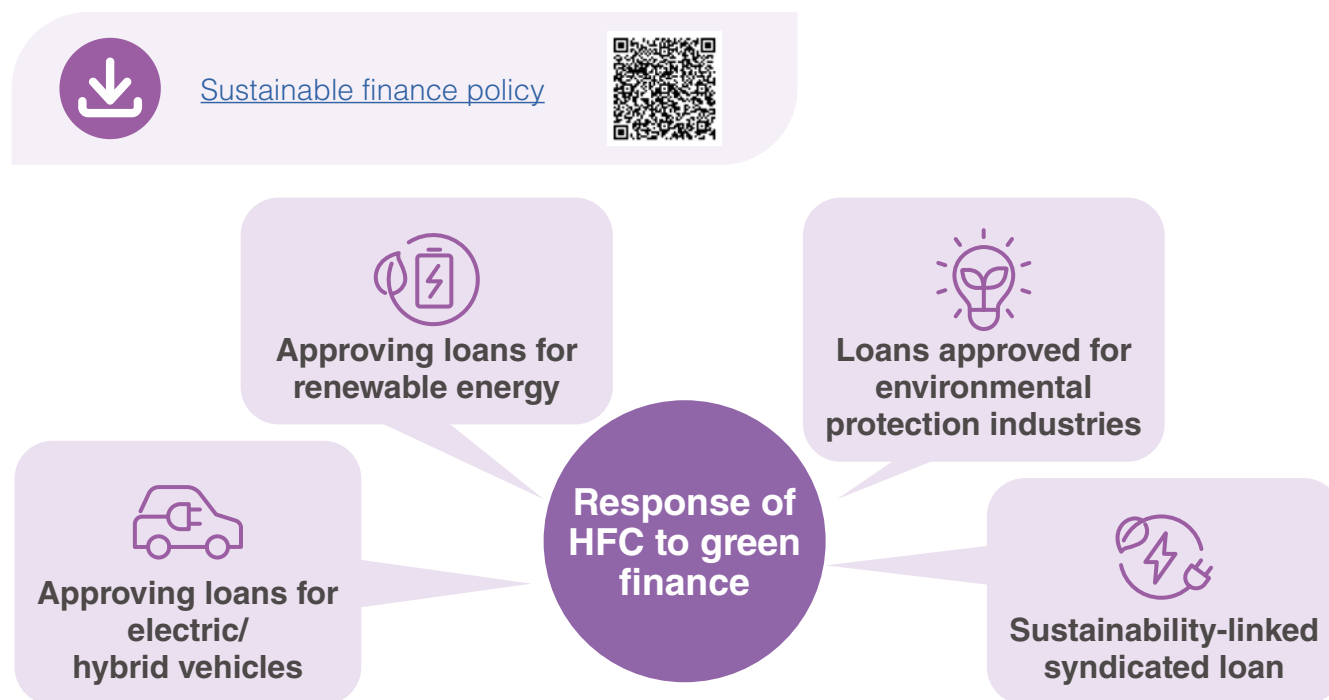
To meet the financial service needs of people in remote areas, HFC has created smart mobile offices and significantly improved operational efficiency by adopting AI. In addition to developing diverse digital APP tools, our sales personnel are 100% equipped with iPads, thereby enhancing their mobility and enabling them to provide more efficient services to customers in remote areas and those with limited mobility.

## ► HFC enhances service accessibility and convenience through diverse digital tools.

Digital tool		Target	Achievements in 2024
EZ Loan+	Provides installment payment products, including new and used cars of various brands, to meet customers' all car financing needs, thus saving the time for traditional paper application forms and contract production and delivery.	Vehicle installment customers	Adopted in 11 service centers across Taiwan, with 325 sales representatives equipped with iPads. Mobile office service area covers 100% of Taiwan.
Identity verification by video conference	Provides video call credit review services for customers, thus reducing customers' travel costs and improving operational efficiency.	Customers in remote areas	Service covers 22 cities and counties across Taiwan, with video call credit review adopted for 13,685 cases.
Pay4U APP	Fresh graduates joining the workforce often lack credit history, making it difficult to apply for credit cards for installment purchases. To help them realize their dreams and prevent insufficient funds from hindering their growth, the Pay4U digital platform was created.	Fresh graduates	The number of registered members for this service exceeds 54,000.

## 3.1.2 Sustainable Finance

The WEF stated in its Global Risks Report 2024 that in addition to geopolitical turmoil, the world needs to address risks of extreme weather and biodiversity loss, which pose challenges to businesses' future operating environment. It is necessary to transform or reimagine financial models toward green shared prosperity and environmentally sustainable business decisions. In 2024, HFC's Board of Directors officially approved the "Sustainable Finance Policy", being committed to integrating its core business with efforts to support the sustainable transformation of the public and society.



The National Development Council of the Executive Yuan officially announced the "2050 Net Zero Emission Policy Roadmap" in March 2022, which clearly stated the goal of expanding the use of renewable energy and achieving 100% market share of electric vehicles/electric scooters by 2040. HFC is actively responding to SDG 7 Affordable and Clean Energy and SDG 13 Climate Action. We have launched "Green Installment Products" with the renewable energy businesses in response to the government's 2050 net-zero emissions goal, and are striving to strike a balance between business operations and environmental sustainability.

### ► Financing amount for electric/hybrid vehicles

Year	2022		2023		2024		Growth rate compared to 2023
Category	Number of approved loans	Amount of approved loans (hundreds of millions of NTD)	Number of approved loans	Amount of approved loans (hundreds of millions of NTD)	Number of approved loans	Amount of approved loans (hundreds of millions of NTD)	
Electric vehicles	1,753	15.72	1,030	18.75	1,560	25.8	37.6%
Oil-electric vehicles	13,148	100.47	15,084	135.94	19,799	190.5	40.1%
Electric motorcycles	19,400	37.50	6,625	10.98	3,889	5.5	-49.9%
Subtotal	34,301	153.69	22,739	165.67	25,248	221.8	33.88%

Under the trend of net zero carbon emissions, the supply chain is facing the challenge of green transformation, and environmental protection issues such as waste reduction and energy and resource recycling have become the focus of the market. In response to the demand for emerging technologies and equipment, HFC provides equipment financing to clients in the environmental protection industry who do not have adequate access to capital, solves the needs of clients for equipment purchases, and provides timely working capital to enable clients to smoothly undertake projects to facilitate the promotion of the environmental protection industry. Some examples are pollution remediation business (including wastewater and sewage treatment industries, waste clearance and treatment industries, and resource recycling and processing businesses), and recyclable materials wholesaling business.

### ► HFC's Financing Amount for Environmental Protection and Renewable Energy Industries over the Past Three Years

Unit: hundreds of  
millions of NTD

Environmental protection industry	2022	2023	2024
Pollution remediation	0.37	2.40	-
Wholesale of recycled materials	0.46	0.40	0.55
Renewable energy	2.21	1.17	1.06
Subtotal	3.04	3.97	1.61

Note: The identification criteria for environmental protection and renewable energy industries are based on the business data provided for industrial and commercial registration to the Administration of Commerce, MOEA

### ► Sustainable Finance Financing Amount of Subsidiaries in 2024

Unit: hundreds of  
millions of NTD

Subsidiary		He Jing Co., Ltd.,	Hotai Finance Development Co., Ltd.	Hoyun International Lease
Environmental protection industry	Pollution remediation	-	0.30	0.16
	Wholesale of recycled materials	0.18	0.39	0.80
	Renewable energy	-	0.51	21.90
Environmental vehicles	Electric vehicles	-	-	39.78
	Hybrid vehicles	0.07	-	19.89
	Electric scooters	-	-	-
Subtotal		0.25	1.20	82.53

Note 1: Starting from 2024, HFC's Sustainability Report includes information on its subsidiaries; therefore, data collection begins from 2024 onwards. The main products of each subsidiary are different, and the main sustainable financial products financed also vary.

Note 2: All monetary units are in New Taiwan Dollars (NTD). The amount financed by Hoyun International Lease is converted at the exchange rate announced by the Bank of Taiwan on December 31, 2024: CNY: NTD = 1: 4.381.

## ► Sustainability-linked syndicated loan

The Company needs to influence more stakeholders and work together to make a difference. HFC actively responds to and promotes sustainable finance by "connecting different stakeholders in the value chain", linking up with "ESG" from the acquisition and use of capital, and co-operating with banks in the signing of sustainability-linked loans. Since 2021, HFC and its subsidiaries have accumulated NT\$70.7 billion in sustainability-linked loans.

HFC's latest sustainability linked loan is a three-year, \$29.5 billion "HFC sustainability linked syndicated credit facility" signed with a group of domestic banks on January 3, 2024. The loan was organized by CTBC Bank with the participation of 11 domestic financial institutions. The case was finally closed at \$29.5 billion, with an over-subscription rate of 148%, which indicates that financial institutions highly recognized HFC's strategic direction of combining operations with sustainability goals. The loan is the biggest fundraising by a single company in the lease installment industry in recent years. HFC also shares its experience in sustainable co-creation with banks with its subsidiary (He Jing) and overseas operating locations (Hoyun International Lease). Among them, subsidiary, Hoyun International Lease, received the first green loan and sustainability-linked syndicated loan case as a Taiwanese-funded leasing company in China. In 2024, the syndicated loan was jointly arranged by E.SUN Bank (China), MUFG Bank (China), and Kasikorn Bank (China), in conjunction with Metropolitan Bank (China), The Bank of East Asia (China), and the Shanghai Commercial & Savings Bank, to support the long-term development of Hoyun International Lease's low-carbon energy and green transportation businesses.

In addition to maintaining the business operations, the funds in the sustainability linked syndicated loan would be used to support green development and are linked to several significant sustainability key performance indicators, including the performance of low-carbon vehicles and the constituent of ESG indexes reports, and green energy development. By actively responding to sustainable finance actions, HFC drives the industry toward the goal of sustainable shared prosperity.









## 3.2 Investment in sustainability and cleanliness

HFC's subsidiary, He Jun Energy, adheres to the three major directions of "prioritizing energy creation; accelerating energy storage; synchronizing charging and electricity sales" and is committed to the development of green energy industry in all aspects of energy creation, storage and charging, and provides various green energy solutions to maximize the efforts for environmental sustainability.

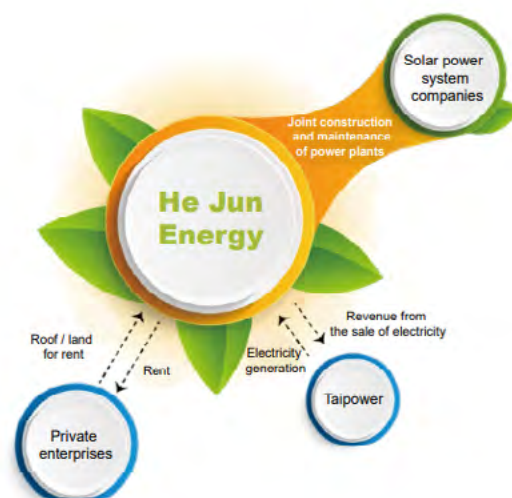
### ► Results of investment in sustainability and cleanliness in 2024

Investment aspect	Description of business	Achievements in 2024
 Energy creation	We participated in the construction of solar power plants and provide financing services to solar power companies for the purchase of materials and construction. We respond to green finance to achieve a common vision of environmental sustainability and energy transformation.	There were 309 metered solar power farms, with a total installed capacity of 88.1MW. The carbon reduction benefit is approximately 55,534 tonnes of CO <sub>2e</sub> per year.
 Energy consumption	By leveraging our experience and resources in power plant maintenance and operation, we are committed to the distribution, construction, and maintenance of charging piles. We work with strategic partners to accelerate charging station construction and shape the electric vehicle ecosystem.	Up to 39 charging stations have commenced operation, with a total of 140 charging points
 Energy storage	We are actively looking for energy storage business partners to develop frequency modulation and operation services, energy storage for large users, etc., in order to support the implementation of net-zero carbon emission and recycling strategies.	Two energy storage systems are under construction, with one already connected to the grid (metered), with an installed capacity of 2MW.
 Electricity sales	We sold renewable energy to clients and supported their compliance with government or international supply chain standards, to help achieve sustainable net-zero operations.	We developed electricity sales services, delivering 3.71 million kWh through wheeling.

Note: Carbon reduction benefit (tCO<sub>2e</sub>) = Total installed capacity (MW) × 1,000 × 3.37 hours (average effective sunlight hours) × 365 days × 0.494 kg CO<sub>2e</sub>/kWh (2023 electricity emission factor).

In terms of the "energy creation" business, He Jun Energy also plays a key assist role in the solar energy industry chain—green energy investment. By leasing suitable space and matching with system companies, we participate in the construction of solar power plants and provide reasonable remuneration to the lessor, thereby giving stakeholders a sustainable solution that satisfies both "environmental sustainability" and "economic development" at the same time. Since its establishment, He Jun Energy has continued to increase its investment in power plants, and it holds three types of sites: ground-based, water-based and roof-based plants. As of December 31, 2024, the number of metered self-constructed and acquired power plants has reached 309; 102 sites have been contracted and are under construction, with a combined capacity of more than 226.9 MW.

"Electric vehicle" is a key part of "Taiwan 2050 Net Zero Emission Pathway and Strategy." The Government has also set the targets of fully electrifying urban buses and public service vehicles by 2030 and achieving a 100% market share of electric sedans and motorcycles by 2040. In terms of the "energy consumption" business, He Jun Energy actively responds to and addresses the "mileage anxiety" felt by people purchasing electric vehicles. In 2023, He Jun Energy entered the "charging pile industry" and established the brand, EVRun. The first Class 3A charging station (all brands, all specifications, and all operating hours), "EVRun Shilin Electric Vehicle Super Charging Station," was opened in the June to provide full-time charging service for owners of all types of electric vehicles. Taking Lexus RZ 450e as an example, a 30-minute charge can deliver 80% of the



battery's power for about 360 kilometers of driving. In addition, in 2023, 61 7KW charging piles were installed at 11 Shin Kong Mitsukoshi branches throughout Taiwan, providing a total of 60,000 kWh of charging service for about 7,000 vehicle visits in order to satisfy the needs of vehicle owners. As of the end of 2024, He Jun Energy has officially operated 140 charging piles.

In recent years, "energy storage systems" have become a potential emerging sector in the global power industry. The most important feature of the system is the ability to dispatch power in a timely manner without the need for human control. In addition, due to the indirect generation of renewable energy, the energy storage system can also improve the flexibility and response time of power dispatching. Energy storage systems play a key role in the development and establishment of energy resilience. In response to government policy, as of December 31, 2024, He Jun Energy completed 1 storage system with a total capacity of 2 MW, with 2 additional sites under construction. It actively participates in the power trading platform and provides the electricity frequency modulation and operating service for the entire Taiwan, thereby becoming a member of Taiwan's stable power suppliers.

Following the successive amendments to the Electricity Act and the Renewable Energy Development Act, the government adopted the green power first principle to liberalize the direct supply, sub-supply, and free trading of renewable energy power retailers to open up a brand-new trading model, thereby implementing green electricity liberalization. To capture sustainable business opportunities, in 2023, He Jun Energy also officially established an electronics sales subsidiary, "Hejun Electricity," and obtained a power sales license in September; and 4 employees hold professional qualifications for the power trading platform. In 2024, we partnered strategically with Sunnyfounder (Grinnodot Inc.), Taiwan's first green energy retailer and operator of the largest electricity supply-demand platform. Sunnyfounder also issued Taiwan's first "Sunshine Green Benefit Debt-Type STO". This collaboration adopts a two-pronged approach: He Jun Energy invests in Grinnodot Inc. to participate in its operations and leverage HFC Group's advantages, client resources, and capital, along with Sunnyfounder's market-leading electricity retail expertise and community power plant business, to achieve a win-win outcome.





## 3.3 Customer Rights and Services

Customer opinions are an important driving force for HFC's progress. To make it easier for customers to contact us, we have established diverse and multiple communication channels. Customers can communicate with us at their own convenience, while we can respond to various problems in real time. We are always online to serve customers and solve their problems.

Communication channels	Icon/content	Customer Communication Achievement in 2024
Telephone	Application: 0800-365-365 Customer service: (02)2276-1511 Halfway settlement: (02)5599-9955	A total of 186,314 inquiries were made by telephone. The average customer call processing time was 2.6 minutes, a 16.12% improvement in processing efficiency compared to 2023 (3.1 minutes).
LINE Text Customer Service	LINE ID: @hfcfinancecs	Customers used the LINE online customer service channel, with an average of 11,362 inquiries per month, 52% of which were resolved through automated responses to FAQs.
Loan application consultation	<a href="https://www.hfcfinance.com.tw/">https://www.hfcfinance.com.tw/</a>	In 2024, there were 22,673 online loan consultation applications.
Stakeholder Mailbox	Communicate with relevant stakeholders through the investor mailbox.	The communications in 2024 were mostly about institutional investor inquiries and customer complaints. HFC actively responds to issues related to the institutional investors. At the same time, customer complaint cases are transferred to the operation service department for centralized response according to the Company's customer complaint process.

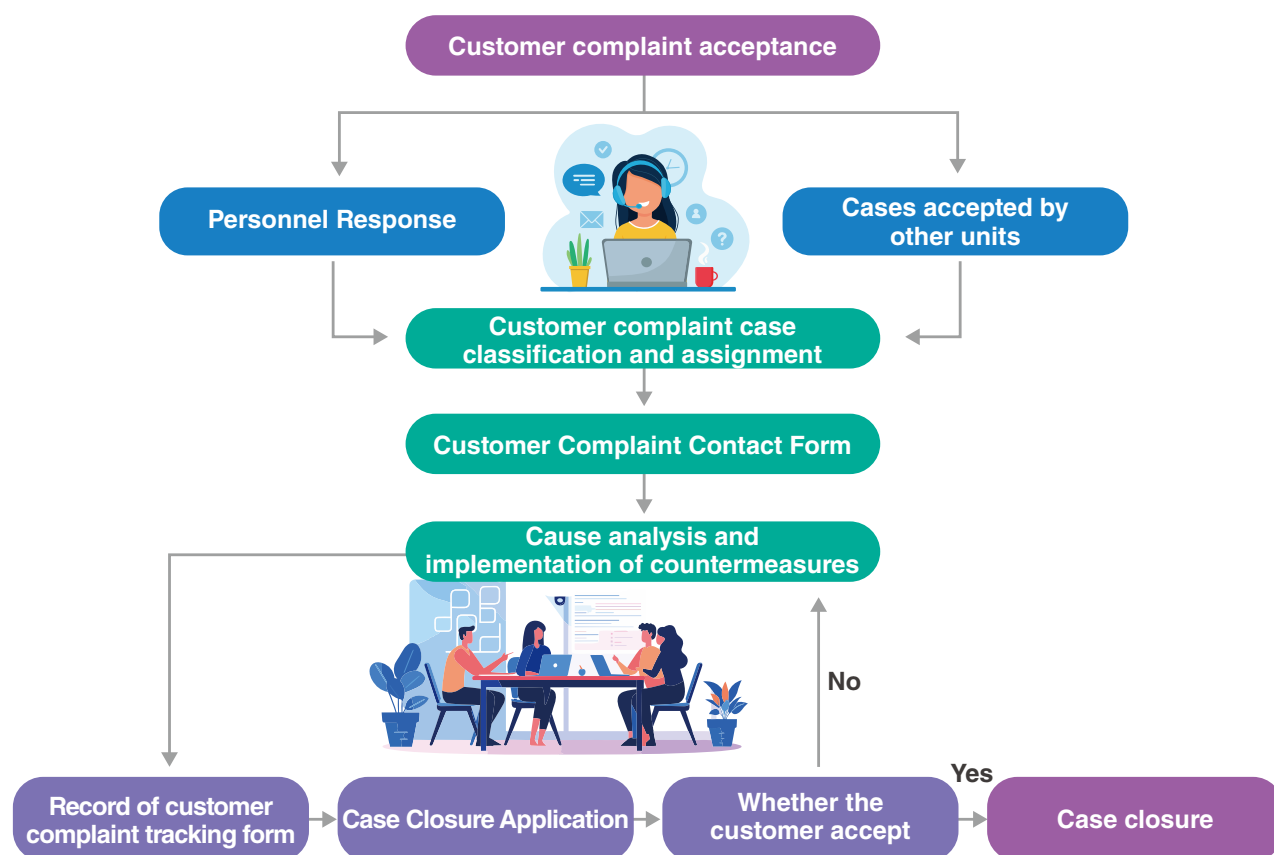
### ► Customer complaint assignment and optimization

Customer complaint class		The initial response time of the business division
Material customer compliant	A	3 working days
General customer compliant	B	5 working days
	C	

To address the issues raised by our customers, we have established "a standard operating procedure for handling customer complaints", which classifies customer complaints into material customer compliant cases (Class A) or general customer compliant cases (Class B and C). After a customer complaint case has been established, we will take the initiative to contact the subject unit and staff of the customer complaint and issue a customer complaint handling form and follow up on the status of the case with dedicated personnel. Follow-up time is based on different levels of customer complaints, which regulates the initial response times of the business divisions, and records of the contact process are made on a case-by-case basis to fully understand the relevant feedback from customers, which are used as the basis for our continuous improvement.



## ► Customer complaint handling process



## ► Complaints handled in 2024

Number of days of handling	A	B	C	Total	Percentage %
0–10 days	18	46	39	103	67.76%
11–20 days	10	13	13	36	23.69%
More than 20 years	5	6	2	13	8.55%
Total	33	65	54	152	100%

Note: Customer complaints included letters from Consumer Ombudsmen (including court cases), false loan applications, business processing fee collection, and personal data issues

In the spirit of customer first, we did not have any case of handling a customer complaint not meeting the standard customer service deadline in 2024, showing that we resolved customer problems efficiently. In addition, 56% of the general customer complaints (levels B and C) were processed early within zero to ten days in 2024; meanwhile, we regularly checked open cases every week, and reviewed the average case closure days and reported to senior managers monthly. We regularly analyze and improve customer complaints with statistical data and translate the constructive opinions of customers into practical optimization actions through systematic management to refine our services or develop more products that meet customers' needs.

With the philosophy of customer first and people at the center, when HFC handles relevant customer complaints, we think from the customer's perspective in the first place and then put forth possible solutions to solve their difficulties. A customer complaint in 2024 is a case in point:

## Customer complaint case and how HFC handled it

### ● Incident summary description - client experience

A client reported via LINE a suspected scam where fraudsters, posing as HFC, offered loan services, signed credit contracts, and fraudulently used the Company's name, uniform invoice number, logo, and a counterfeit company chop to deceive and threaten the client into remitting funds or handing over their bank card.

### ● Company Response

Upon receiving the report, HFC immediately advised the client to avoid being deceived and to transfer relevant information to the Legal Department for evidence collection, and, after reporting to management, promptly posted alerts on its official website and LINE account.

### ● Representation of ESG Values

#### Environment

We proactively posted announcements on the official website and LINE account, transparently addressed the issue, and warned other clients, demonstrating openness and transparency in crisis management to continue to maintain customers' trust.

#### Society

We demonstrated care and responsibility by promptly addressing the issue, reminding clients to be vigilant against fraud, and assisting them in avoiding further losses. This not only helps protect clients' financial security but also underscores the Company's commitment to consumer protection and support.

#### Governance

In this incident, the Company swiftly reported the issue to managers and transferred the relevant information to the Legal Department for evidence collection. After posting a public announcement, we notified other staff of the relevant procedures to quickly respond to clients. This demonstrates the Company's internal emphasis on preventing fraud and upholding business integrity. This action not only helped the Company track the source of the fraud in a timely manner but also strengthened its internal governance structure.

### ● Customer feedback

Clients expressed appreciation for HFC's swift and concrete actions, which prevented losses, protected assets, and warned others to avoid fraud. These measures reflect the Company's active attitude toward social responsibility and its commitment to a sound governance structure, which reflects the ESG values in business operations.



## ► Improved service quality

In order to improve the quality of our customer service, we record the contents of our customers' calls and responses, and hold monthly on-the-job training (OJT) courses on basic response and role-playing so that our personnel can understand how to respond to callers and quickly clarify their problems and reply to them.

We also offer education and training to customer service personnel using a scenario role-playing to practice the question-and-answer strategy when dealing with customers, to experience the real problems that customers may face, while personnel can share their relevant experience, thereby improving our customer satisfaction and problem-solving efficiency. In addition, when special cases are encountered, we offer case education and training from time to time so that the receiving staff can exchange and share their experiences. Moreover, we enhance personnel's case handling experience through education and training on cases from time to time and improve their ability to solve customer problems. Also, customer service personnel responding to customers on the front line are prone to high pressure and physical and mental exhaustion. We, in consideration of their physical and mental health and hard work, organize courses and activities for them to fully relax their body and mind, including club activities, fitness sessions (yoga classes), movies and a singing club offered by HFC.



## ► Client satisfaction survey

HFC upholds a "customer first" philosophy, conducting quarterly after-sales customer care surveys for "vehicle installment clients." The survey includes four key areas: satisfaction with service personnel's explanation of financing options, service personnel's attitude, waiting time for vehicle installment approval, and overall process experience. Through SMS-based questionnaires, HFC learns about client satisfaction levels and feedback, compiles and categorizes responses for relevant departments to serve as a critical reference for future service optimization.

Aspect	Objective	2023	2024
Satisfaction with service personnel's explanation of financing options	>4 points	4.7	4.8
Service personnel's attitude		4.7	4.8
Waiting time for vehicle installment approval		4.8	4.8
Overall average satisfaction		4.7	4.8

Note 1: Maximum score is 5 points.

Note 2: Each quarter, 6,000 survey text messages are sent to vehicle installment clients for after-sales service feedback.



## 3.4 Digital Innovative Services

HFC puts users at the center, integrates customers' various needs, and provides one-stop solutions, from payment, information inquiries to data change application. We provide customers with the most diverse and convenient services, saving customers the trouble of accessing the services over the counter.

### ► 2024: HFC's First Year of Digital Innovation

In response to the wave of AI and digital transformation, HFC established the "Innovation R&D Laboratory" in 2024 and mobilized all employees to enhance internal digital innovation. From creating a smart mobile office to leveraging AI to significantly enhance operational efficiency, the laboratory marks a major step forward in the Company's digital transformation journey.

The project is led by the Planning Department as the dedicated project team, with IT Department staff serving as internal consultants. Each department assigns seed personnel to jointly implement Robotic Process Automation (RPA) technology. In 2024, three workshops and exchange events were held, and 19 RPA projects were successfully launched, covering various business areas, including case data setup, financial process automation, and electronic document receipt and dispatch. These projects not only significantly improved operational efficiency and reduced employee workload but also saved human resources. According to internal statistics, the time saved by such automated processes is equivalent to the workload of approximately 22 employees.

The establishment of the Innovation R&D Laboratory demonstrates HFC's determination and capability in digital transformation, laying a solid foundation for sustained innovation. It also enables flexible allocation of human resources during business development and expansion, while allowing timely responses to market demand changes and enhancing operational efficiency and competitiveness.

### ► Digital paperless initiative

To reduce the environmental burden and implement the concept of environmental protection and sustainability, HFC continues to implement paperless operations within the enterprise and has managed to digitalize all customer service operations in addition to paperless operations, to provide customers with better and more convenient service processes. HFC has implemented digitalized service processes from the loan approval process, application receipt, disbursement, identity verification to payment, to accelerate the processing of cases.

In addition to the above digitalized and paperless services, HFC has digitized all manuals and provides them to all customers by electronic means, saving the paper and monthly printing and delivery, while achieving environmental protection targets. More importantly, all car owners can receive the latest information through various contact channels in a timely manner, and HFC can also keep track of the number of clicks. This allows car owners to immediately experience the convenience of accessing the information they need by clicking on the online service manual at any time, while ensuring environmental protection.

**Paperless service saved nearly 9.65 million sheets of paper a year**

**Equivalent to reducing approximately 59,498 kg CO<sub>2</sub>e.**



Note: Calculated based on the carbon emission equivalent of 3.08 kg CO<sub>2</sub>e per pack of Paper Star A4, 80g (210mm x 297mm) copy paper information based on the Product Carbon Footprint Information Network (one pack contains 500 sheets).

## ► Building a Digital Ecosystem to Promote Inclusive Finance

HFC developed the "e-Moving Office Smart Mobile Office," integrating technology with diverse smart apps. This not only significantly enhances employee efficiency and convenience but also provides clients with fast, high-quality, and convenient services, with their various needs addressed instantly.

Service stages	Digital tool	Service content			Implementation results in 2024
		Users	Usage scenario	Benefits	Highlighted results
Incoming cases	EZ Loan App (auto loan service)	Sales staff	Incoming cases and disbursement	Meets clients' vehicle installment needs, eliminates traditional paper applications, and saves the time for contract creation and delivery.	<ul style="list-style-type: none"> <li>Saved approximately 633,408 sheets of paper</li> <li>Adopted in 11 service centers across Taiwan, with 325 sales representatives equipped with iPads. Mobile office service area covers 100% of Taiwan.</li> </ul>
	Golden Motor Loan App (scooter loan service)	Sales staff	<ul style="list-style-type: none"> <li>Incoming cases: Incoming scooter cases, temporary storage list for incoming cases, and supplementary documents for new cases</li> <li>Case list: Review, case history, image file browsing, approval notice, and inquiry</li> <li>Report management: Inquiry of disbursement details</li> <li>Document tool: National ID card copy return form</li> </ul>	Improves incoming case efficiency and keeps abreast of the progress of cases in real time.	Saved approximately 637,421 sheets of paper
	Pay4U (consumer banking service)	Customer Sales staff	<ul style="list-style-type: none"> <li>Provides customers with cardless installment services, where they can make purchases by simply scanning a partner store's barcode and filling out their information.</li> </ul>	Provides diverse consumption options, enabling easy application and payment.	<ul style="list-style-type: none"> <li>Saved approximately 15,000 sheets of paper</li> <li>Over 54,000 members</li> </ul>
	Telemarketing	Telesales staff	The system enables auto-input for incoming case, tailored to telesales staff's workflow needs.	Improved efficiency of incoming cases.	Saved approximately 147,025 sheets of paper

Service stages	Digital tool	Service content			Implementation results in 2024
		Users	Usage scenario	Benefits	Highlighted results
Incoming cases	Identity verification by video conference	Customer Sales staff	<ul style="list-style-type: none"> <li>Identity verification by video conference: Allows appointment scheduling, online identity verification, and vehicle inspection uploads  </li> <li>Push notifications: Ensure no critical information is missed.</li> <li>Case list: Keeps abreast of case progress in real time.</li> </ul>	Provides diverse consumption options, enabling easy application and payment.	<ul style="list-style-type: none"> <li>Saved approximately 82,110 sheets.</li> <li>Our service covers all 22 cities and counties in Taiwan, with 13,685 cases using video conference for identity verification in 2024.</li> </ul>
	Mobile sign-off app	Business executive	Mobile office supervisors can sign off documents anytime and anywhere, speeding up processes and increasing client satisfaction.	Incoming cases/fund disbursement is not restricted by time or location.	Saved approximately 442,760 sheets of paper
Fund disbursement tracking	EZ Report (daily performance report)	Sales personnel	Digitalization of reports: performance reports, orders placed but not completed, information kits not returned, unsettled chattel insurance, collections made by the court, and document delivery management.	Keep abreast of performance and case status in real time	Saved approximately 143 sheets of paper
Payment customer service	Digital payment via Easy Pay APP / SMS / Email / Line, etc.	Customer	Diverse and convenient payment methods, loan/payment information inquiry.	Keep abreast of cases and payment status in real time	<ul style="list-style-type: none"> <li>aved approximately 7,681,284 sheets of paper</li> <li>App Downloads: 133,744</li> </ul>
	LINE official account		Provides personalized services, including dedicated assistance for applications, personal data inquiry and modification, payment notifications, etc.		Number of Members: 154,472
	Automatic debit service		Enables customers to apply for automatic monthly debits from their bank accounts for installment payments, with 24/7 ATM authorization available.	Avoids overdue payments and significantly shortens the application time (from 21 days to 1 day).	On average, approximately 1,813 customers per month have linked their accounts for automatic debit.
Distribution channel service platform (cross-platform integration)		Partner distribution channels	<ul style="list-style-type: none"> <li>Incoming cases: New incoming cases and supplementary documents for cases</li> <li>Case list: Review, case history, approval notice, and progress check</li> <li>Report management: Inquiry of incoming cases and disbursement details</li> </ul>	Keep abreast of incoming cases and disbursement status in real time	<ul style="list-style-type: none"> <li>Saved approximately 19,651 sheets of paper</li> <li>Number of partner distribution channels: 31</li> </ul>
		Customer	Provide customers with diverse digital payment methods	Reduce paper during delivery or submission of supplementary documents and improve operational efficiency	

# 4 Happy Workplace

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1111 Job Bank

**Happy Enterprise Gold Award**



Selected for the first time

**Taiwan High Compensation 100 Index**



Two-pronged Learning Program

**Cornerstone Camp & Star array class**



# Material topic management

GRI 2-23、2-24、2-25、2-26、3-3



## Material Topics

# Talent Attraction and Retention

## International frameworks and indicators

401 Employment  
404 Training and Education  
405 Diversity and Equal Opportunity



### Impact description

A sound system and good benefits contribute to the stability and enhanced competitiveness of the overall labor market. We provide a mechanism for staff development and welfare to ensure diversified development and equal opportunities for employees, which helps to increase human capital and the Company's competitiveness (an opportunity). Evaluation indicators include employee satisfaction surveys and employee training.

○ Actual

Potential

Positive

○ Negative

### Policy commitment

- 1.Competitive remuneration: According to HFC's "Articles of Incorporation", a certain percentage of profits should be allocated as employee remuneration.
- 2.Provision of diversified benefits: We have set up an Employee Welfare Committee to plan diversified benefits to enhance employee satisfaction.
- 3.We emphasize talent development; established an Education and Training Committee to plan and develop a comprehensive education and training mechanism.

Management actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long-term goals (more than 3 years)
Creating a Happy Workplace	Work-life balance: Internally approved a new leave system exceeding legal requirements, with regular employee satisfaction surveys.	√	Plan to establish an employee care team.	Maintain satisfaction > 4 points.
	Implementing family care: Internally approved an increase in wedding cash gifts to NT\$10,000 and an increase in maternity benefits to NT\$8,000 per child (effective from 2025).	√		
To Improve the effectiveness of employee training	Promote talent development highlight projects and conduct pre-training competency gap analysis.	√	Increase in training hours	Improve completion rates; strengthen the Company's human capital.
	Average training hours per employee: 13 hours.	√		
Employee performance evaluation	Annual evaluation rate: 100%; internal rotation rate: 10%.	√	To conduct regular rotations and performance evaluation Annual assessment rate of 100%	

Stakeholders	Management goal	Engagement channels	Quantitative tracking indicator	Engagement and management results
Employees	<ul style="list-style-type: none"><li>• Enhance employee satisfaction and create a happy work environment.</li><li>• Plan diverse education and training courses to support employees' comprehensive development.</li></ul>	<ul style="list-style-type: none"><li>• Employee Satisfaction Survey/annually</li><li>• Post-training satisfaction survey / irregular.</li><li>• Employee e-newsletter /monthly.</li><li>• Education and training /irregular.</li><li>• Labor-management meetings /irregular.</li><li>• Employee Welfare Committee/irregularly</li></ul>	<ul style="list-style-type: none"><li>• Employee Satisfaction</li><li>• Education and training course satisfaction</li></ul>	<ul style="list-style-type: none"><li>• Employee satisfaction survey response rate in 2024: 100%; overall satisfaction reached 4.37 points (out of 5).</li><li>• Overall satisfaction with education and training courses reached 4.77 points (out of 5).</li></ul>
Shareholders	Promote a succession plan for key management personnel to pass on governance experience and promote the Company's sustainable development.	<ul style="list-style-type: none"><li>• Management training /irregular.</li><li>• Annual Report and ESG Report / annually.</li><li>• Official website/irregularly</li></ul>	Management training hours	<ul style="list-style-type: none"><li>• Average training hours per manager: 38.92 hours/person.</li><li>• Completed the annual management consensus camp with 89 managers participating.</li></ul>
Government	Implement compliance with various labor-related laws and regulations.	<ul style="list-style-type: none"><li>• Annual Report and ESG Report / annually.</li></ul>	Whether any human rights violations occurred	No illegal infringement or human rights violations occurred in 2024.

## 4.1 Talent attraction, remuneration and benefits

Due to industrial changes and the advent of the post-pandemic era, enterprises are faced with the challenge of insufficient talent and shortage of laborers. HFC continues to work hard to create a comprehensive and happy workplace environment for its employees. HFC firmly believes that only happy employees can provide satisfactory services to its customers, which then leads to excellent operating performance and allows the Company to continuously grow.

HFC's sound and humane human resources policies creates a secure employment environment for its employees, and also builds a sound training system and smooth communication channels. The Company also provides market-competitive salaries, year-end bonuses, bonuses, and diversified incentives as employees' annual salaries can reach beyond more than 15 months of salary, earning us a place in the Taiwan High Compensation 100 Index.

The training of the Company's employees uses a comprehensive rotation system and career planning. In addition to systematic education and training, activities, such as book club discussions and inter-departmental projects, are also held regularly or from time to time to expand employees' horizons and elevate their mindsets, allowing them to acquire more knowledge and skills to become multi-talented individuals. Whether they are "selected for employment or placed in development", any part that is related to human resources fully displays care and concern for the employees.

### 4.1.1 Hiring outstanding talent GRI 2-7、2-8、401-1

As of the end of 2024, the total number of employees in HFC, including consolidated subsidiaries, is 2,189. Gender breakdown of employees: 1,054 male employees and 1,135 female employees. The total number of employees at HFC individual entity decreased by 9% compared to 2023.

Also, there are two types of non-full-time employees at HFC, which are external IT personnel stationed in the Company and outsourced personnel responsible for company information bag inspection, information bag digital scanning, and customer information online setting, all of whom belong to contractors, totaling 23 people. The number of staff is 22 and there is no significant change in the number of staff as compared with last year. The ratio of employees to non-employees was 99%: 1%. Detailed information on HFC's employee composition by gender, place of residence, ethnicity, and education level is also disclosed in the employee-related data appendix of this report.

Year	2022	2023	2024 (consolidated financial statements)
Number of employees	1,093	1,183	2,189
Number of non-employees	23	23	22

Note: The disclosure scope for 2022-2023 primarily focused on HFC (individual entity); the disclosure scope for 2024 has been expanded to include HFC and its consolidated subsidiaries.



For employee-related data, please refer to Appendix pages. [156-158](#)

In addition to its commitment to creating a friendly work environment, HFC continuously recruits professionals in relevant fields through open channels, to provide employees with career development opportunities and promote work-life balance. As of the end of 2024, the percentage of new employee at HFC was 27.8%, and the employee turnover rate was 29.48%.

## ► Total number and percentage of new employees

Age	Area	Taiwan		Overseas	
	Category	Number of persons	Percentage	Number of persons	Percentage
30 years old and below	Male	72	5.66%	70	7.6%
	Female	72	5.66%	52	5.7%
31–50 years old	Male	98	7.70%	63	6.9%
	Female	94	7.39%	39	4.3%
51 years old and above	Male	12	0.94%	2	0.2%
	Female	5	0.39%	0	0.0%
Overall new hire rate		353	27.8%	226	24.6%

Note 1: Taiwan includes HFC, He Jing, He Jun Energy, and Hotai Finance Development.

Note 2: Overseas includes Hoyun International Lease Co., Ltd.

Note 3: New hire rate (%) = Number of new hires in the current year / Total number of employees at the end of the current year. Total number of employees at the end of 2024: Taiwan 1,272, Overseas 917.

## ► Total number and percentage of resigned employees

Age	Area	Taiwan		Overseas	
	Category	Number of persons	Percentage	Number of persons	Percentage
30 years old and below	Male	53	4.17%	65	7.1%
	Female	81	6.37%	30	3.3%
31–50 years old	Male	77	6.05%	157	17.1%
	Female	145	11.40%	63	6.9%
51 years old and above	Male	9	0.71%	4	0.4%
	Female	10	0.79%	0	0.0%
Voluntary turnover rate (excluding retirement)		370	29.09%	147	16.0%
Involuntary resignation		2	0.16%	172	18.8%
New hire turnover within 1 year		91	7.15%	83	9.1%
Overall turnover		375	29.48%	319	34.8%

Note 1: Taiwan includes HFC, He Jing, He Jun Energy, and Hotai Finance Development.

Note 2: Overseas includes Hoyun International Lease Co., Ltd.

Note 3: Turnover rate (%) = Number of employees who left in the current year / Total number of employees at the end of the current year. Total number of employees at the end of 2024: Taiwan 1,272, Overseas 917.



HFC spares no effort in talent recruitment. Employee recruitment involves an open selection process, and the Company actively communicates and engages with outstanding talent through various physical and online channels. This two-way interaction allows job seekers, fresh graduates, and university students to gain a deeper understanding of HFC.

Channel	Description
Physical	<ul style="list-style-type: none"> <li>Actively participating in campus recruitment events at universities; held 4 campus recruitment events in 2024</li> <li>Irregular internship programs and industry-academia collaboration</li> </ul>
Online	<ul style="list-style-type: none"> <li>HFC Talent Recruitment Official Website <a href="https://www.hfcfinance.com.tw/zh-tw/career">https://www.hfcfinance.com.tw/zh-tw/career</a></li> <li>Social media platforms including: IG Official Account, LinkedIn</li> <li>Online job bank platforms</li> </ul>

We provide equal job opportunities regardless of gender, age, marital status, race, religion, and place of birth. Moreover, we actively implement gender equality in the workplace and provide employees with opportunities for fair competition and development regardless of gender, to promote gender equality and support workplace diversity. Also, to protect the rights and interests of disadvantaged groups, we actively recruit disadvantaged groups, such as Indigenous people and people with disabilities, and provide them with the same job opportunities and wages and benefits as regular employees. By the end of 2024, we have employed a total of five employees with disabilities.

## 4.1.2 Providing fair remuneration GRI 2-21、405-2

Whether salary and rewards are competitive is one of the key factors for attracting outstanding talents and motivating employees. We raise salary by 1%–3% every September based on the price index and individual performance.

According to the information disclosed by the MOPS, the "average salary" of full-time non-managerial employees at HFC (individual entity) in 2024 was NT\$1.29 million, and the "median salary" thereof was NT\$970,000. By industry, according to the information on the website of the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the average salary of HFC (individual entity) is higher than the average salary of employees employed in the same "support service industry". [NT\$40,678 per month for employees in the support service industry in 2024 (approximately NT\$480,000 per year)]. Further examining the ratio of the annual remuneration of the highest-paid individual at HFC (individual entity) to the median remuneration of all other employees (excluding the highest-paid individual), the ratio is 12 times. Furthermore, the ratio of the remuneration change rate between the two is 2.2 times. However, both the percentage change in the highest-paid individual's remuneration and in the median employee remuneration were negative, which is due to the macroeconomic environment. The Company will continue to monitor external environmental changes and steadily adjust its compensation structure to move toward sustainable operations.

### ► Salary information for full-time employees not in management positions

Year	2022	2023	2024
Ratio of highest individual's annual remuneration to the median remuneration of all other employees (excluding the highest-paid individual)	13	12	12
Ratio of percentage increase in highest-paid individual's annual total remuneration to the median percentage increase in average annual total remuneration of other employees (excluding the highest-paid individual)	1.9	1.1	2.2 <sup>Note 2</sup>
Median percentage increase in annual total remuneration			

Note 1: The disclosure scope primarily focuses on HFC (individual entity).

Note 2: The change rates of both the highest-paid individual's remuneration and the median employee remuneration are negative, so the ratio obtained by dividing the two change rates is positive and serves only as a reference for the magnitude of change.

## ► Salary information for full-time employees not in management positions

Year	2022	2023	2024
Number of full-time non-managerial employees Full-time employee count (person)	980	1,090	1,079
Number of full-time non-managerial employees Average salary of full-time employees (thousands of NTD)	1,214	1,347	1,294
Number of full-time non-managerial employees Median annual salary of full-time employees (thousands of NTD)	978	1,068	977

Note 1: The disclosure scope primarily focuses on HFC (individual entity).

Note 2: Full-time employees not in management positions are employees who are not managerial officers as defined in Letter Tai-Cai-Zheng-III-Zi No. 0920001301 and whose working hours reach the normal working hours required by the Company.

As HFC pursues equal competition, salary and rewards are determined by the work performance rather than specific conditions; at the same time, we also determine salary adjustments based on the economy and individual performance, to enable employees' salary to be competitive, reasonable, and fair, thereby attracting outstanding talent to join or stay and creating better operating performance. As for the employee compensation and remuneration at HFC (individual entity) by gender, the ratio of compensation for male managerial and non-managerial personnel to that for their female counterparts was more or less the same from 2021 to 2024. Although the remuneration to males was higher than that to females in 2024 for either managerial or non-managerial positions, the gap was not significant, indicating that there was no significant difference in the salary levels due to gender.

## ► Ratio of compensation and remuneration of male to female employees over the last three years

Job level	Male to female gender ratio	2022	2023	2024
Management	Ratio of salary by gender	1.19	1.22	1.02
	Ratio of remuneration by gender	1.14	1.14	1.05
Non-Management	Ratio of salary by gender	1.06	1.05	0.92
	Ratio of remuneration by gender	1.13	1.11	1.16

Note 1: The disclosure scope primarily focuses on HFC (individual entity).

Note 2: Compensation refers to monthly salary; remuneration refers to compensation plus reward (bonus).

Note 3: Managerial business unit positions at director level and above , back office unit positions at head of office level and above; non-managerial business unit positions up to director level , back office unit positions up to the head of office level.

## 4.1.3 Diverse Benefits 401-2 ~ 401-3

Affected by the declining birth rate and automation, the labor market is also transforming. In addition to salary and bonuses, companies need to pay more attention to employee benefits and well-being and provide employees with life and mental health support at every stage. This includes not only supporting employees' career development but also promoting work-life balance.

HFC established the Employee Welfare Committee in 2008, comprising ten members, including one ex-officio member appointed by the Company and nine members elected by employees. The committee holds regular meetings, with four meetings held in 2024, discussing topics ranging from job security and employee benefits to family care. HFC values employees' life achievements and every important milestone and actively creates a happy workplace that caters to the different needs of employees at various life stages.

### ► Providing Diverse Benefits to Create a Happy Workplace

#### Diverse cash gifts

- Spring Festival
- Dragon Boat Festival,
- Mid-Autumn Festival
- birthday cash gifts
- scholarships



#### Health care

- Health protection: Regular health checks, employee hospitalization subsidies and condolence money, regular environmental disinfection, and subsidies for participation in sports clubs (e.g., yoga club, sports and recreation club, softball club, badminton club, etc.)
- Work-life balance: Birthday leave, volunteer leave, travel subsidies, travel bonuses, diverse club subsidies, and quarterly fixed meal allowances
- Flexible working hours (applicable to some employees)



#### Insurance

Labor and health insurance, personal accident insurance, term insurance, medical insurance, travel insurance, and contributions to the labor retirement fund.



#### Family care

- Female employees: menstrual leave, maternity leave, prenatal check-up leave, parental leave, and clean and bright nursing room.
- Male employees: paternity leave and parental leave.
- Birth and marriage cash gifts, children's scholarships, and hospitalization subsidies and condolence money for dependents.



#### Work award

- Model employee awards, language learning subsidies, and foreign language proficiency test rewards.
- Long-term service incentives: employee stock ownership.



#### Long service awards

- Long service bonus: awarded to senior employees with 25 years of service.
- Long service reward leave: 1 to 3 days of long service reward leave for employees with 3 or more years of service.



#### Other benefits

- Car purchase discounts, group product discounts, etc.

## ► Employee stock ownership

HFC shares its operating results with employees. In the past, when issuing Class A and Class B preferred stock, 10% was offered to employees for subscription. Furthermore, starting in 2024, the employee stock ownership plan was implemented. Through a trust mechanism, employees can voluntarily contribute a certain amount from their salary, and the Company provides a matching subsidy. Employees can regularly purchase company stock, becoming shareholders and sharing the Company's growth. As of the end of 2024, 89% of employees participated in the plan (including Taiwan consolidated subsidiaries). This initiative further enhances employee cohesion and strengthens talent retention.

## ► Providing medical checkups and travel subsidies

To protect each employee's health of and create a healthy work environment, we regularly organize employee health checkups and provide medical subsidies for illnesses every year. The health checkup program covers general and special health checkups. In 2024, HFC subsidized 91 employees for health checkups at a total cost of NT\$1,518,000.

**Subsidized 91 employees for health checkups**  
Total subsidy amount: NT\$1,518,000

In addition, we provide annual travel subsidies to our employees, and for sales personnel who have achieved their goals in the competition; we also provide overseas trips for our employees and their families so that they can balance their lives and protect their most important physical and mental health while working hard.

## ► Family-friendly programs to promote workplace inclusion

Moreover, we provide a friendly maternity environment and ensure the needs and rights of pregnant and postpartum women for childcare. Comfortable, safe, and relaxing lactation spaces are provided in the workplace. Furthermore, to alleviate the care burden of employees with children, HFC provides birth cash gifts and children's scholarships. In 2024, 18 employees applied for birth cash gifts, with a total payout of NT\$90,000; 144 employees applied for children's scholarships, with a total payout of NT\$3,600,000.

Statistics on application for unpaid parental leave and reinstatement rate

Subject Matters	2023			2024		
	Female	Male	Total	Female	Male	Total
Number of employees eligible to apply for unpaid parental leave	41	27	68	51	41	92
Number of employees applied for unpaid parental leave	12	1	13	11	-	11
Number of employees required to be reinstated in the year (A)	5	1	6	16	-	16
Number of employees applied to be reinstated in the year (B)	3	-	3	12	-	12
Reinstatement rate (B/A)	60%	-	-	75%	-	-
Number of employees having worked for one year after reinstatement in the previous year (C)	-	-	-	3	-	3
Number of employees reinstated in the previous year (D)	-	-	-	3	-	3
Retention rate (%) (C/D) <sup>Note 4</sup>	-	-	-	100%	-	100%

Note 1: The information on applications for unpaid parental leave of HFC is newly disclosed for 2023, and there is no data for 2022.

Note 2: The disclosure scope for 2023 primarily focused on HFC (individual entity); the disclosure scope for 2024 has been expanded to include HFC, He Jing, He Jun Energy, and Hotai Finance Development.

Note 3: Reinstatement rate (%) = number of people applying for reinstatement in the year (B) / number of people required to be reinstated in the year (A).

Note 4: Retention rate (%) = Number of employees having worked for one year after reinstatement in the previous year (C) / Number of employees reinstated in the previous year (D).

## ► Diverse club activities

Employees communicate with each other at work. We also encourage them to network with each other in their spare time and facilitate emotional exchange between them across different departments on informal occasions. A total of 16 clubs have been established, including badminton, yoga, singing, LOHAS, mountaineering, and film clubs, and has set up employee lounge rooms in the work environment to relieve their work pressure.

## ► Retirement security

In accordance with the "Labor Standards Act", the "Labor Pension Act", and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds", the Company establishes the HFC retirement measures for its employees to ensure their retirement rights and benefits.

Subject Matters	Labor pension
	New system
Legal source	Labor Pension Act
Contribution percentage	We contribute 6% of the employee's monthly salary to their personal accounts as the labor retirement reserve.
Employee participation rate	100%
Application requirements	<ul style="list-style-type: none"> <li>Workers aged 60 years or above but less than 15 years of service: They can only apply for pension once (one-time payment)</li> <li>Workers aged 60 or above who have worked for more than 15 years: They can choose to claim the pension either monthly or in one lump sum (monthly payments or one-time payment).</li> <li>Workers under the age of 60 but incapable of working: They may apply for labor pension in advance</li> <li>Application for death before the pension is claimed: The surviving family and the claimant named in the will can claim the pension in one lump sum (one payment).</li> </ul>



## 4.2 Talent Development and Diverse Learning 404-1

Employees are one of the most important assets of a company. Effective planning and establishment of education and training mechanisms and reviewing the benefits of talent development will create a competitive advantage for the Company. Failure to create effective employee development plans may lead to talent loss in addition to failure to meet business needs. In 2024, the total training hours for employees reached 28,515 hours, with an average of 13 training hours per employee. The total resources invested in employee training amounted to NT\$13.89 million.

### 2024 Training Effectiveness

Area	Type of employees	Management		Non-Management		Subtotal
		Male	Female	Male	Female	
Taiwan	Total training hours (hours)	2,388	867	7,214	10,740	21,209
	Total number of trainees (persons)	74	20	491	687	1,272
	Average training hours ( hours/person)	32.27	43.35	14.69	16.42	16.67
Overseas	Total training hours (hours)	3,661	1,561	1,243	841	7,306
	Total number of trainees (persons)	115	59	374	369	917
	Average training hours ( hours/person)	31.83	26.46	3.32	2.28	7.97
Total	Total training hours (hours)	6,049	2,410	8,457	11,581	28,515
	Total number of trainees (persons)	189	79	865	1,056	2,189
	Average training hours ( hours/person)	32	30.5	9.77	10.96	13.02

Note 1: Taiwan includes HFC, He Jing, He Jun Energy, and Hotai Finance Development.

Note 2: Overseas includes Hoyun International Lease Co., Ltd.

Note 3: In Taiwan, managerial business unit positions at director level and above, back office unit positions at head of office level and above; non-managerial business unit positions up to director level, back office unit positions up to the head of office level.

Note 4: Managerial positions at overseas locations with signing authority are at the office head or business section chief level and above.

### Historical Return on Human Capital Investment

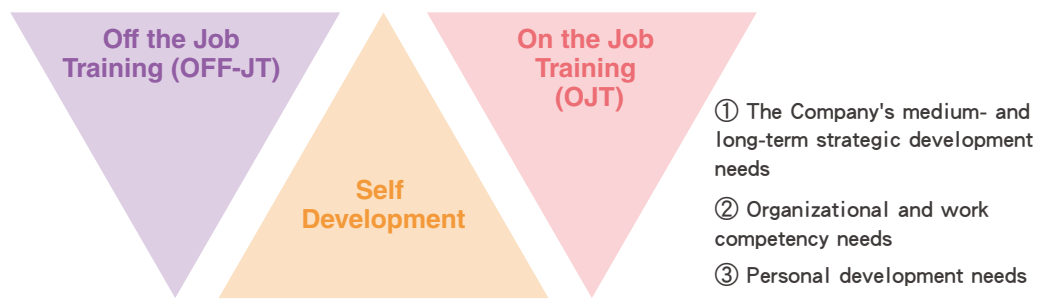
Indicator	2022	2023	2024
Return on human capital investment HR ROI	558.54%	596.78%	570.4%

Note 1: Human capital return on investment (HR ROI) = [Operating revenue - (Operating expenses - Employee benefit expenses)] / Employee benefit expenses

## 4.2.1 Complete training resources

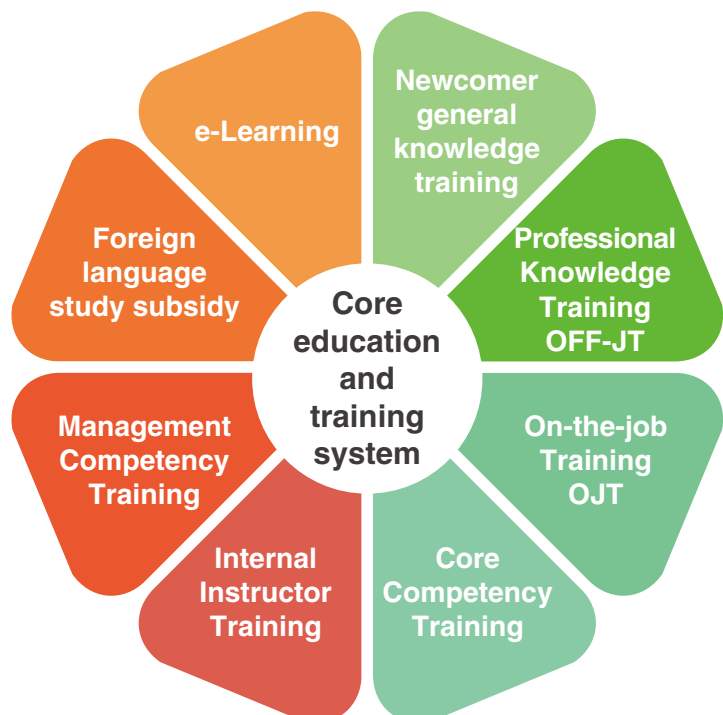
Investing in talent means investing in the Company's future. HFC believes that employees' development drives the growth of the Company. In 2024, we continued to provide courses to employees at different job levels and departments, to reinforce their competitiveness in the workplace and allow them to keep pace with the times, while enabling employees and supervisors to learn about the abilities required to get promoted and the direction of future improvement.

As the market is becoming more competitive and corporate development is becoming more complex, the work environment and abilities required by employees can no longer be achieved through a single learning system. Therefore, we integrated the Company's medium- and long-term strategic development needs, organizational and work competency needs, with OJT training, OFF JT, and self-development training to develop a diversified education and training system to enhance employees' work efficiency, competitiveness, and sense of accomplishment.



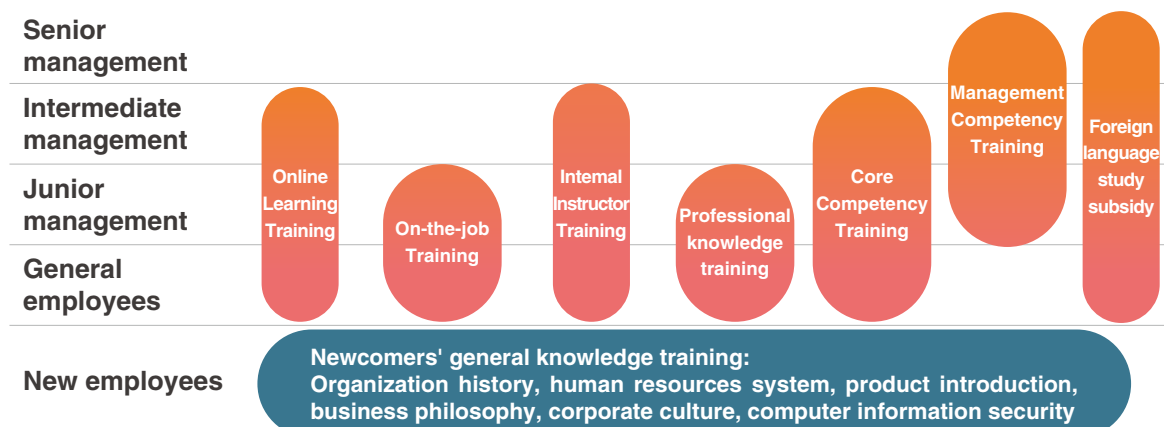
HFC combines the Company's vision to provide diversified learning channels and training resources, and emphasizes continuous learning and development of employees. Therefore, HFC has established the "Key points for implementing non-virtual training" to plan a complete training and development plan and career development blueprint. Functional training programs are offered to employees at all levels, such as business executive development course, high-potential talent nurturing courses, and corporate core skill development courses. The trainees include all employees and managers in the Company.

HFC annually reviews the implementation of various education and training programs and continuously refines and reviews the areas that can be improved. This ensures that training courses are more structured and connected, that training targets are extended to all levels, that education and training policies are clearer, and that course content is dynamically adjusted and reviewed, hoping to provide employees with a more complete learning roadmap to build talent pipelines at all levels.





## ► Educational training rank development function structure



## ► Newcomer general knowledge training

To allow new employees to adapt smoothly and integrate into HFC's corporate culture, we have planned a series of online courses of Common Basic Education and Training Courses which cover the human resources system and the dress code, computer and information security education, company introduction, the Personal

Data Protection Act, anti-bribery, basic knowledge of vehicle installment payment, introduction to vehicle installment payment products, contracts and legal knowledge, application tools, and operating procedures. We provide different courses according to employees' needs for skills. All training sessions are to assist new employees in quickly learning about and integrating into the Company and getting a complete understanding of their own jobs. In 2024, a total of 127 people was trained for a total of 1,039 hours. In order to increase cross-departmental communication and interaction among employees, we arrange a quarterly newcomer consensus camp. We also plan office visits to the head office and internal departments to help employees get to know their workmates and build deeper connections.

## ► OJT training

A comprehensive OJT training system is implemented. Each unit formulates its OJT topics for the year, with department heads and senior employees sharing and guiding department colleagues and new hires. Through practical operation and discussion, OTJ training is offered on daily work, necessary knowledge, and skills. Furthermore, work skill insights are shared to cultivate employees' ability for autonomous learning, willingness to share, experience handover, and collective strengthening of staff's work abilities in their jobs.

## ► OFF-JT professional knowledge training

According to the needs of different jobs, we provide in-house and external training programs that meet the needs of our professional fields. For example, we have arranged the TTQS Corporate Edition case study and practical training courses for education personnel to enhance their ability in the operation of the talent development quality management system. All units comprehensively arrange for staff to attend RPA or big data practices classes on how to integrate digital tools into their profession and use them in their work. We provide internal auditors with a series of courses on core knowledge and skills, such as audit techniques, regulatory compliance, auditing of sustainability reports, and carbon inventory verification enhancement courses in order to strengthen the employees' professional competence and work efficiency.

## ► Core competency training

Training courses are designed to cultivate not only professional skills but also soft skills. Training typically covers multiple aspects, including technical knowledge, communication skills, and problem-solving abilities. Through systematic training, core competencies that staff should know and be able to do are cultivated, to comprehensively improve the necessary work attitudes or skills, thereby increasing work efficiency and quality and strengthening their core competitiveness in the workplace.

## ► Management competency training

We have designed a series of courses for leadership, coordination, staff training, organizational planning, strategic planning, project management, motivating employees and other management competencies, such as a two-year learning program planned for sales management to enhance the managerial functions. In addition, the company attaches great importance to learning new knowledge, providing management books and current affairs magazines every month and holding regular study sessions to achieve mutual learning and knowledge sharing through cross-departmental discussions. In addition to professional book sharing and lectures on special topics, the annual study fair also provides soft and diversified courses, such as Team Building, to increase the interaction among management and cultivate a sound mind and body, which shows the importance of HFC places on managements' training.

## ► Foreign language study subsidy

In addition to providing professional courses on the job, HFC also encourages employees to actively learn English and Japanese to improve their foreign language skills. Therefore, we have a comprehensive foreign language learning subsidy program and provide multiple learning channels and subsidies for further studies to train employees to become international talents. Additional bonuses are available for those who reach a certain threshold at exams. From 2015 to 2024, the cumulative number of rewarded individuals has reached 71, and the total bonus payout has reached NT\$1,205,000.

## ► Abundant online courses

HFC provides employees with online learning education through the "HFC e-Learning" online learning platform. In addition to mandatory courses for general employees and management each quarter, it plans a wide range of online courses, such as four MBA programs (finance, marketing, business, and customer) and comprehensive general knowledge courses, providing employees with diverse choices. In addition to the web platform, employees can log in and learn using a dedicated app, allowing learning to be unrestricted by time and space, thus greatly improving learning efficiency.

In 2024, in addition to one to two mandatory courses for each level and two core competency elective courses for general staff each quarter, the courses are updated annually, and up to 60 courses are provided, allowing staff to further develop their interests based on their work expertise. Employees also think that the contents of the courses are diverse and interesting and have improved both their work and daily lives.

## ► Cultivation of Professional Internal Lecturers

Improving the professionalism of our staff is necessary and one of our long-term management approaches. HFC has actively invested in cultivating employees to become internal seed instructors. As of the end of 2024, 61 in-house seed instructors have been trained to plan in-house imparting courses focusing on business contents, product introduction, successful case sharing and other related information. Through mutual exchanges and discussions with internal senior staff and the design of teaching materials, employees are motivated to continue to grow in their professional fields, and are able to effectively transfer their experiences on the basis of knowledge management, thereby further shaping the organization's learning culture.



## 4.2.2 Talent Development Highlight Projects

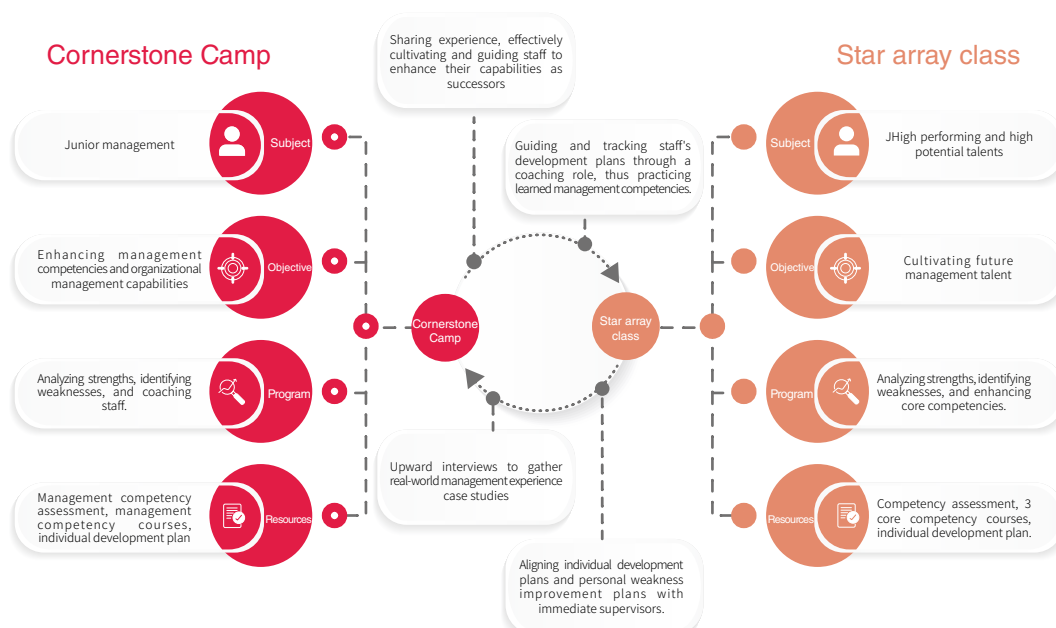
Since 2022, HFC has been implementing a three-year MVP Talent Development Program, centered on a Mindset for leadership, Value creation and transmission, and Promoting Growth, to systematically cultivate talents with an international perspective and innovative thinking. The program not only focuses on the development of professional and leadership competencies but also introduces a professional talent cultivation mechanism to enhance learning effectiveness and organizational competitiveness, ensuring that talent development is closely aligned with the Company's sustainable operation goals.

### ► Two-pronged Learning Program: Cultivating Key Talents

Through course planning, the program connects internal personnel across three levels—mid-level managers, junior managers, and high-potential talents—to provide mutual guidance and growth, thus effectively exchanging experience between and cultivating key talents. Courses are planned based on competency gaps to enhance the proficiency of high-potential talents, and Individual Development Plans (IDPs) are used to promote implementation in their work, thus achieving behavioral changes. The implementation of IDPs requires guidance and feedback from supervisors of high-potential talents (junior managers), along with case studies, to learn management best practices from supervisors, thereby laying the foundation for promotion to management roles.

Junior managers also enhance their competency proficiency through courses, learn techniques for guiding their "Rising Star" staff, and record their personal growth through IDPs, then receiving feedback from their supervisors. The program also includes a post-course results presentation where they adopt selected books by the Chairman to enhance supervisors' mindset growth and promote the sharing of insights applied to their work.

Program	Target	Course content	Course satisfaction
Cornerstone Camp	Junior management	Develops management competencies for entry-level back-office managers, to enhance their interpersonal and professional skills to guide staff. Expected to enhance the leadership of junior internal administrative managers, their ability to lead teams, and improve team goal achievement rates.	4.7 (out of 5 points)
Star array class	High potential talents	Cultivating successors for entry-level supervisory roles by not only enhancing core competency development but also continuously improving training programs, incorporating simulations of management challenges supervisors may face, and using case studies to enhance learning effectiveness. Through hands-on experience and exchanges with supervisors, participants build managerial competence. Expected to achieve an average talent readiness rate of 90% for high-performing, high-potential individuals.	4.88 (out of 5 points)



## ► Highlight achievements of Two-pronged Learning Program

Key performance indicators	Description
Percentage of trainees relative to total employees	<ul style="list-style-type: none"> <li>High potential talent: 25 individuals, accounting for 1.9%</li> <li>Junior managers: 22 individuals, accounting for 1.7%</li> </ul>
Highlight performance	<ul style="list-style-type: none"> <li>Expected to increase the readiness of high-potential talent to an average of 90%.</li> <li>Enhance the leadership of existing junior managers in leading teams, thereby promoting the achievement of team goals.</li> <li>The competency readiness of trainees is expected to reach over 90% and be demonstrated in their work.</li> </ul>
Retention rate of trainees within 1 year	<ul style="list-style-type: none"> <li>Through comprehensive course training, the retention rate is expected to reach over 90%.</li> </ul>

## ► Competency Training Program: Establishing Professional Competencies for New Sales Personnel

Through the development process of iCAP competency-oriented courses, professional competencies for new sales personnel in the Company's four major business units are established. Teaching objectives, content outlines, teaching methods, and evaluation mechanisms are redesigned in conjunction with new hire training courses to ensure that staff possesses the necessary knowledge and skills for their respective positions after training.

## ► Highlight achievements of the Competency Training Program

Key performance indicators	Description
Percentage of trainees relative to total employees	<ul style="list-style-type: none"> <li>New sales personnel: 54 individuals, accounting for 4.2%</li> </ul>
Highlight performance	<ul style="list-style-type: none"> <li>Expected to shorten the time for personnel to become proficient in their jobs by 50%.</li> <li>Cultivate internal lecturers to hand over experience.</li> <li>Enhance the effectiveness of OJT in business units.</li> <li>Overall course satisfaction reached 4.69 points.</li> </ul>
Retention rate of trainees within 1 year	<ul style="list-style-type: none"> <li>Through comprehensive course training, the expected retention rate is over 75%.</li> </ul>

## ► Management Consensus Camp

With the growth and expansion of the organization, we held a Manager Consensus Camp, covering pre-class reading, thinking, and physical classes, to improve the management and administration competencies of managers at the director level or above. The consensus camp not only helps collectively shape the Company's future development vision and direction but also contributes to cultivating professional successors, achieving the goal of sustainable corporate operation.

The theme of the 2024 Management Consensus Camp was "Dual-Track Transformation, Advancing with HFC," focusing on in-depth discussions on financial statement acumen and digital-enabled innovative transformation. Through practical case studies, participants discussed key aspects of financial statement analysis to assess company stability and feasible strategies for applying digital transformation trends to departments and teams. The number of participants reached 89, and the course satisfaction rate was 4.91 points.


## ► ESG All-Employee Education and Training

As ESG has become a required course for global enterprises, to make ESG part of every employee's DNA, we held ESG activities in the managers' consensus camp and guided employees to reflect on the significance of ESG to HFC through the introduction to trends. We also linked the concept of ESG and life experiences through interactive games, to motivate employees to come up with ESG strategies. In addition, we offered an online ESG education and training to all employees starting from 2021. Through the design of the annual theme, employees learned more about sustainability and put it into practice in their daily lives. In the training, we shared the ESG actions taken, to inform employees of the Company's ESG policies. This year marks the official 4th year of the course. In response to the ESG sustainability trend and the evolving domestic and international sustainability regulations, the 2024 theme was "Understanding Net-Zero Carbon Reduction". The number of participants reached 1,123.

### 4.2.3 Performance evaluation and rotation system

404-3

In order to encourage employees to pursue excellent performance and achieve the purpose of opinion communication, work improvement, salary adjustment and promotion, training and development, HFC and its Taiwan subsidiaries has a complete performance evaluation system and have set up the performance evaluation regulations. Employees are required to undergo regular performance and competency evaluations per year, with a 100% participation rate in regular performance evaluations. Performance evaluation methods include: team evaluation, KPI evaluation, competency evaluation, and feedback questionnaires.



**Up to 100% of employees received regular performance evaluation.**

Performance evaluation	Strategy formulation	Goal setting	Daily performance evaluation	Final performance evaluation	Management application
Team evaluation	Communicate annual strategic goals	<ul style="list-style-type: none"> <li>Set team goals</li> </ul>	<ul style="list-style-type: none"> <li>Review monthly goal</li> <li>Review quarterly policy</li> <li>Adjust and review goal</li> </ul>	<ul style="list-style-type: none"> <li>Review annual goal achievement</li> </ul>	<ul style="list-style-type: none"> <li>Optimize and formulate new annual policies</li> </ul>
Individual KPI evaluation		<ul style="list-style-type: none"> <li>Set individual goals</li> <li>Goal setting interview</li> </ul>	<ul style="list-style-type: none"> <li>Mid-year performance evaluation</li> <li>Initiate performance coaching as needed</li> </ul>	<ul style="list-style-type: none"> <li>Review annual goal achievement</li> <li>Performance interview</li> </ul>	<ul style="list-style-type: none"> <li>Training and development planning</li> <li>Poor performance improvement plan</li> <li>Salary adjustment, bonuses, and promotion</li> </ul>

We have established a clear and effective evaluation with the evaluation forms and a reward and punishment system and set key acts and indicators for talent at all levels to review their work performance. Performance and competence evaluation can help us find potential and suitable talents and put the right people in the right positions, while enabling employees to be more involved in their work. In addition, HFC has a well-developed career rotation system, allowing employees to move from one position to another to gain a deeper understanding of the Company's operations and diversify their professional fields, so as to become a "generalist" as a career goal.

Year	2023	2024
Internal job vacancy fill rate	5%	10%

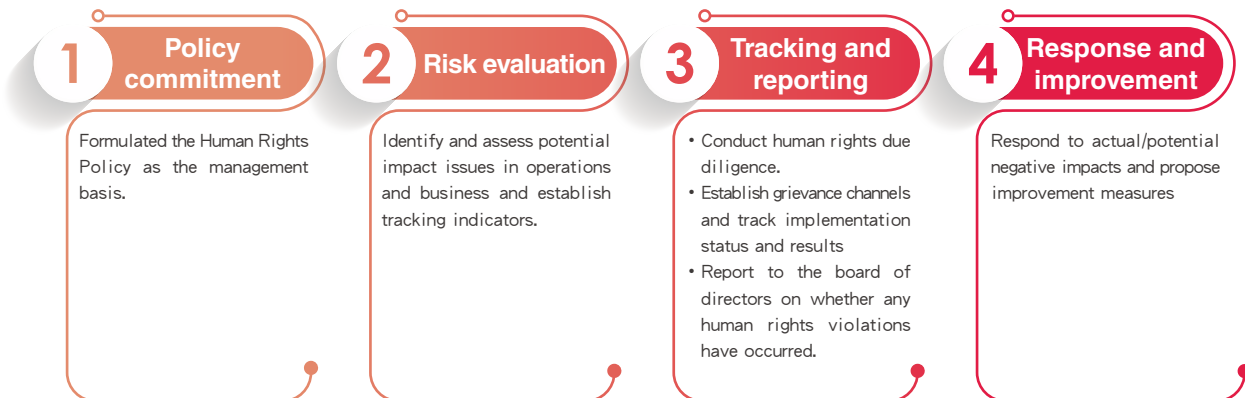
Note: Internal job vacancy fill rate = Number of employees rotated to new roles / Total number of employees at year-end.

## 4.3 Human rights protection and workplace safety and health

HFC is committed to creating a safe and comfortable working environment. Moreover, it regards employee and human rights protection as a key priority in its business operations to prevent any work-related injuries, illnesses and accidents. To ensure that employees can work with peace of mind and safety,

### 4.3.1 Protection of employee rights and human rights

HFC not only complies with labor laws and regulations and protects employees' rights and interests but has also formulated the HFC Employee Code of Conduct to treat employees under the principles of fairness, tolerance, and respect. We also support employees' personal growth and career development. We care for them and provide a positive work environment, facilitate harmony between labor and management, listen to their voices, achieve gender equality, and prevent harassment or discrimination in the workplace. As such, we absolutely do not allow any infringement or discrimination against their rights and interests. All these issues are what we care about and work to improve.



#### ► Formulation of human rights regulations

HFC abides by labor-related laws and regulations, treats employees under the principles of fairness, tolerance and respect, creates a work environment with zero discrimination and zero harassment, and is committed to fulfilling corporate social responsibility and dedicating itself to safeguarding the basic human rights of employees. HFC follows the "United Nations Universal Declaration of Human Rights", "United Nations Global Compact" and "International Labour Organization Conventions" and other international human rights regulations, and formulated and implemented the "Human Rights Policy" and promulgated the "Written Statement Prohibiting Violence Threats" from the aspects of safeguarding human rights in the workplace, implementing diversity and tolerance in the workplace, providing a healthy and safe workplace, respecting freedom of association, and promoting labor-management harmony, privacy protection, and human rights policy dissemination, so that all employees can be treated fairly and with dignity. Education and training courses on human rights issues were also planned. In 2024, there were 3,200 trainees, and the total number of training hours was 650.9.



[Human Rights Policy of Hotai Finance Co., Ltd.](#)

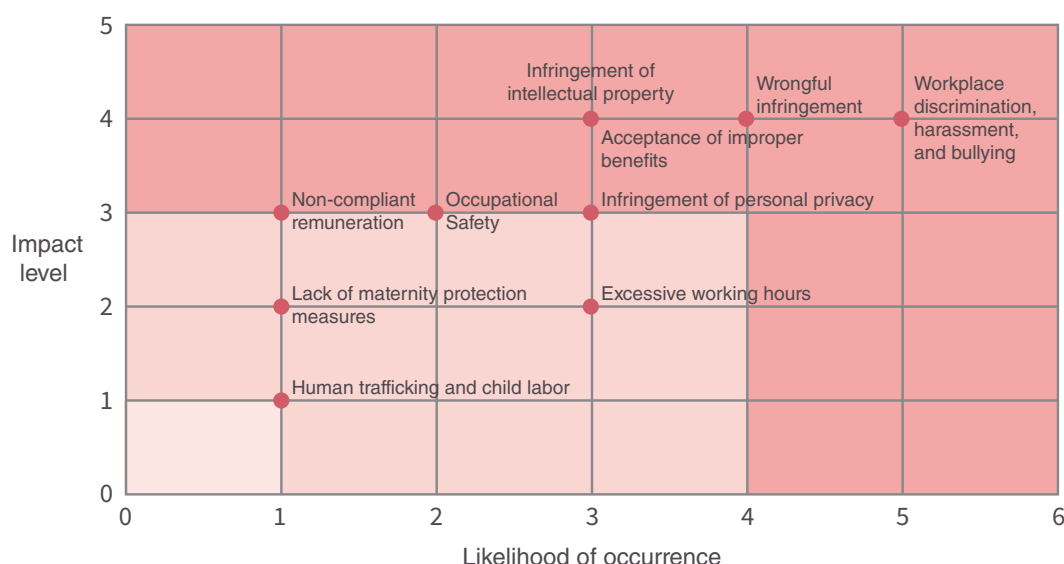
[HFC Measures for Sexual Harassment Prevention and Control in the Workplace](#)





HFC refers to the Responsible Business Alliance (RBA) Code of Conduct, focusing on ten human rights issues relevant to its industry and business practices for further risk assessment and materiality identification. In addition to complying with local laws and regulations, we make every effort in our own operations and supply chain to prevent and eliminate any illegal human rights violations, including forced labor and human trafficking. For significant human rights issues, we further implement due diligence, establish clear management policies, and create a work environment that respects equality, is friendly and inclusive, and is diverse and mutually beneficial.

## ► Human Rights Risk Assessment Matrix



## ► Human Rights Due Diligence Management

Risk	Impact description	Management indicators	Implementation in 2024
Unlawful violence and forced labor	Experiencing threats, physical attacks, or interference with work.	Received employee complaints	None
		Illegal abuse of employees	None
Excessive working hours	Severe overwork may impact employees' physical and mental health, leading to work-life imbalance.	<ul style="list-style-type: none"> <li>There shall be two days off every seven days, of which one is a holiday and the other is a rest day.</li> <li>Normal working hours shall not exceed 8 hours per day and 40 hours per week</li> <li>The total number of normal working hours and extended working hours per day shall not exceed 12 hours, and the total number of extended working hours per month shall not exceed 46 hours.</li> </ul>	Employee attendance and working hours comply with the Labor Standards Act. Also, each month, the HFC HR department will provide a list of overtime employees to their supervisors and ask them to provide care and assistance.
Non-compliant remuneration	Failure to provide remuneration in accordance with labor regulations, affecting employees' livelihoods.	Payroll calculation accuracy rate	100% compliance with labor regulations for compensation.
		Compliance with labor regulations for remuneration.	In compliance with the Labor Standards Act.
Workplace discrimination, harassment, and bullying	Such incidents could lead to fines, damage to the Company's reputation, and negatively impacted team cohesion.	Occurrence of incidents of violation of gender equality	An incident involving inappropriate language in verbal interactions occurred, which was handled appropriately per gender equality standard procedures. Additional training on respect and equality was offered.
		Organized courses on human rights and gender equality	3,200 participants completed human rights and gender equality courses.
		Employees signed the Declaration Prohibiting Workplace Sexual Harassment.	100% compliance with labor regulations for compensation.



Risk	Impact description	Management indicators	Implementation in 2024
Lack of maternity protection measures	Provide maternal employees with an inclusive and friendly workplace	<ul style="list-style-type: none"> <li>Legal compliance of labor and gender equality in employment</li> <li>Setup of breastfeeding (pumping) rooms</li> </ul>	Complied with various laws and regulations
Occupational Health and Safety	Exposure to high-risk work environments may endanger employee health and safety.	Fully implementing employee health checkups	subsidized health checkups for 91 employees, better than the Labor Standards Act requirements.
		Organizing courses related to occupational safety and health	1,345 participants in Taiwan completed occupational safety courses.
Acceptance of improper benefits	Employees accepting improper benefits could lead to fines, reduced competitiveness, and reputational damage.	Incidents of employees accepting improper benefits	No employee received improper benefits.
Infringement of intellectual property	Failure to properly protect intellectual property rights may result in improper use or leakage of employees' innovative achievements, affecting the rights and interests of employees and the Company.	Successfully implemented the Taiwan Intellectual Property Management System (TIPS)	Passed the Ministry of Economic Affairs' TIPS audit and obtained A-level verification.
Infringement of personal privacy	Failure to protect employee personal privacy may cause workplace insecurity; leakage of personal privacy could result in fines and reputational damage for the Company.	No incidents of personal privacy violations were reported.	No incidents of personal privacy infringement were reported.
Human trafficking and child labor	Engaging in illegal recruitment, human trading, or employing individuals under 16 years old.	Are there any violations of child labor?	No instances of child labor or human trafficking were reported.
		The occurrence of human trafficking is strictly prohibited.	No incidents of human trafficking were reported.

Note: The scope covers all employees of HFC and its consolidated subsidiaries.

## ► Promoting labor-management harmony and listen to employees' voices

### ● Labor-management meetings

In order to promote management labor harmony, listen to employees' voices, protect employees' rights and ensure unhindered communication, HFC has set up an "Employee Opinion Mailbox" on the Company's internal site. In 2024, we received one employee suggestion through the mailbox, with corresponding review and adjustment. We also held four labor-management meetings to encourage employees to put forward suggestions and proposals to create an open communication environment.

### ● Employee Satisfaction Survey

The latest employee satisfaction survey was conducted by HFC (individual entity) in December 2024 to listen to employees' opinions. The survey focused on nine major components: "employee work morale, job nature, interaction with supervisors, interaction with co-workers, company environment and facilities, company salaries and benefits, education and training, performance appraisal, and company development". The survey serves as an important reference for HFC's future system development. The staff satisfaction survey return rate was 100% in 2024.

Aspect	Objective	2023	2024
Job nature	>4	4.31	4.31
Work morale		4.46	4.46
Interaction with supervisors		4.46	4.49
Interaction with colleagues		4.56	4.56
Environment and facilities		4.26	4.29
Compensation and benefits		4.31	4.32
Training and development		4.28	4.30
Performance evaluation		4.27	4.31
Company development and organizational cohesion		4.35	4.33
Overall satisfaction		4.36	4.37

Note 1: Maximum score is 5 points.

Note 2: The survey scope primarily covers HFC (individual entity).

### ► Significantly improved item: Performance evaluation.

The results of the survey will be included in the final report and presented to the senior management. The policy suggestions provided by the employees in the survey will be compiled by the human resources department and provided to the relevant units for reference and improvement. The positive and satisfactory opinions will be affirmed, while the negative and unsatisfactory parts will be evaluated for adjustment, showing that HFC values and carefully considers the voices of employees. The next employee satisfaction survey is expected to be conducted in 2025.

## 4.3.2 Safe and healthy work environment

We refer to the spirit of ISO 45001:2018 Occupational Safety and Health Management System and continue to improve according to the PDCA (Plan-Do-Check-Act) cycle to create a safe and healthy work environment. HFC has set up a total of 28 occupational safety and health supervisors at each of its locations, and has also arranged education and training courses to establish a sound occupational safety and health management system, thereby enhancing the occupational safety and health knowledge of its employees, while discussing, evaluating, and monitoring environmental safety through meetings. In addition, HFC has established a code of practice for occupational health and safety management to provide a safe, healthy, and comfortable working environment.

HFC cares about the health of its employees. In addition to continuously promoting annual employee health check-ups, it works with professional healthcare institutions to organize health interviews and consultations with contracted medical personnel, who provide improvement suggestions for employees with health risks. Employees can also have one-on-one consultations on personal health-related issues.



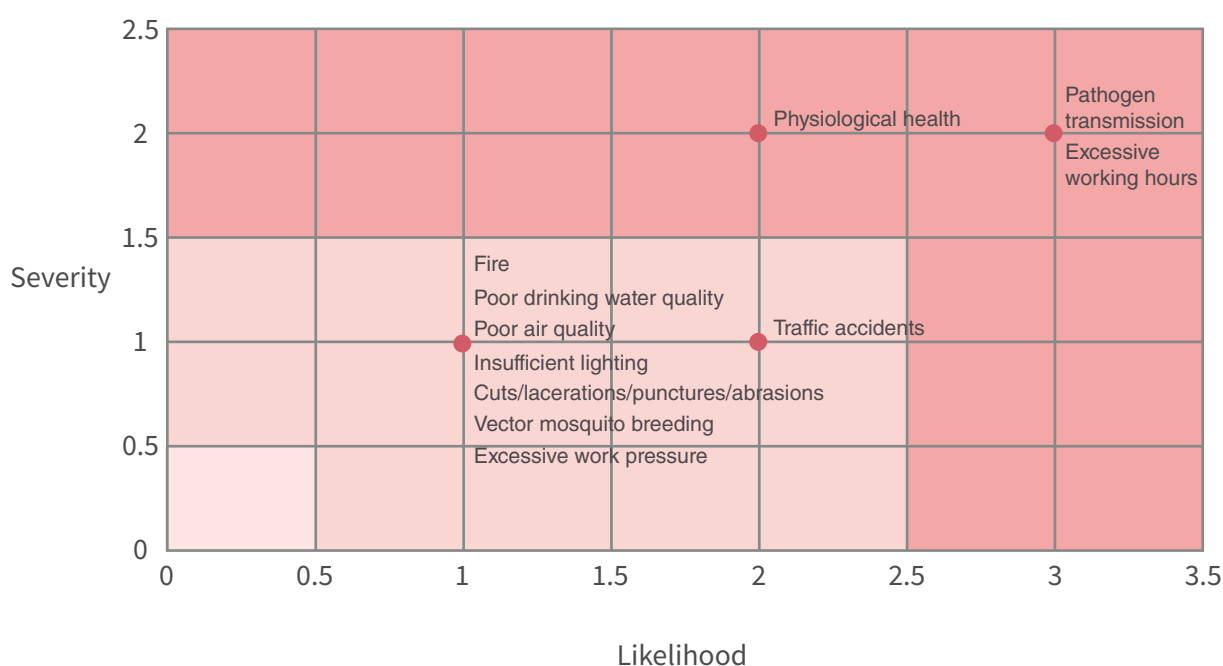
## ► HFC occupational safety and health management system

1 Plan	2 Do	3 Check	4 Action
<ul style="list-style-type: none"> <li>Establish an occupational safety and health management mechanism</li> <li>Establishment of occupational safety and health supervisors and personnel</li> </ul>	<ul style="list-style-type: none"> <li>Work environment risk assessment</li> <li>Education and training courses</li> <li>Regular return training for occupational safety personnel</li> </ul>	<ul style="list-style-type: none"> <li>Operating environment monitoring</li> <li>Occupational Accident Statistics</li> <li>Health checkups</li> </ul>	<ul style="list-style-type: none"> <li>Preventive actions for prevention, maternity protection, etc.</li> <li>Continuous improvement</li> </ul>

## ► Work Scenarios and Identification of Occupational Safety and Health Hazards

Unit	Business Unit	Work Scenario
Back Office Unit	Promote and provide leasing installment financial services to customers	Office operations include document processing. Some departments may have to move heavy objects or climb stairs due to general affairs.
Labor environment	Unfixed and requires mobility, such as through public transportation, cars, or scooters.	Fixed office work; main mobility needs are commuting or business trips/outings.
Hazard identification	<ul style="list-style-type: none"> <li>Physical: Poor ventilation, insufficient lighting, cuts/lacerations/punctures/abrasions</li> <li>Chemical: Fire</li> <li>Biological: Germ infection, vector-borne diseases</li> <li>Ergonomic: Physiological health issues</li> <li>Psychosocial: Excessive work pressure, overtime work</li> <li>Other: Traffic accidents</li> </ul>	

## ► Occupational Safety and Health Hazard Risk Assessment Matrix



## ► Occupational Safety and Health Hazard Management Measures

Hazard factor	Management measures	
	Management actions	Implementation results in 2024
Poor air quality	Regularly clean filters and maintain indoor air circulation	Air conditioner filters are regularly cleaned.
Poor drinking water quality	Regularly replace water purifier filters.	No incidents of employee water poisoning occurred. The head office's water dispensers underwent six regular inspections throughout the year.
Insufficient lighting	Ensure sufficient lighting in office areas and common areas.	LED lighting used in 95% of office areas.
Cuts/lacerations/punctures/abrasions	Raise awareness of operating instructions when using sharp objects.	No incidents of severe disability caused by cuts/lacerations/punctures/abrasions occurred.
Fire	Regular inspection of fire safety equipment and fire drills.	No fire incidents occurred. The head office building conducts annual fire drills.
Germ infection (e.g., flu)	Implement environmental cleaning and disinfection in the office.	The head office conducted environmental cleaning and disinfection four times.
Vector-borne diseases (e.g., dengue fever)	Promote avoidance of stagnant water in containers during summer.	No violations of the Waste Disposal Act regarding long-term stagnant water in containers occurred.
Physiological health	<ul style="list-style-type: none"> <li>• Offer health management courses.</li> <li>• Support the establishment of employee sports clubs.</li> <li>• Promote annual employee health check-ups.</li> <li>• Collaborate with medical institutions to follow up on abnormal items and provide health consultations.</li> </ul>	<ul style="list-style-type: none"> <li>• 10 health management courses held, with a total of 1,362 participants completing the training.</li> <li>• A total of 6 sports clubs (badminton, softball, yoga, etc.)</li> <li>• 12 health consultation events held.</li> <li>• A total of 91 employees received health check-up subsidies totaling NTD 1,518,000.</li> </ul>
Excessive work pressure	Regularly monitor employee attendance and ensure compliance with the Labor Standards Act.	In compliance with the Labor Standards Act.
Excessive working hours	Promote compliance with traffic rules for business trips and commuting.	Five incidents (Taiwan) and two incidents (China) of employee injuries due to traffic accidents occurred during the year, but no incidents resulted in severe disability.
Traffic accidents	Promote compliance with traffic rules for business trips and commuting.	Five incidents (Taiwan) and two incidents (China) of employee injuries due to traffic accidents occurred during the year, but no incidents resulted in severe disability.

Note: The scope of the assessment covers HFC and consolidated financial statements.



### 4.3.3 Occupational disaster prevention and exercises GRI 2-4

With the principle of safety first, HFC is committed to providing a safe working environment and planning and implementing safety protection measures to build a safe and reliable working environment. HFC has occupational safety and hygiene administrators at all office sites to help assess and monitor environmental safety. We also have fire-fighting facilities and first-aid kits in offices and two AEDs in our head office building and send personnel to receive first aid and AED training, allowing employees to work without fear and worries.

HFC arranges training for occupational safety personnel, disinfects workplaces every year, and cooperates with fire drills and earthquake drills in the buildings, and actively educates and teaches employees to stop working and rescue in the event of an occupational disaster, to increase their risk awareness and enhance their response to crises. Mandatory occupational safety and health education courses for employees in Taiwan are also planned and required to strengthen their awareness of occupational safety and enhance workplace safety. In 2024, 1,345 employees completed this training.

#### ► The circumstances of employees on work-related injury leave in 2024

Type of leave	Taiwan			Overseas		
	Male	Female	Total	Male	Female	Total
Sick leave (hours)	3,297.5	4,983.5	8,281	1,847.5	6,888.8	8,736.3
Menstrual leave (hours)	0	1,952	1,952	0	0	0
Miscarriage prevention leave (hours)	0	1,164	1,164	0	2,128	2,128
Work-related injury leave (hours)	16	1,544	1,560	0	0	0
Others - anti-pandemic leave (hours)	No anti-pandemic isolation leave since May 2023			0	0	0
Others - vaccination leave (hours)	No vaccination leave since May 2023			0	0	0
Total number of hours	3,313.5	9,643.5	12,957	1,847.5	9,016.8	10,864.3
Absent days converted (days)	414.2	1,205.4	1,619.6	28.9	140.9	169.8
Total working days (days)	140,120	175,336	315,456	12,882	10,824	23,706
Absence percentage	0.30%	0.69%	0.51%	0.22%	1.30%	0.72%

Note 1: The number of absence days is converted to 8 hours of regular working per day.

Note 2: The total number of working days is the sum of the actual number of working days of employees and other workers who are not employees in the month of the data, i.e., the number of daily worker attendance is calculated as one working day regardless of the length of time worked.

Note 3: Absence percentage = Total number of absence days (work-related injury leave, sick leave, menstrual leave) / Total number of working days.

Note 4: Data from 2024 onwards includes consolidated subsidiaries in addition to HFC.

## ► The circumstances of HFC employees on work-related injury leave over the years

Year	2022	2023	2024	
Data coverage scope	HFC (individual entity)	HFC (individual entity)	Taiwan	Overseas
Total working days (days)	267,675	293,384	318,000	189,646
Total hours worked <sup>Note 1</sup>	2,141,400	2,347,072	2,544,000	1,517,168
Number of people with general occupational injuries <sup>Note 2</sup>	1	3	5	2
Number of people with serious occupational injuries <sup>Note 3</sup>	0	0	0	0
Number of deaths	0	0	0	0
Total number of recordable occupational injuries (persons)	1	3	5	2
Number of working days lost	1	16	195	10
Fatality rate due to occupational injuries <sup>Note 4</sup>	-	-	-	-
Severe occupational injury rate <sup>Note 5</sup>	-	-	-	-
Recordable occupational injury rate <sup>Note 6</sup> (Disabling injury frequency = injury rate)	0.47	1.28	1.97	1.32
Lost work day rate <sup>Note 7</sup> (disabling injury severity rate)	0.47	6.82	76.65	6.59
Frequency-severity indicator <sup>Note 8</sup>	0.01	0.09	0.39	0.09

Note 1: Total hours worked = Total working days \* 8 hours

Note 2: Those whose number of working days lost is within 180

Note 3: Number of working days lost exceeds 180, excluding the number of deaths

Note 4: Mortality rate due to occupational injuries = number of deaths \* 106 / total working hours

Note 5: Serious occupational injury rate = number of serious occupational injuries \* 106 / total working hours

Note 6: Recordable occupational injury rate = total number of recordable occupational injuries \* 106 / total working hours

Note 7: Lost day rate = total number of working days lost \* 106 / total working hours

Note 8: Frequency-severity indicator = [(disabling injury frequency rate × disabling injury severity rate) ÷ 1000]<sup>1/2</sup>

Note 9: Data from 2024 onwards includes consolidated subsidiaries in addition to HFC; therefore, data from 2022-2023 does not include subsidiary data and only covers HFC. Taiwan region includes HFC, He Jing Co., Ltd., He Jun Energy Co., Ltd., and Hotai Finance Development Co., Ltd.; overseas regions include Hoyun International Lease.

Note 10: Data restatement: Historical occupational injury data was mistakenly reported in the unit of days; total hours worked have been added.

In 2024, there were five work-related injuries caused during commuting in Taiwan and two in China. Following these incidents, HFC reminded each unit of raising employees' awareness of road safety and requiring them to pay more attention to intersection signs and vehicles on the way to and from work to avoid accidents.

# 5 Environmental Sustainability

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Business Weekly Carbon Competitiveness

Top 100



CommonWealth Magazine

1.5°C Temperature Control Label



Wetland Conservation  
14 hectares





# Material topic management

GRI 2-23、2-24、2-25、2-26、3-3



Material Topics

## Operating Environment Management

International frameworks and indicators

GRI 302: Energy  
GRI 303: Water and Effluents


### Impact description

Sound environmental management helps reduce negative impacts on society and the natural environment. Establishing management practices and goals for internal resource utilization during operations can improve resource efficiency and reduce business costs. Assessment indicators include energy consumption and water usage rate.

○ Actual

Potential

○ Positive

Negative

### Policy commitment

HFC and its Taiwanese subsidiaries are actively responding to the 2050 Net Zero Emissions target by establishing an Environmental Management Committee in 2022, to review and recommend improvements to the effectiveness of environmental sustainability implementation and promote environmental management policies.

Management actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long-term goals (more than 3 years)
Implementing energy-saving actions to improve energy efficiency	Average water consumption per million revenue decreased by 28%.	✓	Average water consumption per million revenue decreased or remained at least flat compared to the previous year.	
	Average electricity consumption per million revenue decreased by 1.26%.	✓	Average electricity intensity per million revenue decreased or remained at least flat compared to the previous year.	
	Weight of paper disposed of reduced by 24%.	✓	Continuously promote paperless operations to reduce water consumption demand caused by paper disposal	
Company-leased official vehicles replaced with non-purely gasoline vehicles	Average liters of gasoline consumed per vehicle decreased by 6.01%.	✓	Average gasoline consumption per vehicle decreased or remained at least flat compared to the previous year.	
	The proportion of purely electric and gasoline-electric hybrid vehicles reached 72%	✓	To continue to replace fuel-powered company cars with electric and gas-electric hybrid cars by up to 100%.	

Stakeholders	Management goal	Engagement channels	Quantitative tracking indicator	Engagement and management results
Individual customers	Working with customers to jointly live a sustainable green life	LINE mobile customer service /Irregular Official website information disclosure / Irregular	Number of external sustainability events held and customer participation	Held annual wetland conservation and Earth Hour events in response, with a total of 113 public and customer participants.
Employees	Raising staff' sustainability awareness and promoting a low-carbon office environment	Posters/irregularly Education and training / irregular. Low-carbon office initiatives/ irregularly	Number of employees participating in low-carbon office initiatives	<ul style="list-style-type: none"> <li>Held 3 low-carbon diet days, reducing 350 single-use lunch containers</li> <li>1,123 employees completed annual ESG education training.</li> </ul>



## Material Topics

# Climate change management actions and strategies

## International frameworks and indicators

201-2 Financial implications and  
other risks and opportunities  
due to climate change  
305 Emissions

**Impact  
description**

Responding to or providing green finance to promote sustainable finance, facilitating value chain sustainability transformation. Addressing the issue of potential additional costs or seizing new business opportunities from transformation due to climate change, which involves both risks and opportunities. Assessment indicators include implementing carbon inventory and sustainable syndicated loans.

○ Actual

Potential

○ Positive

Negative

**Policy  
commitment**

HFC proactively responds to climate change issues and plans management measures, signed up for the Task Force on Climate-related Financial Disclosures (TCFD), and adopted the TCFD framework to disclose management actions for climate risks and opportunities, while gradually increasing the disclosure ratio to build a comprehensive climate change governance mechanism. In 2024, HFC's Board of Directors officially approved the "Sustainable Finance Policy", being committed to leveraging core business capabilities to drive social sustainability transformation.

Management actions	2024 Action performance tracking	Achievement overview	Short-term goals (1–3 years)	Mid-term and long-term goals (more than 3 years)
Implementing board oversight of climate change management	Relevant proposals for climate change management are reported to the Board of Directors quarterly; a total of four reports were submitted in 2024.	V	Continuously implementing the climate change governance mechanism to ensure the effectiveness of various actions	
Action performance tracking	The parent company and subsidiaries achieved 100% completion of the ISO 14064-1:2018 annual greenhouse gas inventory and passed third-party verification.	V	The parent company and subsidiaries continue to implement ISO 14064-1:2018 greenhouse gas inventory operations.	
	Scope 1 and Scope 2 greenhouse gas emissions totaled 1179.6562 metric tons, a 3% increase compared to the previous year.		Promoting diverse carbon reduction measures to reduce or at least maintain Scope 1 and Scope 2 greenhouse gas emissions.	
	Carbon emissions per million revenue decreased by 3% compared to the previous year.	V	Continuously improving carbon productivity; carbon emissions per million revenue decreased or remained at least flat compared to the previous year.	
	The first Scope 3 downstream product/service greenhouse gas emission inventory for the new car installment business was voluntarily conducted; with carbon emissions from new car installment products newly underwritten in 2024 totaling 104,784 tCO <sub>2</sub> e.	Annual new cases	Providing diverse installment services for environmentally friendly vehicles, with reduced Scope 3 downstream product/service greenhouse gas emissions compared to the previous year.	

Stakeholders	Management goal	Engagement channels	Quantitative tracking indicator	Management and engagement effectiveness
Government	Actively respond to Taiwan's 2050 net-zero goal and establish a sound governance mechanism	Annual report/annually ESG Report/annually Company official website/irregularly	Implement ESG public information disclosure in accordance with government regulations	Completed annual reporting for 2024 in June.
Corporate Customers	Provide green products and services to support industry sustainability transformation	Business visits/as needed Company official website/irregularly	Number of environmental protection-related industry cases underwritten	In 2024, HFC and its subsidiaries supported a total of 368 corporate service cases related to environmental protection industries.
Banks	Actively respond to the banking sustainable value chain and promote sustainable finance to facilitate sustainable transformation	ESG Report/annually Company official website/irregularly	Accumulated amount of participation in banking sustainable syndicated loans	As of 2024, the sustainable syndicated loan amount for HFC and its subsidiaries reached NT\$70.7 billion.

## 5.1 Climate change risk management

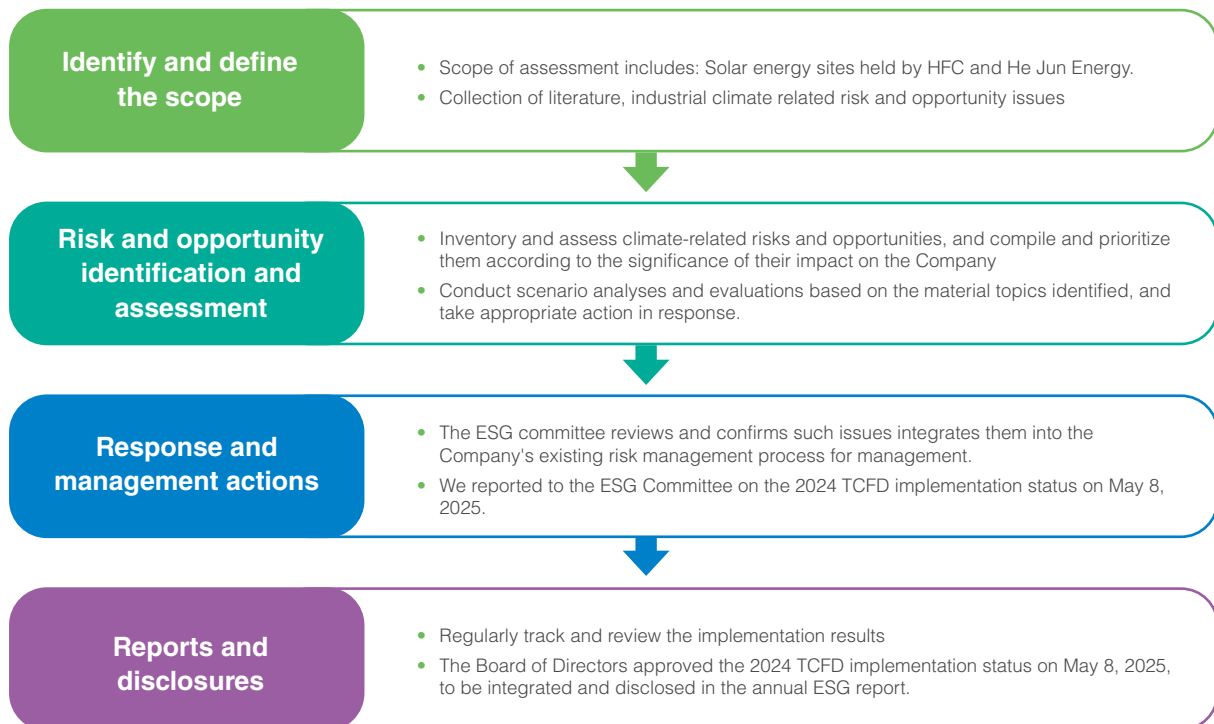
GRI 201-2

The world is facing the threat of climate change, and many countries are actively promoting climate change related management measures. Taiwan's government also announced the enforcement of the Climate Change Response Act in 2023, which raises the long-term goal of net-zero greenhouse gas emissions in 2050 to the level of an ordinance. This shows that the climate topic is very important to the future development of the world and the operation of enterprises. As a citizen of the world, HFC proactively responds to the issue of climate change and plans management measures. In 2021, we already signed up for the Task Force on Climate-related Financial Disclosures (TCFD) and adopted the TCFD framework recommended by the Financial Stability Board (FSB) to take actions and disclose climate risks and opportunities, and we increase the scope of disclosures year by year to build a complete climate change governance mechanism.

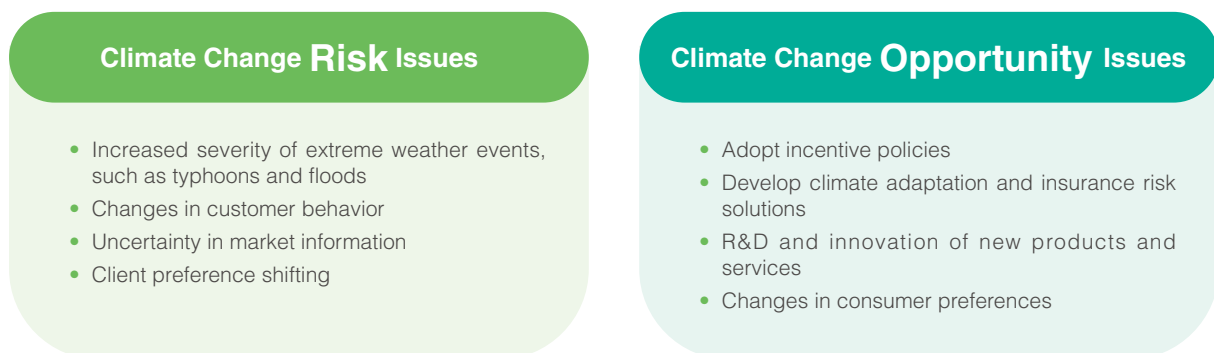
### ► HFC's climate change governance mechanism

Aspect	HFC Management Initiative	Implementation status in 2024
Governance	The climate change governance mechanism has the Board of Directors as the highest supervisory unit. Relevant issues are tracked and implemented by the environmental sustainability task force (Environmental Management Committee) under the ESG Committee, which also works with relevant company departments to promote the planning and implementation of the sustainable business. The committee holds at least two meetings annually and reports on the progress and results to the Board of Directors at least once.	<ul style="list-style-type: none"> <li>The status of greenhouse gas inventory implementation is reported to the Board of Directors quarterly.</li> <li>Two ESG Committee meetings were held.</li> <li>The 2024 TCFD implementation status was reported to the Board of Directors on May 8, 2025.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>According to the internal target management schedule of HFC, short-term is defined as having an impact less than three years, medium-term as three to five years, and long-term as greater than five years.</li> <li>We internally identify material climate risks and opportunities, assess potential operational impact of the topics on HFC, and plan future management measures and strategies.</li> </ul>	We identified a total of four risk topics and four opportunity topics, and set objectives and management actions accordingly.
Risk Management	HFC integrates the concept of climate risk into all operations and business contents, identifies potential climate risks/opportunities, analyze risks/opportunities, evaluates and decides on countermeasures, and manages them centrally and implements them at different levels according to their characteristics and impact levels in order to effectively control risks and opportunities.	<ul style="list-style-type: none"> <li>Based on the identified risks and opportunities, we propose measures to incorporate them into the Company's policies and implement them, which include the following:</li> <li>Professional staff training: <ol style="list-style-type: none"> <li>A total of three professionals from He Jun Energy have obtained power trading platform licenses.</li> <li>Two employees obtained SGS Greenhouse Gas Inventory Internal Auditor qualifications.</li> <li>Up to 1,123 employees completed basic greenhouse gas inventory courses.</li> </ol> </li> <li>Insurance against extreme climate risks</li> </ul>
Indicators and targets	<ul style="list-style-type: none"> <li>Implement greenhouse gas inventories and complete the disclosure of scope 1 and 2 emissions for companies in the consolidated financial statements, and increase the disclosure items for scope 3 emissions year by year.</li> <li>Identify carbon hotspots based on scientific inventory results, set short-, medium-, and long-term emission reduction targets, and disclose the achievement status on a regular basis.</li> <li>Comply with government regulations and requirements on environmental protection and energy; pay attention to the impact of climate change on business operations, regularly review environmental and energy-saving goals, and continuously improve our environmental management performance.</li> </ul>	<ul style="list-style-type: none"> <li>We completed the greenhouse gas inventory of the subsidiaries listed in the consolidated statements in 2024.</li> <li>We added Scope 3 new car installment product carbon emissions information.</li> </ul>

## 5.1.1 Climate change risk and opportunity identification process



We have made reference to international literature, collected and examined domestic and international industrial climate-related risks and issues, screened and compiled them, and examined the impact of climate change risks and opportunities from different perspectives through internal discussions, and then conducted a comprehensive assessment based on the likelihood of impact and the degree of impact to complete the ranking of materiality. Through the above evaluation procedure, we identified four climate change risk issues and four climate change opportunity issues, and the potential impacts and adaptive actions for the relatively material climate change issues are described below:



## 5.1.2 Material climate risk identification results and adaptive actions

Of the climate change risk issues, the issues with a relatively significant impact on HFC in terms of physical and transition risks are as follows: Physical risks: the increased severity of extreme weather events, such as typhoons and floods with immediate physical risks; transition risks: market risks from changes in customer behavior and uncertain market information and reputation risk from a change in consumer preferences. The potential impacts and corresponding adaptation actions are stated below:

Category	Climate Change Risk Issues:	Potential impact on company operations	Impact period	Extent of financial impact	Adaptation management strategies and goals
<b>Physical risk</b>					
<b>Immediate Risk</b>	Increased severity of extreme weather events, such as typhoons and floods	The damage caused by climate change to solar power sites as well as the potential impact of the solar power sites on the environment will influence the perception of the public of the enterprise.	Mid- and long-term	Losses or business interruption caused by natural disasters may not only increase costs but reduce revenue.	Use appropriate building materials for solar power sites with safety as the principle; for example, use reinforcing steel as the construction benchmark to respond to the solar power sites in the nearshore.
<b>Transition risk</b>					
<b>Market Risk</b>	Changes in customer behavior	As customers become more aware of climate change, their preferences for products/services change, which may result in a change in purchasing decisions, such as a reduction in personal ownership of automobiles, or a customer's request for products and services that go beyond the current requirements for compliance with environmental standards, may result in a loss of market share if not provided or met.	Medium term	Decrease in market share affects the Company's revenue	We actively strive to understand market trends, pay attention to customer needs, and adjust our products and services in real time, such as offering preferential interest rates for eco-friendly vehicles.
	Uncertainty in market information	Changes in international trends and domestic policy adjustments may lead to changes in the market supply and demand structure. Uncertain market information can affect a company's lead time and operations, such as legislation to reduce the use of fuel vehicles resulting in a decline in the price of used fuel vehicles, which can affect its debt guarantees, incentives for ridesharing or use of public transportation, which can indirectly affect business.	Mid- and long-term	Collateral value and operation preparation time are impacted, and costs rise	We regularly review and understand international and domestic policy trends to keep abreast of market information and prepare in advance for responses and at the same time, continue to develop and design products and services related to environmental protection.
<b>Reputation Risk</b>	Client preference shifting	The government's continuous promotion of the development of a low-carbon economy may affect customers' consideration when selecting products. If clients perceive a company as a wrong-doer with respect to climate change, or if it does not have a clear image of environmental protection or climate change mitigation, it will affect the perception of the company.	Mid- and long-term	Poor ESG performance or lack of sustainable products or services of brands affect consumers' or customers' willingness to collaborate, resulting in a decrease in revenue	We continue to understand the market trends and actively design and promote green and environmental protection related products and services.

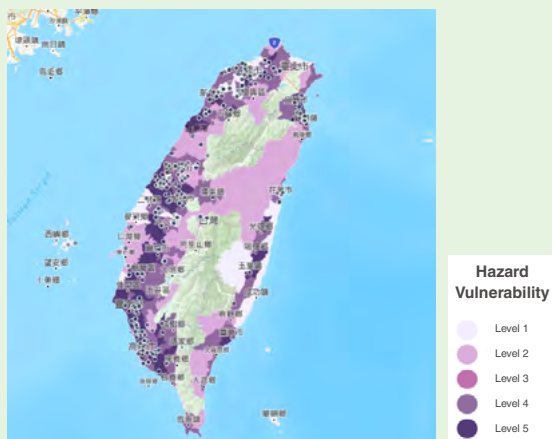
## ► Scenario analysis of material risk topics: physical risks - increased severity of extreme weather events, such as typhoons and floods

A scenario analysis model has been introduced to analyze the financial impacts on material climate risks and opportunities at future time points under climate scenarios. Based on the results of climate change risk identification, the physical risk "increase in the severity of extreme weather events, such as typhoons and floods" is selected for financial quantitative analysis.

- ❖ Assessment scope : Taiwan's solar power plants under He Jun Energy
- ❖ Assessment period : 2041–2060
- ❖ Assessment description : HFC promotes green energy investment and established He Jun Energy to engage in the solar energy business. As of the end of 2024, He Jun Energy had a total of 309 metered power plants in Taiwan, all of which are important assets of the Company. Extreme climate events are one of the short-term risks in the 2024 Global Risk Report. Typhoons and flooding may cause damage to solar power plants, resulting in increased operating costs and reduced power generation revenues. HFC uses scientific scenario analysis to understand the potential financial impact of extreme climate events before they actually occur.
- ❖ Driving factors : Solar power plants may suffer losses due to extreme weather events, such as typhoons and floods
- ❖ Potential financial impact : Increased operating costs
- ❖ Climate scenario : According to the flood risk assessment tool of the "Taiwan Climate Change Projection and Information Platform Project (TCCIP)" of the Ministry of Science and Technology, the potential flood range and its impact on solar power plants under different scenarios are analyzed. The climate change scenario settings in the Sixth Assessment Report (AR6) published by the IPCC in 2021 were adopted in the assessment, along with the results of multiple research communities in the international climate change research field.

### SSP5-8.5 scenario

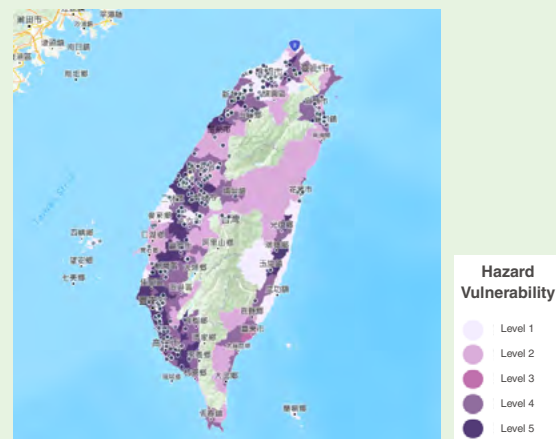
The hazard and vulnerability is divided into five levels in the analysis results map and level 5 is the highest risk. A total of 111 solar power plants are located in the level 5 risk areas. When typhoons and other extreme weather events strike, a power plant's power generation performance may decrease, and the power plant or unit may be damaged; thus, the potential exposure amounted is about NT\$31 million



Mid-Century (2041-2060) Hazard Vulnerability Map

### SSP1-2.6 scenario

The hazard and vulnerability is divided into five levels in the analysis results map and level 5 is the highest risk. A total of 89 solar power plants are located in the level 5 risk areas. When typhoons and other extreme weather events strike, a power plant's power generation performance may decrease, and the power plant or unit may be damaged; thus, the potential exposure amounted is about NT\$27 million



Mid-Century (2041-2060) Hazard Vulnerability Map



❖ Response measures :

- 1.Natural disaster insurance: The latest annual insurance expenditure is approximately NT\$7.18 million.
- 2.At the stage of site selection, design and installation, we are careful to ensure the stability of the power generation system. In addition, we have taken waterproofing into account in our wiring and design.
- 3.In order to ensure that the possible impacts of disasters are minimized, each power plant is covered with relevant natural disaster insurance.

## 5.1.3 Material Climate Opportunity Identification Results and Adaptive Actions

Among the various climate change opportunity issues, those that have a relatively material impact on HFC are the adoption of incentive policies for energy sources, as well as products and services related to the development of climate adaptation and insurance risk solutions, the development of new products and services for R&D and innovation, and changes in consumer preferences. The potential impacts and corresponding adaptation actions are stated below:

Category	Climate Change Opportunity Issues	Potential impact on company operations	Impact period	Extent of financial impact	Adaptation management strategies and goals
Energy source	Adopt incentive policies	By responding to government policies in the design and planning of products or services and developing new energy services, we can obtain relevant government incentives to reduce operating costs.	Mid-to-long-term	Reduce investment costs and increase revenue	We regularly conduct in-depth research on government policies in order to develop product and service related proposals and actively seek relevant incentives.
Products and services	Develop climate adaptation and insurance risk solutions	By combining the diversified products of the parent company Hotai Group, the Company integrates and plans its related services to reduce climate exposure and further increase revenue	Mid-to-long-term	Provide diverse products and services to increase revenue	We actively research and develop relevant systems to maintain a leading business model to increase opportunities for products or services.
	R&D and innovation of new products and services	By combining the green products of the parent company Hotai Group, the Company designs and plans new products and services to enhance corporate image and brand influence, and gain support from customers and investors.	Medium term	Increase new products and service opportunities and strengthen customers' and investors' support	We are dedicated to designing new products and services, and strengthening our website and external promotion.
	Changes in consumer preferences	We are developing the business diversification and actively cooperating with the new energy policies of Taipower and various levels of government to develop supporting measures in order to obtain the first opportunity for green energy investment in the market.	Mid-to-long-term	Seize opportunities for investment in green energy early to increase revenue	Increase the target and amount of financing for green industry customers year by year.



## ► Scenario analysis of material opportunity topics: products and services - research and innovation in developing new products and services

While actively promoting energy saving and carbon reduction within the company in response to climate change, HFC also develops its solar energy business. HFC, together with Hotai Motor and Hoyo Investment, established He Jun Energy, which is dedicated to the development of solar power plants and energy storage business in response to the energy transition policy. Furthermore, we also provide a one-stop green solution to our stakeholders, which demonstrates the importance of "green investment" in the realization of net-zero emissions by HFC.

Following the results of the climate change opportunity identification, we selected the "R&D and innovation in developing new products and services" for quantitative financial analysis.

- ❖ Assessment scope : Taiwan's solar power plants under He Jun Energy
- ❖ Assessment period : 2024
- ❖ Assessment description : Taiwan's pathway to net zero by 2050 has been announced, and energy transition is one of the four major strategies, which will further increase the demand for green electricity in Taiwan. HFC established He Jun Energy to actively develop the solar power business, which will increase operating revenue.
- ❖ Driving factors: The demand for green electricity will increase in the future. Participating in the development of renewable energy, such as solar energy, may increase operating revenue.
- ❖ Potential financial impact : Increased income from feed-in tariff of power
- ❖ Assessment results : As of the end of 2024, the installed capacity of He Jun Energy's metered solar power plant had reached 88.1MW, and the power generated by the plant is now under the feed-in tariff. The annual revenue from electricity sales amounted to NT\$430 million.
- ❖ Response measures : Annual expenditure on advertising and talent training is approximately NT\$151,000.
  1. With the successive amendments to the Electricity Act and the Renewable Energy Development Act, the government has fully liberalized the use of renewable energy for direct supply, sub-supply, and free trading of electricity to provide businesses with diverse choices when purchasing electricity. In light of the diversified development of the electricity trading market in the future, He Jun Energy encourages its employees to participate in training and obtain relevant certificates, and actively cultivates internal green talents in order to grasp the market opportunities. As of the end of 2024, a total of 4 professionals from He Jun Energy have obtained power trading platform licenses.
  2. After the installation of the solar power plant, there is a need for good maintenance. Moreover, HFC has entered the solar power market for the first time, and therefore has to actively promote its business expansion and enhance its market recognition.



- ❖ Assessment scope : HFC's new car (automobile) installment business
- ❖ Assessment period : 2024
- ❖ Assessment description : Taiwan's Pathway to Net-Zero Emissions in 2050 has been announced. In the transportation aspect, the Ministry of Transportation and Communications promotes the transition into "vehicle electrification and decarbonization" in its a decarbonization strategy for the transportation sector and sets targets, including achieving 60% electric vehicles in new vehicle sales by 2030, banning the sale of internal combustion engine vehicles by 2035, and ensuring 50% of new heavy goods vehicles sold are electric by 2035.
- ❖ Driving factors : As the Ministry of Transportation and Communications announces transportation carbon reduction strategies and provides subsidies for vehicle replacement, consumers are encouraged to purchase vehicles with higher energy efficiency or environmentally friendly models; thus, consumer preferences are shifting.
- ❖ Potential financial impact : Seize new sustainable business opportunities and increase revenue from environmentally friendly vehicle installment business.
- ❖ Assessment results : HFC is a leading brand in Taiwan's vehicle installment business. This business has long been a development focus for the Company, integrating TOYOTA and LEXUS dealer channels to meet the public's mobility needs. HFC responds to the government's vehicle electrification and decarbonization policies by providing consumers with diverse installment service options for environmentally friendly vehicles. In 2024, it also conducted its first voluntary inventory of Scope 3 carbon emissions for new car financing cases.

New car fuel type	Scope 3 emissions (tCO <sub>2</sub> e)	Percentage
Gasoline	84,886.6472	81.01%
Hybrid vehicle	19,832.5242	18.93%
Pure electric vehicle	65.5275	0.06%

Note: The emissions of new cars with different fuel types are estimated by comprehensively referring to the vehicle energy consumption data from the Energy Administration, Ministry of Economic Affairs, the Ministry of Transportation and Communications' survey report on the usage of privately-owned passenger cars (average annual mileage of small vehicles), the gasoline vehicle emission factors announced by the Ministry of Environment, and the electricity carbon emission factors from the Energy Administration of the Ministry of Economic Affairs.

- ❖ Response measures: :
  - 1.From the carbon emission information of new car installment financing underwritten by HFC in 2024, it can be seen that gasoline vehicles still account for the majority of emissions, approximately 81%; environmentally friendly vehicle models (including hybrid and pure electric vehicles) account for approximately 19% of carbon emissions.
  - 2.We actively promote sustainable finance. The financed amount for environmentally friendly vehicles has grown annually over the past three years, reaching NT\$22.18 billion in 2024. In the future, we will continue to provide and promote environmentally friendly vehicle installment services and strive to meet customer mobility needs while also reducing carbon emissions.

## 5.2 Natural Environment Risk Management

The 15th United Nations Biodiversity Conference (COP15) adopted "Living in harmony with nature" as the global 2050 sustainable vision. Various parties reached a "30 x 30" consensus on the Kunming-Montreal Global Biodiversity Framework, targeting 30% protection of global terrestrial and aquatic areas by 2030. Ensure the species diversity of key regions with high biodiversity (including ecosystems with high ecological integrity); or ensure that by 2030, at least 30% of degraded terrestrial, inland water, coastal, and marine ecosystems are effectively restored and protected.

### 5.2.1 Natural environment risk and opportunity identification process

HFC belongs to the finance and leasing industry. Its products and services do not require the large-scale use of natural resources (such as soil, minerals, or timber), and its business activities do not significantly harm the natural environment and resources. However, HFC actively responds to the United Nations 30X30 Biodiversity Initiative and voluntarily follows the Taskforce on Nature-related Financial Disclosures (TNFD) framework and the LEAP methodology to analyze the impact of its operating activities on the natural environment.

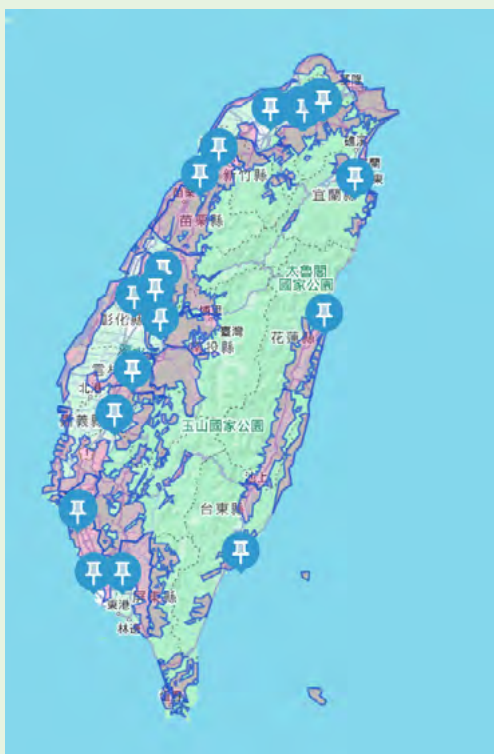
Stage	Identification results		
Locate	Assessment scope: In 2024, HFC prioritized identifying natural environment risks and opportunities related to its "direct business operations" at its operating locations in Taiwan.		
Evaluate	Dependency	Although HFC's business operations do not require high dependence on natural resources energy and resource use in its daily operations (especially water and paper consumption) still requires services from upstream suppliers.	
	Impact	Employees may travel to areas with biological sensitivity due to business needs, which may indirectly impact the natural environment; in addition, general waste generated during the Company's operations may harm the surrounding environment if not properly managed, and even breed disease vectors, such as mosquitoes.	
Assess	HFC conducted assessment of the two major aspects of dependency and impact and identified the following three risk factors directly or indirectly related to the Company's operations:		
	Disease vectors and disease transmission	Water resources	Natural environment pollution
	<ul style="list-style-type: none"><li>• Risk level: Medium</li><li>• Impact description: Extreme climate leads to the spread of disease vectors (such as dengue fever) to the northern regions of Taiwan; or accelerates the mutation rate of viruses, impacting employee health.</li></ul>	<ul style="list-style-type: none"><li>• Risk level: Low-medium</li><li>• Impact description: Drought events affect the Company's water demand.</li></ul>	<ul style="list-style-type: none"><li>• Risk level: Low</li><li>• Impact description: Failure to implement proper waste sorting and recycling, or employees traveling to biologically sensitive areas during business visits without relevant awareness, may lead to business activities potentially harming the local natural environment.</li></ul>
Prepare	Disease vectors and disease transmission	Water resources	Environmental pollution
	<ul style="list-style-type: none"><li>• Prevention: Implement environmental disinfection and awareness-raising events to maintain a clean office environment.</li><li>• Mitigation: We launch carbon reduction initiatives.</li></ul>	Although HFC is not a large water user, it actively promotes various water-saving measures in its daily office operations, including installing water-saving faucets and promoting water conservation.	<ul style="list-style-type: none"><li>• Prevention: Implement waste sorting and conduct sustainability education and training courses to raise employee sustainability awareness.</li><li>• Mitigation: Launch wetland conservation projects and beach cleanup activities to remove waste or invasive species that negatively impact the environment.</li></ul>

## 5.2.2 Natural environment sensitivity analysis

In order to implement the above risk management related to natural environments, in 2024, we further analyzed the correlation between its business locations in Taiwan and biodiversity-sensitive areas in 2024. By promoting issues related to business operations and employee behavior, we enhance employees' understanding of their surrounding environment and sustainability awareness through actions, such as annual ESG training for all staff, wetland conservation programs, and beach cleanups, to create vital momentum for global sustainability. For detailed actions, please refer to "[6.4 Environmental Protection](#)".

GIS overlay analysis shows that most of HFC's business locations are not situated within biodiversity conservation belt area hotspots, thus not directly impacting habitat or biodiversity development. However, some locations overlap with green network focus areas. Considering the potential interconnectedness of regional living spaces, and the inability to ensure whether employees' daily activities (such as business visits and recreation) will touch upon hotspot areas, the Company enhances employees' sensitivity to biodiversity through company-wide ESG education and training, environmental education, and volunteer activities.

National Land Ecological Green Network  
Focus Areas



Regarding the green network, the focus areas excluded metropolitan areas, and we comprehensively considered aspects, such as habitat types, target animals and plants, and identification purposes. A total of 39 terrestrial focus areas on the main island of Taiwan and 5 outlying islands (Lanyu, Green Island, Kinmen, Penghu, and Matsu) have been identified. HFC conducted GIS overlay analysis based on the scope of these focus areas.

National Land Ecological Green Network  
Area - Conservation Belt Area



The conservation belt areas mainly connects forests, rivers, villages, and seas and categorizes major biological habitat types into 5 categories: hills, streams, plains, coasts, and other offshore islands. HFC refers to the 45 "National Land Ecological Green Network Area - Conservation Belt Area Hot Spots" identified by the Forestry and Nature Conservation Agency, Ministry of Agriculture and conducts GIS overlay analysis.

## 5.3 Greenhouse gas management

GRI305

HFC understands that grasping the completeness and correctness of greenhouse gas emission data is the first step in effective management to cope with climate change. To effectively keep abreast of the impact of climate change on the Company, we took a step ahead of the government's policy schedule, adopted the international ISO 14064-1: 2018 standards in 2021, and conducted greenhouse gas inventory. Although HFC is not a largest emitter of carbon dioxide emissions, we still adopted strict standards for self-inspection. In addition to categories 1 and 2 emissions disclosed as mandatorily required, we voluntarily conducted inventory of categories 3 and 4 emissions related to the operations. In 2023, HFC completed the greenhouse gas inventory for the parent company and consolidated subsidiaries in 2023 and obtained third-party verification from SGS Taiwan Ltd.

### ► HFC's greenhouse gas inventory information for the last 3 years

Scope		Item	2022	2023	2024
Taiwan <sup>Note 1</sup>	Scope 1	Emissions (tCO <sub>2</sub> e)	286.2648	372.6235	372.8171
		Intensity (tCO <sub>2</sub> e/million NTD)	0.0187	0.0189	0.0177
	Scope 2	Emissions (tCO <sub>2</sub> e)	736.8085	773.2749	806.8391
		Intensity (tCO <sub>2</sub> e/million NTD)	0.0483	0.0391	0.0384
	Scope 3	Emissions (tCO <sub>2</sub> e)	217.3799	241.4787	249.1683
Overseas <sup>Note 2</sup>	Scope 1	Emissions (tCO <sub>2</sub> e)	-	1,067.8114	693.7382
		Intensity (tCO <sub>2</sub> e/million NTD)	-	0.2486	0.1425
	Scope 2	Emissions (tCO <sub>2</sub> e)	-	484.9859	542.6347
		Intensity (tCO <sub>2</sub> e/million NTD)	-	0.1129	0.1115
	Scope 3	Emissions (tCO <sub>2</sub> e)	-	344.5422	280.1593
Taiwan + Overseas	Scope 1	Emissions (tCO <sub>2</sub> e)	-	1,440.4349	1,066.5553
		Intensity (tCO <sub>2</sub> e/million NTD)	-	0.0599	0.0368
	Scope 2	Emissions (tCO <sub>2</sub> e)	-	1,258.2608	1,349.4738
		Intensity (tCO <sub>2</sub> e/million NTD)	-	0.0523	0.0466
	Scope 3	Emissions (tCO <sub>2</sub> e)	-	586.0209	529.3276
Inventory coverage ratio			67%	100%	100%
External inspection unit			SGS Taiwan		

Note 1: The Taiwan inventory boundary includes 100% of the locations of HFC, He Jing, He Jun Energy, and Hotai Finance Development.

Note 2: The overseas inventory boundary includes 100% of the locations of Hoyun International Lease Co., Ltd.

Note 3: Scope 1 direct greenhouse gas emissions (category 1): The sources of greenhouse gas emissions that are directly owned or controlled by the Company are mainly gasoline for company cars and refrigerants for air-conditioning systems. Note 3: Greenhouse gases include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and HFCS.

Scope 2 indirect energy emissions (category 2): Purchased electricity. Greenhouse gases include CO<sub>2</sub>.

Scope 3 Other indirect emissions (category 3-6): The organization conducts inventory based on the results of significant assessment of its emission sources, including upstream energy sources, business travel (taxi), waste disposal, and tap water. Greenhouse gases include CO<sub>2</sub>.

Note 4: Intensity (tCO<sub>2</sub>e / million NTD) = Emissions (tCO<sub>2</sub>e) / Operating revenue (million NTD). The volume of "direct emissions" include Scope 1 emissions, and the emissions of "indirect energy emissions" include Scope 2 emissions.

Note 5: We adopt the operational control method for the GHG organizational boundary setting method.

Note 6: The inventory coverage ratio is calculated based on the revenue proportion within the inventory boundary.

Note 7: Calculation according to the emission factor method: Greenhouse gas emissions = activity data x emission factor x global warming potential (GWP). Global warming potential (GWP) in the "Intergovernmental Panel on Climate Change (IPCC) 2021 AR6" is adopted.

Note 8: HFC does not emit ozone-depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), or other significant gas emissions.

## ► Greenhouse gas reduction goals, strategies, and specific actions

Responding to the Hotai Group's "2050 Carbon Neutral" goal as a sustainable vision, HFC has been tracking greenhouse gas emissions and set up an environmental policy statement. To realize the goal of sustainable environment, we actively develop green finance and green energy on the basis of our core business in line with international trends and standards.

Based on ISO 14064- 1: 2018 inventory results, we regularly track emission hotspots, review and adjust management actions on a rolling basis, establish an EMS information system, implement an environmental culture, and disclose information to the public. In HFC's industry, emission hotspots are identified as "Scope 1 gasoline use, Scope 2 electricity consumption, and Scope 3 water use and waste disposal." The company prioritizes setting 2050 emission reduction targets for its Taiwan operations (including subsidiaries).

Scope	Subject Matters	Action strategy	2050 net-zero goal	YoY quantitative indicator tracking	
				2023	2024
Scope 1	Gasoline	<ul style="list-style-type: none"> <li>Replace company-leased vehicles with electric/hybrid vehicles</li> <li>Encouragement of public transportation</li> </ul>	Zero-pure fuel vehicles	Proportion of non-pure fuel vehicles: 30.6%	<ul style="list-style-type: none"> <li>Proportion of non-pure fuel vehicles: 72%</li> </ul>
Scope 2	Electricity	<ul style="list-style-type: none"> <li>Optimization of air conditioning operations</li> <li>First-class products for promotion of electrical appliances</li> </ul>	Improve energy efficiency Use efficiency	<ul style="list-style-type: none"> <li>Per capita electricity consumption: 1,320.52 kWh</li> <li>Average electricity consumption per million NTD revenue 84.09 kWh</li> </ul>	<ul style="list-style-type: none"> <li>Per capita electricity consumption: 1,372.89 kWh</li> <li>Average electricity consumption per million NTD revenue 83.03 kWh</li> </ul>
		<ul style="list-style-type: none"> <li>Use renewable energy</li> <li>Promotion of green energy business</li> </ul>	Purchased electricity Net-zero carbon emissions	<ul style="list-style-type: none"> <li>211 metered solar power plants, with total installed capacity of 60.1MW and estimated annual carbon reduction benefit of 36,593 tons of CO<sub>2</sub>e.</li> </ul>	<ul style="list-style-type: none"> <li>The head office introduced green electricity in November 2024, with an estimated annual carbon reduction benefit of 90 tons of CO<sub>2</sub>e.</li> <li>309 metered solar power plants (↗ 46%), with total installed capacity of 88.1MW and estimated annual carbon reduction benefit of 55,534 tons of CO<sub>2</sub>e.</li> </ul>
Scope 3	Water consumption	<ul style="list-style-type: none"> <li>Installation of water-saving devices</li> <li>Promote water conservation</li> </ul>	Per capita water consumption decreased by 1% or remained flat compared to the previous year.	<ul style="list-style-type: none"> <li>Per capita water consumption: 9.03 kL</li> <li>Average water consumption per million revenue is 0.58 cubic meters.</li> </ul>	<ul style="list-style-type: none"> <li>Per capita water consumption: 6.86 kL</li> <li>Average water consumption per million revenue is 0.41 cubic meters.</li> <li>Carbon reduction benefit of 0.308 tons of CO<sub>2</sub>e.</li> </ul>
	Waste	<ul style="list-style-type: none"> <li>Promote paper-free digitalization</li> <li>Reduce waste and water consumption for paper disposal</li> </ul>	Promote paperless operating environment	<ul style="list-style-type: none"> <li>Digitalization of work environment saved 26.8 million sheets of paper, equivalent to a reduction of 204,030 kg of CO<sub>2</sub>e.</li> <li>Volume of recycled paper destroyed by water: 8.26 tonnes</li> </ul>	<ul style="list-style-type: none"> <li>Digitalization of work environment saved 9.6 million sheets of paper, equivalent to a reduction of 59,498 kg of CO<sub>2</sub>e.</li> <li>Volume of recycled paper destroyed by water: 6.27 tonnes</li> </ul>



## 5.4 Operating Environment Management

Since HFC formulated its environmental policy in 2020, we have taken eco-friendly actions in daily operations in all aspects of the operations. We regularly carry out relevant maintenance work in the office environments and operating sites, and employees implement the 5S Principles as required. Through Seiri (sort), Seiton (set in order), Seiso (clean and check), Seiketsu (standardize), and Shitsuke (self-discipline), we have established daily habits of energy and resource conservation and resource recycling. We also manage our operating environments according to the division of responsibility, conduct operating environment management to create a low-carbon space, and regularly discuss the results and improvement methods, enabling employees to develop such environmental habits unconsciously in alignment with our corporate culture, to move toward green lifestyles. We also actively manage and follow up on the use of various resources and have formulated relevant regulations on energy management, water resources management, and waste management. Our operating locations and office environments are also regularly managed and inspected in accordance with applicable public safety building regulations and fire regulations.



[Environmental Policy](#)



### ► Implementation of green office in 2024

Subject Matters	Details	Implementation in 2024
<b>Reduction from the source</b> 	<ul style="list-style-type: none"> <li>Paper / PET bottles / general waste</li> <li>The head office promoted paperless hand drying in restrooms.</li> <li>The head office implemented photocopying password control.</li> <li>The head office innovatively held a low-carbon diet day in 2024.</li> <li>We recycled and reused office supplies, such as paper clips, folders, and bulldog clips.</li> </ul>	<ul style="list-style-type: none"> <li>Regular cleaning and resource sorting daily</li> <li>Approximately 60 fewer bags of paper towels were used per month on average.</li> <li>Nearly 10,000 fewer sheets of photocopying paper were used per month on average.</li> <li>350 single-use lunch containers were saved.</li> </ul>
<b>Saving energy and resources</b> 	<ul style="list-style-type: none"> <li>Lights were turned off for half an hour at noon daily.</li> <li>LED lighting in the office</li> <li>Install energy-saving equipment</li> <li>Energy-saving patrol team</li> </ul>	<ul style="list-style-type: none"> <li>The practice of turning off lights for half an hour at noon daily was extended to all Taiwan locations.</li> <li>Over 90% of operations bases in Taiwan use LED lamps; in 2024, Taitung operation will be launched, and the lamps are planned to be replaced.</li> <li>Sensor faucets and water-saving toilets were installed in the head office restrooms.</li> <li>The energy-saving patrol team conducted an energy health check for the head office and provided six feedback items as a reference for internal energy management optimization.</li> </ul>
<b>Green purchases</b> 	Prioritize procurement of products with environmental, energy, water, and green building material labels	Green procurement amounted to NT\$21.71 million.
<b>Environmental greening and beautification</b> 	Install portable green plants to improve indoor air quality.	We set up green plants in public areas of the office (such as pantry rooms, meeting rooms, etc.).
<b>Advocacy and dissemination</b> 	<ul style="list-style-type: none"> <li>Set up energy-saving slogans and send out promotional e-newsletters.</li> <li>Call on employees to engage in environmental protection actions</li> </ul>	<ul style="list-style-type: none"> <li>We installed energy-saving promotional cards at the switches in pantry rooms and on electrical equipment</li> <li>94 habitat and environmental conservation activities were held.</li> </ul>



## 5.4.1 Energy Management

GRI2-4、302-1、302-3

The energy consumed at HFC's operating locations in Taiwan is mainly purchased electricity. To promote the concept of energy conservation and carbon reduction in the office environment and operating locations, we hold a "passing through five checkpoints activity" by asking employees to check if the computers, lights, air-conditioners, multi-function printers and extension cord switches are turned off in the workplace when they get off work. The lights in the office are turned off during lunch breaks, and the temperature of the air conditioners is set at 26° C, thereby achieving sustainable development. In 2024, the per capita electricity consumption of HFC and its Taiwan subsidiaries was 1,372.89 kWh, an increase of 3.97% compared to the previous year. In the future, HFC will also actively promote the introduction of energy-saving measures to continuously improve energy efficiency. In addition, in November 2024, the head office of HFC officially introduced green electricity, with an estimated annual carbon reduction benefit of 90 tons.

Regarding automotive gasoline, in order to promote the net zero goal, HFC its Taiwan subsidiaries have gradually increased the proportion of electric company cars. In 2024, there were a total of 68 company vehicles, including 2 pure electric vehicles, 47 gasoline-electric hybrid vehicles, and 19 gasoline vehicles. The proportion of pure electric and gasoline-electric hybrid vehicles is "72%." The total consumption of gasoline was 123,320.04 liters, and the consumption per unit was 1,271.34 liters. The energy consumption per unit of gasoline has significantly decreased.

### ► Energy consumption of HFC over the years

Year		2022		2023		2024	
Category		Energy usage	Consumption per unit	Energy usage	Consumption per unit	Energy usage	Consumption per unit
Automotive gasoline (liters)		114,470.00	Per unit consumption 1,506.18	119,628.35	1,514.28 per unit	123,320.04	1,271.34 per unit
Electricity (kWh)	Non-renewable energy	1,447,561.00	1,324.39 per capita	1,562,172.00	1320.52 per capita	1,702,192	1372.89 per capita
	Renewable energy					44,119	
Energy consumption (GJ)	Automotive gasoline	3,738.43		3,906.71		4,027.27	
	Electricity	5,211.22		5,624.83		6,286.72	
	Total	8,949.65		9,531.54		10,313.99	
Energy Intensity (GJ/NTD million)		0.587		0.513		0.490	

Note 1: Energy consumption is based on the information disclosure of operating locations in Taiwan.

Note 2: Energy heating value coefficients are based on the energy product unit heating value table from the Bureau of Energy, Ministry of Economic Affairs  
1 liter of motor gasoline  $\approx$  0.03265704GJ; 1kWh of electricity  $\approx$  0.003600648 GJ

Note 3: The "consumption per unit" is defined as the average liters of automotive gasoline per vehicle, and the electricity is the per capita kWh of electricity consumption.

Note 4: Energy intensity (GJ / million NTD) = Energy consumption (GJ) / HFC's revenue (million NTD); the 2023 data includes only HFC (individual entity); 2024 includes subsidiaries in the Taiwan region.

Note 5: Data restatement, corrected per unit consumption of vehicle gasoline for 2023, mainly due to adjustments in the number of vehicles.

## 5.4.2 Water resource management

GRI 303-1 、 303-2 、 303-3

The source of water used by HFC and its Taiwan subsidiaries is 100% from the Taiwan Water Corporation. We do not use groundwater or other natural water bodies or other organizations' water sources. According to the Aqueduct Water Risk Atlas (AWRA) developed by the World Resources Institute (WRI), Taiwan is not located in an area with high or extremely high baseline water stress.

The water at each business location is for employees' use only. The used domestic wastewater is discharged through the sewerage system. After treatment through the sewerage system, the water quality met the discharge standard before being discharged into the natural water bodies; therefore there was no adverse impact. In addition, we have also installed water conservators to regulate the water output and eliminate unnecessary water waste. In 2024, the total water consumption of HFC and its Taiwan subsidiaries was 8.721 million liters. Per capita water consumption decreased by 24%, and water efficiency improved, with average water consumption per million revenue reduced by 28%." The industry to which HFC belongs is not a major water user. Future efforts will continue to strengthen the implementation of water-saving initiatives to enhance environmental awareness.

### ► Water consumption of HFC over the years

Year	2022	2023	2024
Total water consumption/ water withdrawal (million liters)	9.435	10.696	8.721
Per capita water consumption (kL/person)	8.63	9.04	6.86
Average water consumption per million revenue (cubic meters/million revenue)	0.62	0.58	0.41

Note 1: Water consumption is based on the information disclosure of operating locations in Taiwan.

Note 2: The units of water usage are based on the monthly meter reading and billing for each unit, which may differ from the actual water usage.

Note 3: Water consumption per capita (kiloliters/person) = Total water consumption (kiloliters) / Total number of employees (persons).



## 5.4.3 Waste management

HFC is not in manufacturing industry, and thus the wastes generated during its operations are mainly domestic wastes. In order to reduce the impact of waste disposal on the environment, we implement waste classification and resource recycling in the workplace daily. We also adhere to the concept of environmental protection, Three R, to further reuse resources. In addition, waste paper generated from paper consumption in HFC's daily administrative operations is the majority of waste. In recent years, the Company has actively promoted a "paperless" workflow, and the quantity of paper recycled for disposal in 2024 has significantly decreased compared to previous years.

### ► Results of implementation of the 3Rs

#### Reduce



- Promote the use of HFC's diverse digital services and APPs among customers to create paperless billing and mobile services.
- Sales personnel use the EZ Loan APP and Golden Motor Loan App for online loan approval.
- Use the mobile sign off app for management sign off to improve operational efficiency and save paper usage.
- Equipped office machines with copy control functions to prevent unnecessary paper waste.

#### Reuse



- Encourage employees to use double-sided printing, recycle paper, and take other actions to reduce resource waste.

#### Recycle



##### Paper recycling and destruction operations

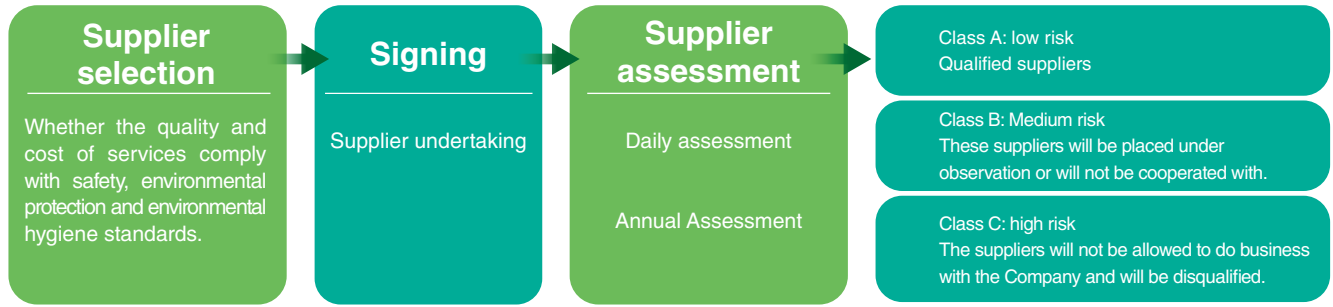
Volume of paper destroyed by water	2022	2023	2024
Number of boxes recycled (units)	1,503	836	634
Weight of boxes recycled (tonnes)	15.15	8.26	6.27

Note: Paper destruction operations means sending confidential data to the destruction area, mixing it with boiling hot water, and then beating it into pulp. HFC appoints an external third-party business to shred documents by water and record the number and weight of the boxes of documents shredded based on the shredding list.



# 5.5 Sustainable supply chain management

HCF formulated a supplier management policy in 2020. In addition to ensuring suppliers' quality, delivery, prices, and services, we require suppliers to follow relevant regulations in the fields of safety, environmental protection, and environmental sanitation, to improve the business performance of both parties, maintain basic human rights and labor rights, and, more importantly, fulfill corporate social responsibility.



## ► Key points of supplier assessment

Annual Assessment	<ul style="list-style-type: none"><li>• Quality: Stability of quality in construction, supply, etc.</li><li>• Cooperation: Suppliers' timeliness and cooperation with the Company's needs.</li><li>• Acceptance: If acceptance is up to standard.</li><li>• Occupational safety incidents: Whether or not the supplier has had occupational safety incidents.</li><li>• Ethical management: Each supplier's construction project is completed on time, and the quality, price, acceptance, service, and cooperation are all up to standard.</li><li>• ESG issues: Environmental protection (such as use of cleaning products with environmental labels) and human rights assessment.</li></ul>
Daily assessment	<ul style="list-style-type: none"><li>• We keep records of any periodicities that occur with our suppliers on a daily basis to provide a basis for an annual assessment.</li></ul>

In addition, we will conduct evaluations of the list of registered suppliers on an annual and daily basis. We classify and grade suppliers for effective management and keep abreast of the overall situation of the supply chain at every step. Our management methods include written review, inspection of daily supplier records, or on-site audit. We also manage and evaluate suppliers' quality, work accepted, cooperation, construction site safety incidents, and ESG issues as the basis for risk management. The evaluation results are divided into three levels. The suppliers who pass the evaluation will sign the supplier commitment to commit themselves to pursuing the goal of corporate sustainable development with HFC, thereby consolidating the partnership between both parties to enhance mutual trust and growth.

HFC's suppliers are mainly in the fields of construction and repair, office furniture, network/telecommunications, air conditioners, and photocopying/office machines. We conduct a supplier assessment per year and require them to comply with government regulations on occupational safety and personnel management. In 2024, HFC and its Taiwan subsidiaries worked with 53 suppliers and assessed 100% of the suppliers.

## ► Supplier assessment result in 2024

Supplier classification	Risk level	Management measures	Result
Class A	Low risk	No abnormalities, qualified suppliers	98.11%
Class B	Medium risk	Abnormal, included in the suppliers to be observed or not to cooperate	1.89%
Class C	High risk	Abnormal, do not deal with and disqualify the supplier	0%

100% local procurement



The amount of green purchasing increased by 8%.



In addition, we adhere to the principle of locally purchasing products, parts and raw materials and working with suppliers to promote corporate sustainability, with local purchases reaching 100% in 2024, while aiming to prioritize the purchasing of green products with environmental protection, energy efficiency, water efficiency, or green building materials labels. In 2024, in response to the Company's promotion of digital transformation and bulk purchasing of information equipment, green purchasing amounted to NT\$21.71 million, representing an increase of 8% from the previous year.

HFC will continue to choose and cooperate with high-quality and environmentally friendly suppliers to jointly implement the concept of a friendly and sustainable environment.

## ► 2024 Value Chain Partners' Response to Sustainable Shared Prosperity Action

Sustainable Shared Prosperity Action	Purpose	2024 participating partners
Earth Hour lights-off campaign	<p>We joined hands with supply chain partners to launch a one-hour lights-off advocacy campaign. HFC donated the electricity cost savings from its own Earth Hour lights-off action to social charity organizations.</p>  <a href="#">2024 Earth Hour lights-off campaign</a> 	Hoyun International Lease, He Jing, He Jun Energy, Ly Hour Leasing, iRent, 1111 Job Bank, Tatung System Technologies, Veda KM Corporation, Teacher Chang Foundation, Taiwan Foundation for the Blind
Green Energy Social Charity Action Project	We joined forces with EPC contractors to develop public welfare solar power plants and convert green energy into sustainable driving force for a thriving society.	Tongli Construction Co., Ltd., Luca Solar Energy Investment management Co., Ltd.
Andrew Food Bank	We invited partners to join the Abundant Food and Love Alliance to jointly participate in food box packing volunteer activities to amplify the impact of love.	He Jing, He Jun Energy, iRent
Wetland conservation actions	We worked with our partners to remove species that were not native to Taiwan, thus protecting biodiversity and carbon sink together.	He Jing, He Jun Energy, iRent
Golf tournament charity hole	When participants complete the "one shot onto the green" challenge, HFC helps donate a Christmas gift on their behalf to children at the Andrew Food Bank.	HFC Group and LEXUS/TOYOTA's eight major dealers

# 6 Social Inclusion

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Ministry of  
Transportation

**Golden  
Safety Award**



Asia Responsible Entre-  
preneurship Awards

**Social Welfare  
Development  
Award**



Taiwan Sustainable  
Action Award

**Social  
Inclusion  
Silver Award**



## 6.1 Social engagement strategy

As Taiwan's leading auto finance company, HFC's operations significantly impact society and the environment. With sustainable management as its vision, the Company believes corporate success stems from societal support. With "what is taken from society should be used for society" as the core principle of our social engagement, we encourage all employees to be part of the social safety net, participate in volunteer services, and engage in social projects, allowing them to personally contribute and care for those being served and in turn initiating a cycle of goodness. HFC is committed to the four major aspects of "traffic safety, social care, environmental protection, and support for arts and culture".

### ► Focus of HFC engagement project

Focus	Philosophy	Action plan	Purpose	Corresponding SDGs
<b>Traffic safety</b> 	While providing clients with installment services when purchasing motorcycles, we integrate traffic safety concepts and actions to enhance the value of our services and build a "Road Safety Ecosystem."	Motorcycle road safety awareness raising plan	<ul style="list-style-type: none"> <li>Cultivate drivers and riders' accurate understanding of traffic rules</li> <li>Foster defensive and responsible driving habits</li> </ul>	
<b>Social care</b> 	With the call of "Sharing Love—Happiness is Everywhere", we take practical actions to care for the needy in the society and cultivate employees' empathy.	<ul style="list-style-type: none"> <li>Andrew Food Bank Volunteers</li> <li>Volunteers at the Taiwan Foundation for the Blind So Bright Social Enterprise</li> <li>Charity Support to Teacher Chang Foundation</li> <li>Subscribing to social enterprise products</li> <li>Community volunteer services</li> </ul>	<ul style="list-style-type: none"> <li>To support the sustainable development of nonprofit organizations</li> <li>To improve the quality of life of disadvantaged groups</li> </ul>	
<b>Environmental Protection</b> 	To protect the sustainability of the earth, HFC will not be absent. Through multiple actions, HFC supports the promotion of sustainable environment.	<ul style="list-style-type: none"> <li>Green Energy Social Charity Action Project</li> <li>Habitat conservation: wetland preservation, nationwide beach cleanups, tree adoption</li> <li>Earth Hour lights-off campaign</li> </ul>	<ul style="list-style-type: none"> <li>To maintain biodiversity</li> <li>To protect natural carbon sinks</li> <li>To promote balanced ecological development</li> </ul>	
<b>Support for arts and culture</b> 	We support the development of local culture in conjunction with the industry, and to encourage employees to participate in various arts and cultural activities, so as to uphold local culture through practical actions.	<ul style="list-style-type: none"> <li>Green Energy Social Charity Action Project</li> <li>Let's support culture and arts!</li> <li>ESG Family Day cultural feast</li> </ul>	<ul style="list-style-type: none"> <li>To promote the inheritance and development of local cultures</li> <li>Popularize the appreciation of arts and culture</li> </ul>	

HFC has long been involved in the promotion of social welfare and actively responds to the diversified needs of the community. In addition to financial donations, we also have a well-planned volunteer participation system that combines performance appraisals and rewards. At the end of the year, departments and employees with outstanding volunteer participation are publicly commended. We encourage all employees to participate in social activities, provide long-term and continuous warmth, and jointly create social good and exert positive influence.



## ► 2024 Social influence footprint



Note: With reference to the definition of B4SI (Business for Social Impact Framework), resource inputs include in-kind donations, cash donations and administrative costs (e.g., marketing resources, project management fees, etc.).

## ► 2024 HFC ESG Family Day

"Sustainability" is in every employee's DNA. Marking its 25th anniversary, HFC held its first ESG Family Day in 2024 across northern, central, and southern Taiwan, themed around promotion of sustainable living. With the aim of promoting sustainable living, over 1,500 employees and their families were invited to participate in a carbon-reducing walkathon.

HFC's Family Day was held simultaneously across northern, central, and southern Taiwan, allowing employees to participate conveniently. It also promoted the use of public transportation or carpooling to reach the event venue, thus reducing the time cost and carbon footprint of long-distance travel and conveying the concept of green commuting. Before the Family Day kicked off, two warm-up activities themed "Low-Carbon Health" were organized: a carbon-reducing walkathon competition and a fitness and fat-loss challenge. These encouraged walking more in daily life, enhancing health and well-being, and providing a way to relax body and mind amidst busy work schedules. The total number of steps walked during the activity reached 91.84 million, equivalent to walking around Taiwan 74 times.

The entire Family Day event was paperless by using mobile digital passports, thus significantly reducing paper usage! Simultaneously, we invited the EyeMusic Orchestra, a band formed by visually impaired individuals, the ALL IN ONE dance troupe from the Taiwan Fund for Children and Families, and the Taoshan Elementary School Choir, part of the HFC's Dream National Team, to perform. Through these performances, we hope to set an example and motivate more businesses and individuals to jointly pay attention to and support philanthropic causes. We combine sustainable actions with diverse creativity to continue to drive all employees to participate in various environmental sustainability and social responsibility projects, creating more value for stakeholders and society, and creating a better future together.



## 6.2 Motorcycle road safety program

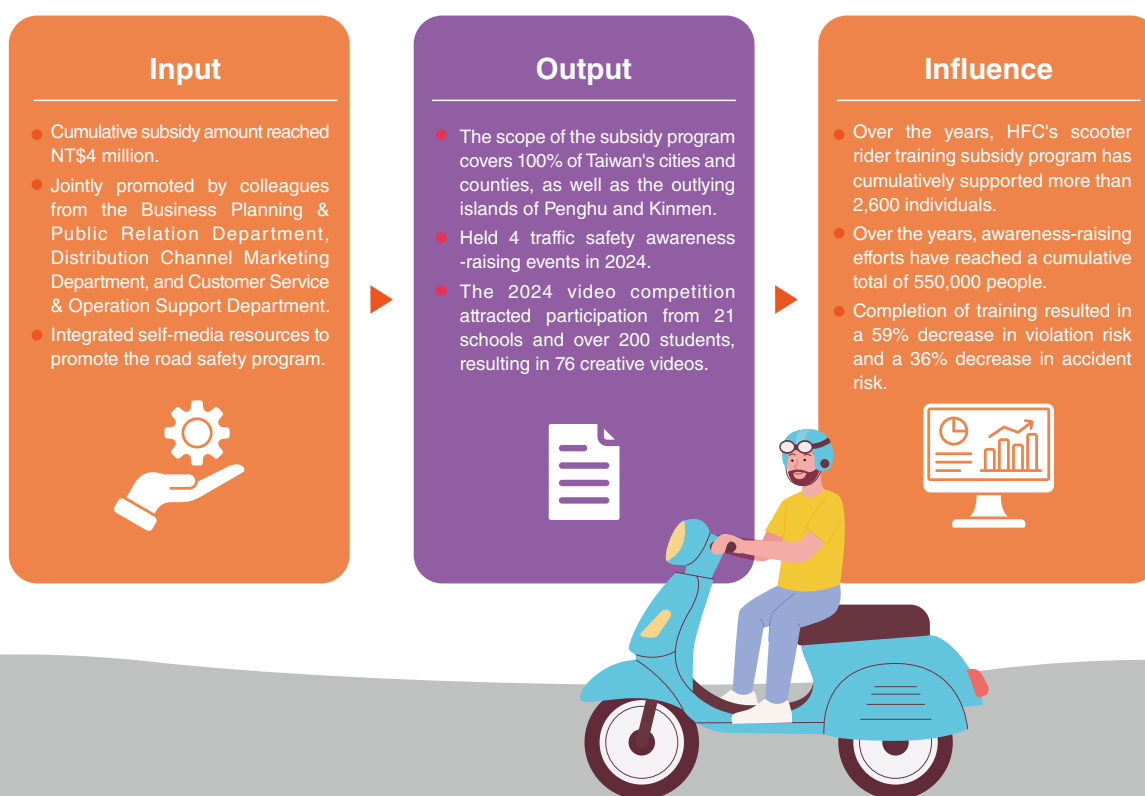
Taiwan has the highest rate of motorcycle ownership in the world, with more than 14 million motorcycles on the road every day. According to the statistics of the Traffic Safety Committee of the Ministry of Transportation and Communications, the fatality rate of traffic accidents in Taiwan is 4 to 6 times higher than that of the OECD countries, with "motorcycle users" being the highest, accounting for 60% of the total number of deaths.

"Road safety" is one of the essential elements for building inclusive, safe, resilient, and sustainable cities. As the leading brand in Taiwan's vehicle installment business, with vehicle-related business accounting for over 50% of the Company's underwritten amount, HFC provides numerous vehicle installment loan services to customers annually and strives to offer affordable financial installment solutions so that more people can enjoy convenient mobility.

Integrating our core business to promote the scooter road safety program, we have collaborated with supply chain partners since 2020 to raise road safety awareness in schools. We have also established a public-private partnership mechanism, working with the Highway Bureau of the Ministry of Transportation and Communications and all motor vehicles offices across Taiwan to co-create a "road traffic safety ecosystem". We actively communicate the importance of road safety to customers and the public, aim to raise national road safety awareness, and reduce scooter rider casualties.



### ► 2024 Scooter Road Safety Program Achievements



## ► First public-private partnership to increase rider training accessibility

HFC is the first private enterprise to collaborate with the Highway Bureau of the Ministry of Transportation and Communications and all motor vehicles offices in Taiwan to promote the scooter rider training subsidy.<sup>1</sup> Cooperation began with the Taipei City Motor Vehicles Office in 2022, to subsidize low-to-middle-income households and young people. A cumulative investment of NT\$4 million has been made, and the program now covers 100% of Taiwan's cities and counties, even extending to the outlying islands of Penghu and Kinmen. In 2024, HFC also responded to the Ministry of Transportation and Communications' Traffic Safety Month, an awareness-raising event, by partnering with local motor vehicles offices. Employees from the northern, central, and southern Taiwan worked together to engage with the public face-to-face in schools, communities, and crowded department stores to promote traffic safety, with over a thousand participants. Furthermore, they creatively developed the "Scooter Road Safety Kung Fu", using engaging hand movements to make scooter road safety education entertaining.

## ► Prioritizing dealer collaboration to strengthen value chain participation

Integrating core business with scooter road safety promotion, 18 colleagues from the Distribution Channel Marketing Department went to campuses for Scooter Safety Defensive Riding Campus Education Activities. The effectiveness was recognized by department heads, who proactively called on scooter channel sales teams in northern, central, and southern Taiwan to provide scooter road safety awareness-raising resources. These resources were proactively offered during routine dealer visits as conversation starters, encouraging approximately 27% of partner dealers to respond by actively promoting road safety to scooter riders; thus, we are working hand-in-hand with value chain partners to create sustainable value.

## ► Pioneering video competition to bring diverse perspectives to road safety promotion

In 2023, the Company pioneered the "Scooter Road Safety Video Competition," offering a total prize money of NT\$230,000 and inviting students from senior high schools, vocational schools, colleges, and universities across Taiwan to participate. The first and second competitions were won by Ming Chuan University's Scooter Safety Song and Shih Hsin University's Helmet Shake, respectively, with the winning videos as the promotional shorts for the Highway Bureau. An awards ceremony was also held to publicly recognize the winners, bestowing honor and a sense of mission. Driven by peer influence, the two video competitions have accumulated the participation of over 200 students, bringing diverse perspectives to road safety promotion. The winning students also serve as campus road safety ambassadors, to raise awareness within their schools.



## ► Launching zero-violation challenge: incentivizing safety

To reduce scooter traffic violations, "zero violation challenge" was launched in 2023. The public could voluntarily sign up for the challenge, and those who maintained a zero-violation record for three months were eligible for a lucky draw. Using rewards instead of punishment, this initiative aims to change the traditional "punishment" concept associated with traffic safety by providing incentives and encouraging sharing, thereby attracting more people to pay attention to road safety. The statistics of the activity show that the non-compliance rate of the participants in the driving training was only 2%, lower than the non-compliance rate of 8% of the non-participating participants. This shows that the driving training can significantly help reduce traffic violations.



## 6.3 Social care

With the call of "Sharing Love—Happiness is Everywhere", HFC invites its partners and employees to take practical actions to care for the needy groups in the society. Every action is a "gift of love" to everyone, and through the sharing of love can happiness be omnipresent.

### ► Abundant FOOD and Love Alliance - Andrews Food Bank Food Boxes

Andrew Food Bank has engaged in "assistance to the disadvantaged, emergency assistance, disaster relief, and education and training" since 2011 and mainly taken care of the daily life and education needs of 15-year-old children in disadvantaged families. Caring about the needs of disadvantaged families, HFC has jointly initiated the "Abundant Food Love, Happiness is Everywhere" campaign with the Andrew Charity Association since 2020. Over the past five years, a total of NT\$5 million in resources has been invested, benefiting as many as 4,300 families. Beyond financial investment, HFC also annually calls on employees from all its operating locations to participate in food box packing volunteer activities, to deliver "Abundant Food Love" food box to every corner of society in need. In addition, HFC invites corporate partners to form the Abundant Food Love Alliance. Partners who have participated over the years include iRent, He Jing, He Jun Energy, Mizuho Bank, E.SUN Commercial Bank, Taishin Securities, and PwC Taiwan, making love even more abundant.

In 2024, HFC launched its first "Christmas Wish Gift Project," combining it with the 25th Anniversary ESG Golf Fellowship Tournament. Related companies were invited to participate for the purpose of philanthropy. When participants successfully completed the "one shot onto the green" challenge, HFC would donate a Christmas gift to the children served by the Andrew Food Bank. A total of 100 Christmas gifts were donated. Simultaneously, employees were invited to participate in a Christmas wish adoption event, with nearly a hundred employees responding in less than half an hour. We worked together to convey warmth and hope with abundant "Food Love".



## ► Support of friends with disabilities

Employment choices for people with disabilities are quite limited. A friendly work environment is not only a factor in promoting stable employment for the disabled but also crucial for supporting the sustainable operation of social enterprises. Every year, HFC serves thousands of SMEs, helps them achieve sustainable operations, and alleviates the financial burdens of countless families. Based on the spirit of inclusive finance, HFC has partnered with social enterprise partners, such as the Taiwan Foundation for the Blind So Bright Social Enterprise, the Down Syndrome Foundation, and the Children Are Us Foundation since 2021, to transform love into tangible orders to support employment for people with disabilities, thus ensuring that every person with disabilities has the opportunity to obtain suitable work. In 2024, for the fourth consecutive year, HFC selected New Year's gift boxes meticulously designed and produced by social innovation partners, with a purchase amount reaching NT\$1.19 million. This effort was recognized with the Buying Power Social Enterprise Procurement Award from the Small and Medium Enterprise and Startup Administration, Ministry of Economic Affairs.



Holidays are usually the busiest times for social enterprise partners. Since 2021, HFC has also collaborated with the Taiwan Foundation for the Blind for four consecutive years to promote the "EYE Unlimited, Building an Inclusive and Independent New Vision Project". By utilizing electricity cost savings from the Earth Hour lights-off campaign, HFC supports the upgrading of various equipment on the foundation's production line, thus increasing the per capita productivity of partners with disabilities and increasing operational efficiency by 1.7 times. In addition, employees support this with practical actions. Every year, volunteers are recruited to the foundation's sheltered workshop to assist disabled friends in quickly processing orders. From boxing, packaging, and boxing to counting quantities, everything is done by the employees themselves, efficiently completing hundreds of gift box assemblies in just one afternoon.

## ► HFC Blood Donation Campaign: One Unit of Blood, Endless Hope

Taiwan requires over 4 million units of blood annually to sustain patients needing transfusions. In 2024, HFC launched a blood donation campaign, encouraging employees to donate blood and inviting companies in its headquarters building to join. According to the statistics from the World Health Organization, one blood donation can save three lives, benefiting recipients while promoting red blood cell metabolism, balancing iron levels, and reducing cardiovascular disease risk for donors. Through the first-time event, 96 units of blood were successfully collected, contributing to maintaining a safe blood supply.





## ► Teacher Chang Foundation—charity support plan

In today's society, mental health issues are a topic of public concern. Facing a rapidly changing environment and the pressures of life, timely psychological support is particularly important. The Teacher Chang Foundation has long provided free counseling services to help address mental health challenges. However, the advancing of public welfare services relies on stable funding sources and adequate equipment. Therefore, HFC provides precise resource investment to help the foundation enhance its service effectiveness.

In collaboration with the Taipei Branch of the Teacher Chang Foundation, HFC donated digital signage and 15 sets of headsets to support counseling services, aiding more individuals in need. The digital signage assists the foundation in displaying information about paid psychological workshops, increasing the visibility of professional courses and thereby generating income to support the operation of free counseling services. The headsets improves communication quality, to ensure the privacy and comfort of video counseling, thus allowing those receiving guidance to express their inner feelings with peace of mind.



## 6.4 Environmental protection

HFC is unwavering in its commitment to energy conservation, carbon reduction, and environmental protection. By participating in the Earth Hour lights-off campaign, it encourages all employees to turn off lights for one hour, donating the electricity savings to the foundation to upgrade its production line equipment. In daily operations, HFC takes energy-saving measures, such as the "five off movement: turn off computers, lights, air conditioners, office machines, and extension cord power" to foster environmental awareness among employees. In 2024, HFC organized 94 environmental protection volunteer activities to contribute to a sustainable planet.

Upholding the spirit of sustainable management, we actively develop green energy business, strive to reduce carbon emissions, and use wetlands as an important practice site for environmental protection. We have long worked with central and local governments, non-profit organizations, and local communities to launch wetland conservation cooperation through public and private associations, and strive to achieve net zero carbon emissions and maintain biodiversity. In 2024, HFC responded to the Ministry of the Interior's National Park Service's "Formosa Tropic of Cancer Sustainability Belt Area" biodiversity initiative, and continued to lead by example to rally more partners to join the sustainability movement, thus expanding ESG actions from us to everyone, as a key force in promoting global sustainability!



### 6.4.1 Habitat Conservation—Safeguarding Biodiversity and Natural Carbon Sinks

HFC has voluntarily adopted the TNFD framework, to assess the impact of its business operations on biodiversity. Furthermore, with "wetlands" as a practical base, HFC actively supports the "Kunming-Montreal Global Biodiversity Framework's 30 x 30 Initiative," to safeguard 30% of Taiwan's terrestrial, inland water, coastal, and marine areas. Its sustainability footprint spans across Taiwan, striving to secure a greener future for the planet.

#### ► Wetland Conservation Actions Extended to Four Major Regions: Northern, Central, and Southern Taiwan

Balanced hydrological and biological systems in wetlands allow natural water flows to facilitate filtration of suspended solids and nutrient storage. This not only aids in water purification but also supports biodiversity, water retention, flood prevention, and serves as a critical component of blue carbon, making balanced wetlands become a key role in climate regulation within Earth's ecosystems and earning it the title, "Kidneys of the Earth." Since 2022, HFC has started with the "New Taipei Zhanghe Wetland", while establishing public-private partnerships and collaborating with government agencies and non-profit organizations to maintain wetlands.

Each wetland has unique characteristics, needs, and challenges. Based on actual needs and site conditions, HFC developed a "land-water two-pronged approach model" by integrating three main action themes: environmental education, terrestrial maintenance, and aquatic maintenance. This model has been successfully replicated at "Taoyuan Quanshuiwo Jiangxia Hall, Taichung Gaomei Wetland, and Kaohsiung Niaosong Wetland"; we also rally partners to discover the beauty of wetlands together.





## ► New Taipei Zhanghe Wetland | Invasive Species Removal Vanguard, Protecting Ecological Balance

The Zhanghe Wetland is New Taipei City's first urban artificial wetland, spans 6.7 hectares, and nurtures over 600 species and sequesters approximately 41 metric tons of carbon annually, equivalent to 20 years of carbon emissions from a single household's electricity use. As the first company to adopt the Zhanghe Wetland, HFC has donated waders, environmental monitoring equipment, and digital educational tools. In collaboration with the Environmental Protection Department, New Taipei City Government, and the Taiwan International Institute for Water Education, HFC formed the "Invasive Species Removal Vanguard" and organized regular wetland volunteer activities. By removing the terrestrial invasive species, *Mikania micrantha*, and clearing excessive aquatic *Pistia stratiotes*, HFC has removed 660 kilograms of invasive species over three years, aiming for ecological balance.



## ► Taoyuan Quanshuiwo Jiangxia Hall | Environmental Conservation and Cultural Preservation, Unlocking Potential of Wetlands

Taoyuan, known as the "Land of a Thousand Ponds," has historically relied on ponds for environmental, agricultural, and economic development. In the past, Hakka communities used "pond culverts," hydraulic structures, to manage water levels, ensuring balanced development and utilization for ponds. HFC, in collaboration with the Department of Water Resources, Taoyuan City, and Yangmei Quanshuiwo Jiangxia Hall, launched the "Pond Culvert Restoration and Revival Project," a prime example of combining environmental sustainability with cultural preservation. Through pond culvert restoration and Hakka cultural tours, participants explore water culture, as the first case of collaboration among enterprises, government, local organizations, and civilian volunteers.



## ► Taichung Gaomei Wetland | Protecting the "Safe Passage" of Wildlife, Sustaining Land Crab Populations

Gaomei Wetland, a nationally significant wetland, boasts rich ecological resources and one of the world's most beautiful sunsets, making it a highly popular wetland in Taiwan. Every summer, Gaomei Wetland sees a

tourism peak, coinciding with land crabs migrating from land to beaches for spawning. Heavy evening traffic often leads to "roadkill incidents" for land crabs. Land crabs play a critical role in wetland ecosystems and serves as a key link in the food chain and aiding soil aeration and nutrient cycling. However, frequent roadkill incidents severely impact their reproduction.

To protect land crabs and Gaomei Wetland's biodiversity, HFC partnered with the Agriculture Bureau, Taichung City Government, and the Taiwan Wild Bird Federation to launch the "Land Crab Patrol Project." HFC donated reflective vests and flashlights to ensure patrol team safety and formed a land crab patrol team. Guided by experts, the team monitors and records crab activities, helping crabs safely reach the beach. The Land Crab Patrol Project significantly raises public sustainability awareness, with over 80% of participants stating heightened understanding of wetland and land crab ecology.

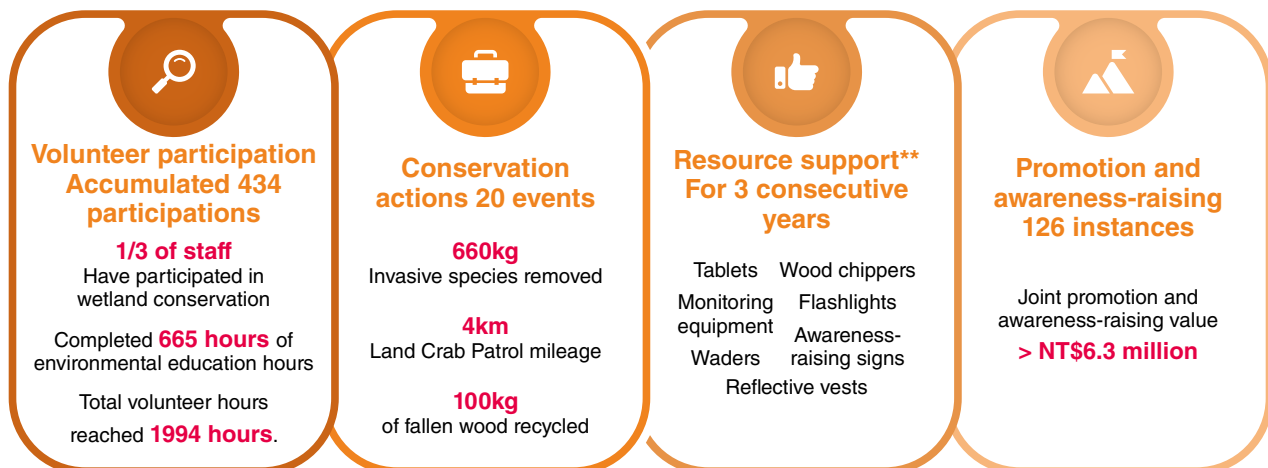


## ► Kaohsiung Niaosong Wetland | Fallen Wood Recycling, Unlocking New Ecological Opportunities

Niaosong Wetland, Taiwan's first wetland park, is located in bustling Kaohsiung's urban area, cherished by locals for its lush forests and diverse ecological landscapes. Due to the high density of trees, HFC partnered with the Tourism Bureau, Kaohsiung City Government, and the Kaohsiung Wild Bird Society to launch the "Fallen Wood Recycling Project". Using wood chippers, fallen wood is converted into wood chips and composted into organic fertilizer to maintain wetland soil nutrients. The cumulative recycled fallen wood has reached 100 kilograms.



### ● HFC Wetland Conservation Impact



**Wetland protected  
reached 14.1 hectares**



## ► Beach Cleanup and Tree Planting Initiatives

For four consecutive years, HFC has launched the "Beach Cleanup and Plastic Reduction Mobilization in Taiwan" during World Earth Month. In 2024, HFC called upon 545 volunteer employees, who cleared a total of 2,520 kilograms of marine debris across 13 beaches in Taiwan on the event day. Furthermore, to protect Taiwan's receding coastlines, we have responded to the HFC Group's "One TOYOTA Car, One Tree" initiative for three years. In 2024, HFC and group affiliates planted over 1,100 seedlings along Yilan's Toucheng coast, contributing to carbon reduction and soil conservation to prevent further coastline retreat.

Under the slogan "Net-Zero Green Living, Protect Trees, Love the Earth," HFC has invested resources in supporting the "Campus Tree Adoption Program" at National Taiwan University and National Central University. These leading institutions, with expansive campuses, are committed to creating green, friendly environments, and have planted tens of thousands of trees to protect ecosystems. Trees serve as natural carbon sinks, mitigating urban heat island effects and providing comfortable learning and activity spaces for students and local communities. Through the adoption program, HFC provided sustainable funding for tree health care and has adopted 30 trees in 2024, to create a sustainable future with universities.



## 6.4.2 Green Energy Social Charity Action Project

HFC's solar energy business aims to assist various sectors in achieving net-zero emissions. Since 2023, HFC, alongside its subsidiary He Jun Energy, has leveraged core expertise to launch the "Green Energy Charity Action Plan." We continuously pursue innovation through the green energy initiative, thereby converting solar power into sustainable resources that promote a better society. In 2024, the Green Energy Charity Action Plan reached the Taichung P'uma Elementary School and the National Hualien Industrial Vocational Senior High School, to convert green energy into educational resources, while uncovering local stories and deepening the impact of green energy.

### ► Taichung P'uma Elementary School – Illuminating Indigenous School with Light and Creating Diverse Possibilities for Cultural Education

Taichung P'uma Elementary School (P'uma, meaning "heritage" in the Atayal language) is Taiwan's first Indigenous experimental school. Since 2016, under the leadership of Principal Pilin Yapu, the school has implemented Atayal experimental education, with an emphasis on concepts of land, practice, and sustainability. Working with Atayal elders, artisans, and parents, the school has developed diverse cultural curricula, creating over 2,000 classes across all six grade levels to date. P'uma Elementary School has developed 25 major thematic courses centered on Atayal "Gaga" (Atayal culture), turning mountains and seas into classrooms for children. For example, the Atayal fish spear culture is integrated with science lessons, allowing students to learn about light refraction while fishing in streams. Similarly, the Atayal millet culture incorporates land



preparation, planting, harvesting, and dining, promoting Atayal-specific food and agriculture education. Through the innovative spirit of experimental education, P'uma Elementary School not only fosters students' love for school but also strengthens their identification with Atayal culture.

HFC believes that "long-term and stable support" is key to promoting cultural sustainability. After thoroughly understanding the school's needs, HFC actively integrated company resources, collaborated with its subsidiary, He Jun Energy, to establish a charity solar energy project, turning green energy into sustainable educational resources and, thus, unlocking the potential of solar energy. Additionally, HFC established a cultural education fund by donating NT\$150,000 annually for three years, equivalent to supporting over 1,000 cultural education classes, making HFC as a strong backing for teachers and students.



### ► National Hualien Industrial Vocational Senior High School – Advancing to Eastern Taiwan, to Build Hualien County's First Solar-Powered Covered Sports Court at School

National Hualien Industrial Vocational Senior High School is a leading vocational institution in eastern Taiwan, nurturing talents proficient in both academics and skills. Beyond promoting professional vocational education, the school actively creates a high-quality school environment and provides students with tailored learning spaces. In recent years, rising temperatures due to extreme weather have increased the need for safe and comfortable sports environments. He Jun Energy, in collaboration with supplier, Tongli Construction, assisted National Hualien Industrial Vocational Senior High School in building the county's first solar-powered covered sports court at school and supporting the construction of a new five-a-side soccer field that meets international competition standards, thus promoting the school's sports development. National Hualien Industrial Vocational Senior High School's soccer team previously achieved eighth place in the National High School Five-a-Side Soccer Championship. Through this collaboration, He Jun Energy not only embodies the spirit of a sustainable school but also ensures students can train without exposure to sun or rain, thus enabling them to prepare fully for future competitions.





## 6.5 Support the arts and culture

With culture as national soft power, HFC and its subsidiaries leverage their core business to support cultural development. At the same time, employees are encouraged to participate in various arts and cultural activities to cultivate their disposition and enhance their ability to appreciate arts and cultural activities, thereby supporting local culture through practical actions. In 2024, we invested more than NT\$3 million in related resources (financial support, products and services, employee participation, publicity and promotion, etc.).

**Invest over NT\$3 million in arts and cultural activities**



### Green Energy Social Charity Action Project

Combining the core business of our subsidiary (He Jun Energy), we are planning a public welfare solar power plant and supporting schools in indigenous tribes to promote culture and education (e.g., harp, cultural and creative development), so that the local culture can be illuminated by light.

- Contribution from cultural education fund
- Organize cultural exchange activities
- Spreading the results of cultural promotion



### ESG Family Day: Cultural Feast

Invited our partner organizations to form arts and cultural groups to co-create a cultural feast, held at the popular Taipei Zoo, beloved by adults and children, to introduce these groups to a wider audience.

- EyeMusic Band (visually impaired music group)
- All IN ONE Dance Troupe (Taiwan Fund for Children and Families)
- HFC Group Dream National Team – Tao Shan Elementary School Choir



### Support Culture, Let's GO Art!

Encouraged our staff to participate in arts and cultural activities (such as reserving the entire theater to watch Taiwanese movies, theater appreciation, book donation, etc.) through subsidies for club activities, event sponsorships, and more, which not only cultivate their temperament and enhance their cultural literacy but also achieve the goal of supporting arts development.

- Support for EyeMusic Band (visually impaired music group)
- Musical show buyout event
- Subsidies for arts and cultural activities of the Company
- Supporting event promotion
- Organizing the creative video competition



# Appendix

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ESG Report BSI Independent Assurance Opinion Statement	163





# Appendix

## Index of the GRI Standards

The indicators disclosed below have been verified by an outside third party and the relevant verification results are shown in the external assurance statement.

Statement of use	HFC complies with the GRI Standards for reporting during the period from January 1, 2024 to December 31, 2024.
Use of GRI1	GRI 1: Foundation (2021)
Applicable GRI sector standards	N/A

### ► GRI 2 General disclosures

GRI Standards	Comparison of GRI Indicators	Chapter	Page Number
GRI 2: General Disclosures 2021	2-1 Organizational details	About Hotai Finance Co., Ltd.	12
	2-2. Entities included in the organization's sustainability reporting	About this Report About Hotai Finance Co., Ltd.	4 12
	2-3 Reporting period, frequency and contact point	About this Report	4
	2-4 Restatements of information	4.3.3 Occupational disaster prevention and exercises Historical occupational injury data was mistakenly reported in the unit of days; total hours worked have been added. 5.4.1 Energy management Note: 2023 per unit vehicle gasoline (liters)	111 127
	2-5 External assurance	About this Report Appendix: Independent Auditors' Limited Assurance Report Appendix: Third-Party Assurance and Verification	4 159-164
	2-6 Activities, value chain and other business relationships	About Hotai Finance Co., Ltd.	12
	2-7 Employees	4.1.1 Hiring outstanding talent Appendix: Employee-Related Data	90 156-158
	2-8 Workers who are not employees	4.1.1 Hiring outstanding talent	90
	2-9 Governance structure and composition	2.1 Corporate Governance	39-46
	2-10 Nomination and selection of the highest governance body	2.1.1 Professionalism, independence, and diversity of the board of directors	40-42
	2-11 Chair of the highest governance body	2.1.1 Professionalism, independence, and diversity of the board of directors	40-42
	2-12 Role of the highest governance body in overseeing the management of impacts	1.1 Sustainability governance system	17-18
	2-13 Delegation of responsibility for managing impacts	1.1 Sustainability governance system	17-18
	2-14 Role of the highest governance body in sustainability reporting	About this Report 1.1 Sustainability governance system	4 17-18
	2-15 Conflicts of interest	2.1.1 Professionalism, independence, and diversity of the board of directors 2.4 Ethical Management	40-42 56-62



GRI Standards	Comparison of GRI Indicators	Chapter	Page Number
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	2.4.1 Compliance with laws and regulations	58-59
	2-17 Collective knowledge of the highest governance body	2.1.1 Professionalism, independence, and diversity of the board of directors	40-42
	2-18 Evaluation of the performance of the highest governance body	2.1.1 Professionalism, independence, and diversity of the board of directors	40-42
	2-19 Remuneration policies	2.1.3 Remuneration policies	46
	2-20 Process to determine remuneration	2.1.2 Functional committees 2.1.3 Remuneration policies	43-45 46
	2-21 Annual total compensation ratio	4.1.2 Provide fair remuneration	92-93
	2-22 Statement on sustainable development strategy	Message from Management	8-9
	2-23 Policy commitments	Chapter 2 Corporate Governance - Material Topic Management Chapter 3 Customer Value - Material Topic Management Chapter 4 Happy Workplace - Material Topic Management Chapter 5 Environmental Sustainability - Material Topic Management	36-38 71 89 113-114
	2-24 Embedding policy commitments		
	2-25 Processes to remediate negative impacts	3.3 Customer Rights and Services	
	2-26 Mechanisms for seeking advice and raising concerns	Chapter 2 Corporate Governance - Material Topic Management Chapter 3 Customer Value - Material Topic Management Chapter 4 Happy Workplace - Material Topic Management Chapter 5 Environmental Sustainability - Material Topic Management 3.3 Customer Rights and Services	36-38 71 89 113-114 81-84
	2-27 Compliance with laws and regulations	2.4.1 Compliance with laws and regulations	58
	2-28 Membership associations	About Hotai Finance Co., Ltd.	12
	2-29 Approach to stakeholder engagement	1.5 Stakeholder engagement	32-34
	2-30 Collective bargaining agreements	HFC does not yet have a labor union. Through the Employee Welfare Committee, the Company conducts regular labor-management meetings to communicate the rights and interests of employees, so that the senior management can reach a consensus with the employees. We implement the spirit of the Collective Agreement Act, which stipulates that employers and employees should conduct collective bargaining based on the principle of honesty and credibility, thereby protecting employees' right to collective bargaining.	-

## ► GRI Topic Standard

GRI Standards	Comparison of GRI Indicators	Chapter	Page Number	Page Number
Management Approach GRI 3: 2021	3-1 Process to determine material topics	1.4 Analysis of material topics		26-31
	3-2 List of material topics			
Corresponding ESG facets	Topic	Comparison of GRI Indicators	Chapter	Page Number
Governance (G)	Material Topic: Corporate Governance			
	Management Approach GRI 3: 2021	3-3 Management of material topics	Chapter 2 Corporate Governance - Material Topic Management	36-38

Corresponding ESG facets	Topic	Comparison of GRI Indicators	Chapter	Page Number
Governance (G)	Material topic: operating results			
	Management Approach GRI 3: 2021	3-3 Management of material topics	Chapter 2 Corporate Governance - Material Topic Management	36-38
	201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2.2 Operation Performance	47-48
		201-2 Financial implications and other risks and opportunities due to climate change	5.1 Climate Change Risk Management	115-121
		201-3 Defined benefit plan obligations and other retirement plans	4.1.3 Provide good benefits	94-96
		201-4 Financial assistance received from government	2.2 Operation Performance	47-48
	Material Topic: Ethical Corporate Management			
	Management Approach GRI 3: 2021	3-3 Management of material topics	Chapter 2 Corporate Governance - Material Topic Management	36-38
	205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2.4 Ethical Management	56-58
		205-3 Confirmed incidents of corruption and actions taken		
	206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
	Social responsibility (S)	Material Topic: Customer Rights and Services		
Management Approach GRI 3: 2021		3-3 Management of material topics	Chapter 3 Customer Value - Material Topic Management	71
Material topic: Talent Attraction and Retention				
Management Approach GRI 3: 2021		3-3 Management of material topics	Chapter 4 Happy Workplace - Material Topic Management	89
401: Employment 2016		401-1 New employee hires and employee turnover	4.1.1 Hiring outstanding talent	90-92
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.3 Provide good benefits	94-96
		401-3 Parental leave		
404: Training and Education 2016		404-1 Average hours of training per year per employee	4.2 Talent Development and Diverse Learning	97-103
		404-3 Percentage of employees receiving regular performance and career development reviews	4.2.3 Performance evaluation and rotation system	103
405: Diversity and Equal Opportunity 2016		405-1 Diversity of governance bodies and employees	2.1.1 Professionalism, independence, and diversity of the board of directors Appendix: Employee-Related Data	40-42 156-158
		405-2 Ratio of basic salary and remuneration of women to men	4.1.2 Provide fair remuneration	92-93



Corresponding ESG facets	Topic	Comparison of GRI Indicators	Chapter	Page Number
Environmental sustainability (E)	Material topic: operational environmental sustainability			
	Management Approach GRI 3: 2021	3-3 Management of material topics	Chapter 5 Environmental Sustainability - Material Topic Management	113-114
	302: Energy 2016	302-1 Energy consumption within the organization	5.4.1 Energy management	127
		302-3 Energy intensity		
	303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	5.4.2 Water resource management	128
		303-2 Management of water discharge-related impacts		
		303-3 Water withdrawal		
	Material topic: Climate change management actions and strategies			
	Management Approach GRI 3: 2021	3-3 Management of material topics	Chapter 5 Environmental Sustainability - Material Topic Management	113-114
	201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	5.1 Climate Change Risk Management	115-121
	305: 2016 Emissions	305-1 Direct (Scope 1) GHG emissions	5.3 Greenhouse gas management	124-125
		305-2 Energy indirect (Scope 2) GHG emissions		
		305-3 Other indirect (Scope 3) GHG emissions		
		305-4 GHG emissions intensity		
		305-5 Reduction of GHG emissions		

## Sustainability Accounting Standards Board (SASB) Index

Disclosure topic: customer privacy					
No.	Disclosure Indicators		Disclosure of Information		Corresponding chapter
			2023	2024	
FN-CF-220a.1	Number of account holders whose information is used for secondary purposes		HFC uses personal data in compliance with laws and regulations, and the statistical data for this indicator will not be disclosed for now.		-
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy		0	0	-
Disclosure topic: data security					
No.	Disclosure Indicators		Disclosure of Information		Corresponding chapter
			2023	2024	
FN-CF-230a.1	Data security	1.Number of data breaches	0	0	2.5.1 Information security management
		2.Percentage of number of data breaches involving personally identifiable information (PII) (=Amount of personal information/ Total number of data breaches)	0	0	
		3.Number of account holders affected	0	0	

Disclosure topic: data security					
No.	Disclosure Indicators		Disclosure of Information		Corresponding chapter
			2023	2024	
FN-CF-230a.2	Card-related fraud losses	1.Card-not-present fraud 2.Card-present fraud	HFC does not issue credit cards and is therefore not applicable		-
FN-CF-230a.3	Approach to identifying and addressing data security risks		See "3.2.3 Information Security and Personal Data Protection" in the 2022 ESG report	See "2.5 Information Security and Personal Data Protection" in this report for details	2.5 Information Security and Personal Data Protection
Disclosure topic: sales business					
No.	Disclosure Indicators		Disclosure of Information		Corresponding chapter
			2023	2024	
FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold		It will not be disclosed for now.		-
FN-CF-270a.2	Applicants with FICO scores >660 or ≤ 660:	1.Credit products 2.Pre-paid product application approval rate	It will not be disclosed for now.		-
FN-CF-270a.3	Applicants with FICO scores >660 or ≤ 660:	1.Average fees from add-on products 2.Average annual rate of interest 3.Average age of accounts 4.Average number of trade lines 5.Average annual fees for prepaid products	It will not be disclosed for now.		
FN-CF-270a.4	Number of complaints filed with	1.competent authorities	133 cases	152 cases	3.3 Customer Rights and Services
			Note: The competent authorities include consumer ombudsmen of city and county governments		
		2.Number of monetary or non-monetary relief	Finance: 39 cases Non-finance: 94 cases	Finance: 42 cases Non-finance: 159 cases	
			Note: Monetary: Disputes over interest rates, delay interest, or processing fees; non-monetary: Disputes over trading.		
		3.Percentage disputed by consumer	0.01%	0.03%	
			Note: Percentage disputed by consumer = Number of letters from consumer ombudsmen / Number of cases held by the Company		
		4.Percentage that resulted in investigation by competent authorities	38%	26%	
			Note: Percentage that resulted in investigation by competent authorities = Number of mediation meetings/Number of letters from consumer ombudsmen		

**Disclosure topic: sales business**

No.	Disclosure Indicators	Disclosure of Information		Corresponding chapter
		2023	2024	
FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	0	0	-

**Operating indicators: corporate operating indicators**

No.	Disclosure Indicators		Disclosure of Information		Corresponding chapter
			2023	2024	
FN-CF-000.A	Holding the effective	1.Credit cardsCredit cards	HFC does not issue debit cards and is therefore not applicable		-
		2.Number of clients accounted for debit cards			
FN-CF-000.B	Cards in force	Credit cards	HFC does not issue credit cards and is therefore not applicable		-

► **United Nation Global Compact Comparison Table**

Category	Principle contents	Corresponding chapter	Page Number
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights		
	Make sure that they are not complicit in human rights abuses		
Labor rights	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	4.1 Talent attraction, remuneration and benefits 4.3 Human rights protection and workplace safety and health	90-96 104-111
	The elimination of all forms of forced and compulsory labor		
	The effective abolition of child labor		
	The elimination of discrimination in respect of employment and occupation.		
Environment	Businesses should support a precautionary approach to environmental challenges	3.2 Investment in sustainability and cleanliness 4.3.2 Safe and healthy work environment 5.4 Operating Environment Management	78-80 107-109 126-129
	undertake initiatives to promote greater environmental responsibility		
	Encourage the development and diffusion of environmentally friendly technologies.		
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.4 Ethical Management	56-62



## Climate-related information of TWSE-listed companies

### ► Climate-related information implementation

Risks and opportunities caused by climate change and the related countermeasures taken by the Company		Implementation	Chapter comparison
1	State board and management's oversight and governance of climate-related risks and opportunities.	The climate change governance mechanism has the Board of Directors as the highest supervisory unit. Relevant issues are tracked and implemented by the environmental sustainability task force (Environmental Management Committee) under the ESG Committee, which also works with relevant company departments to promote the planning and implementation of the sustainable business. The committee holds at least two meetings annually and reports on the progress and results to the Board of Directors at least once.	5.1 Climate Change Risk Management
2	State how the identified climate risks and opportunities affect an enterprise's business, strategy, and finance (in the short, medium, and long term).	Identify various climate risk issues and opportunities, and assess their impact timelines (see corresponding chapters for details).	5.1.2 Material climate risk identification results and adaptive actions 5.1.3 Material Climate Opportunity Identification Results and Adaptive Actions
3	State the financial impact of extreme climate events and transition actions	Evaluate the financial impact of each identified risk and opportunity (see corresponding chapters for details).	5.1.2 Material climate risk identification results and adaptive actions 5.1.3 Material Climate Opportunity Identification Results and Adaptive Actions
4	State how climate risk identification, assessment, and management processes are integrated into the risk management system	The Company integrates the concept of climate risk into all operations and business contents, identifies potential climate risks/opportunities, analyze risks/opportunities, evaluates and decides on countermeasures, and manages them centrally and implements them at different levels according to their characteristics and impact levels in order to effectively control risks and opportunities. The steps for identifying and assessing climate risks and opportunities are as follows: 1. Identify: Collection of literature, industrial climate related risk and opportunity issues 2. Assess: Inventory and assess climate-related risks and opportunities, and compile and prioritize them according to the significance of their impact on the Company 3. Respond: The ESG committee reviews and confirms such issues integrates them into the Company's existing risk management process for management. 4. Report: Regularly track and review the implementation results 5.1 Climate Change Risk Management	5.1 Climate Change Risk Management
5	If scenario analysis is adopted to assess resilience to climate change risks, state the scenarios, parameters, assumptions, and analysis factors used, and major financial impacts	The Company has adopted a scenario analysis model. Following our climate change risk and opportunity identification results, we have adopted the IPCC AR6 SSP5-8.5 climate scenario as our assumption, to conduct quantitative analysis for three consecutive years on physical risks ("increased severity of extreme weather events, such as typhoons and floods") and opportunities ("R&D and innovation for new products and services"). See the Company's ESG Report for details.	5.1.2 Material climate risk identification results and adaptive actions
6	If there is a transition plan for coping with climate-related risks, state the content of the plan and the indicators and targets used to identify and manage physical and transition risks	Annually, based on ISO 14064-1 inventory results, the Company tracks emission hotspots, sets quantitative tracking indicators for climate risks and opportunities, and reviews and adjusts them on a rolling basis. For example, in response to market risks, the Company actively plans diverse green financial products; in response to growing demand for renewable energy, it invests in the green energy industry. See the Company's ESG Report for details.	5.1.2 Material climate risk identification results and adaptive actions
7	If an internal carbon pricing mechanism is adopted as a planning tool, the basis for pricing should be stated.	The Company does not currently use internal carbon pricing as a planning tool.	The Company does not currently use internal carbon pricing as a planning tool.



Risks and opportunities caused by climate change and the related countermeasures taken by the Company		Implementation	Chapter comparison
8	If climate-related targets are set, state the activities covered, scope of greenhouse gas emissions, planned schedule, annual progress, and other information; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets, state the source and quantity of carbon credits or the quantity of RECs used.	To achieve net-zero emissions, the Company's head office officially adopted green electricity starting November 2024 and obtained RECs. Statistics for the period of November to December 2024 show that a total of 30 RECs were obtained (equivalent to purchasing 30,000 kWh of green electricity).	5.3 Greenhouse gas management 5.4.1 Energy management
9	Greenhouse gas inventory and assurance	Please see Table 1-1 below.	5.3 Greenhouse gas management
	Greenhouse gas reduction inventory goals, strategies, and specific action plans	Please see Table 1-2 below.	

## ► 1-1: Greenhouse Gas Inventory and Assurance Status for the Past Two Years

The Company conducts inventories in accordance with ISO 14064-1:2018 standards and annually inventories HFC (individual entity) and its consolidated subsidiaries, including He Jing, He Jun Energy, Hotai Finance Development, and Hoyun International Lease. Greenhouse gas inventory data for the past two years is aggregated using the operational control approach.

### ► 1-1-1 Greenhouse Gas Inventory Information

Scope		Item	2023	2024
Taiwan <sup>Note 1</sup>	Scope 1	Emissions (tCO <sub>2</sub> e)	372.6235	372.8171
		Intensity (tCO <sub>2</sub> e)/million NTD)	0.0189	0.0177
	Scope 2	Emissions (tCO <sub>2</sub> e)	773.2749	806.8391
		Intensity (tCO <sub>2</sub> e/million NTD)	0.0391	0.0384
	Scope 3	Emissions (tCO <sub>2</sub> e)	241.4787	249.1683
Overseas <sup>Note 2</sup>	Scope 1	Emissions (tCO <sub>2</sub> e)	1,067.8114	693.7382
		Intensity (tCO <sub>2</sub> e/million NTD)	0.2486	0.1425
	Scope 2	Emissions (tCO <sub>2</sub> e)	484.9859	542.6347
		Intensity (tCO <sub>2</sub> e/million NTD)	0.1129	0.1115
	Scope 3	Emissions (tCO <sub>2</sub> e)	344.5422	280.1593
Taiwan + Overseas	Scope 1	Emissions (tCO <sub>2</sub> e)	1,440.4349	1,066.5553
		Intensity (tCO <sub>2</sub> e/million NTD)	0.0599	0.0368
	Scope 2	Emissions (tCO <sub>2</sub> e)	1,258.2608	1,349.4738
		Intensity (tCO <sub>2</sub> e/million NTD)	0.0523	0.0466
	Scope 3	Emissions (tCO <sub>2</sub> e)	586.0209	529.3276
Inventory coverage ratio			100%	100%
External inspection unit			SGS Taiwan	

Note 1: The Taiwan inventory boundary includes 100% of the locations of HFC, He Jing, He Jun Energy, and Hotai Finance Development.

Note 2: The overseas inventory boundary includes 100% of the locations of Hoyun International Lease Co., Ltd.

Note 3: Other indirect emission items include business travel (taxi only), waste disposal (incineration), and purchased goods and services (tap water).

## ► 1-1-2 Greenhouse Gas Assurance Information

Scope	Year	Assurance institution	Assurance standards	Assurance status
HFC and its subsidiaries	2023	SGS Taiwan Ltd.	ISO 14064-3:2018 Reasonable Assurance	The Company disclosed total greenhouse gas emissions (direct + indirect) of 3,284.717 tCO <sub>2</sub> e, with no qualified opinion issued.
	2024			The Company disclosed total greenhouse gas emissions (direct + indirect) of 2,945.357 tCO <sub>2</sub> e, with no qualified opinion issued.

## ► 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Scope	Subject Matters	Action strategy	2050 net-zero goal	YoY quantitative indicator tracking	
				2023	2024
Scope 1	Gasoline	<ul style="list-style-type: none"> <li>Replace company-leased vehicles with electric/hybrid vehicles</li> <li>Encouragement of public transportation</li> </ul>	Zero-pure fuel vehicles	Proportion of non-pure fuel vehicles: 30.6%	<ul style="list-style-type: none"> <li>Proportion of non-pure fuel vehicles: 72%</li> </ul>
Scope 2	Electricity	<ul style="list-style-type: none"> <li>Optimization of air conditioning operations</li> <li>First-class products for promotion of electrical appliances</li> </ul>	enhance energy efficiency	<ul style="list-style-type: none"> <li>Per capita electricity consumption: 1,320.52 kWh</li> <li>Average electricity consumption per million NTD revenue ≤ 84.09 kWh</li> </ul>	<ul style="list-style-type: none"> <li>Per capita electricity consumption: 1,372.89 kWh</li> <li>Average electricity consumption per million NTD revenue ≤ 83.03 kWh</li> </ul>
		<ul style="list-style-type: none"> <li>Use renewable energy</li> <li>Promotion of green energy business</li> </ul>	Net-zero emissions for purchased electricity	211 metered solar power plants, with total installed capacity of 60.1MW and estimated annual carbon reduction benefit of 36,593 tons of CO <sub>2</sub> e.	<ul style="list-style-type: none"> <li>The head office introduced green electricity in November 2024, with an estimated annual carbon reduction benefit of 90 tons of CO<sub>2</sub>e.</li> <li>309 metered solar power plants (↗ 46%), with total installed capacity of 88.1MW and estimated annual carbon reduction benefit of 55,534 tons of CO<sub>2</sub>e.</li> </ul>
Scope 3	Water consumption	<ul style="list-style-type: none"> <li>Installation of water-saving devices</li> <li>Promote water conservation</li> </ul>	Per capita water consumption decreased by 1% or remained flat compared to the previous year.	<ul style="list-style-type: none"> <li>Per capita water consumption: 9.03 kL</li> <li>Average water consumption per million revenue is 0.58 cubic meters.</li> </ul>	<ul style="list-style-type: none"> <li>Per capita water consumption: 6.86 kL</li> <li>Average water consumption per million revenue is 0.41 cubic meters.</li> <li>Carbon reduction benefit of 0.308 tons of CO<sub>2</sub>e.</li> </ul>
	Waste	<ul style="list-style-type: none"> <li>Promote paper-free digitalization</li> <li>Reduce waste and water consumption for paper disposal</li> </ul>	Promoting a paper-less work environment	<ul style="list-style-type: none"> <li>Digitalization of work environment saved 26.8 million sheets of paper, equivalent to a reduction of 204,030 kg of CO<sub>2</sub>e.</li> <li>Volume of recycled paper destroyed by water: 8.26 tonnes</li> </ul>	<ul style="list-style-type: none"> <li>Digitalization of work environment saved 9.6 million sheets of paper, equivalent to a reduction of 59,498 kg of CO<sub>2</sub>e.</li> <li>Volume of recycled paper destroyed by water: 6.27 tonnes</li> </ul>

Note 1: The 2050 emission reduction target is prioritized for Taiwan's operating locations (including subsidiaries).

## Employee-related data

### ► Employee composition – classified by place of residence and employment relationship

Year	Attributes	Gender	Taiwan				Overseas	Subtotal
			Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan		
2023	Permanent employment	Male	305	78	73	12	529	997
		Female	383	125	161	7	363	1,039
		Subtotal	688	203	234	19	892	2,036
	Temporary employees	Male	8	0	0	0	-	8
		Female	19	3	8	1	-	31
		Subtotal	27	3	8	1	-	39
	Regular employee	Male	313	78	73	12	529	1,005
		Female	402	128	169	8	363	1,070
		Subtotal	715	206	242	20	892	2,075
2024	Permanent employment	Male	384	80	84	12	489	1,049
		Female	406	109	167	10	428	1,120
		Subtotal	790	189	251	22	917	2,169
	Temporary employees	Male	4	0	1	0	-	5
		Female	7	4	4	0	-	15
		Subtotal	11	4	5	0	-	20
	Regular employee	Male	388	80	85	12	489	1,054
		Female	413	113	171	10	428	1,135
		Subtotal	801	193	256	22	917	2,189

Note 1: HFC has no part-time employees.

Note 2: Northern Region: Taipei City, New Taipei City, Keelung City, Taoyuan City, Hsinchu County/City, Miaoli County

Central Region: Taichung City, Changhua County, Nantou County

Southern Region: Yunlin County, Chiayi County/City, Tainan City, Kaohsiung City, Pingtung County

Eastern Region: Yilan County, Hualien County, Taitung County

Overseas Region: Mainly China

Note 3: HFC has no employees in outlying islands.

## ► Employee composition - categorized by gender and age category

Region	Age	≤ 30 years old	31–50 years old	> 50 years old	Subtotal
Taiwan	Male	117	366	82	565
	Female	170	484	53	707
	Subtotal	287	850	135	1,272
Overseas	Male	154	327	8	489
	Female	155	272	1	428
	Subtotal	309	599	9	917

## ► Employee composition - categorized by job level

Region	Job level	Management	Non-Management	Subtotal
Taiwan	Male	75	490	565
	Female	20	687	707
	Subtotal	95	1,177	1,272
Overseas	Male	115	374	489
	Female	59	369	428
	Subtotal	174	743	917

Note: In Taiwan, managerial positions in business units are at the director level and above; back office unit positions at head of office level and above; non-managerial business unit positions up to director level; back office unit positions up to the head of office level. Overseas managerial positions refer to those with signing authority, at the level of department head or sales section chief and above.

## ► Employee composition - categorized by education

Region	Category	Number of employees			As a percentage of
		Management	Non-Management	Subtotal	
Taiwan	Master	35	124	159	12.50%
	Bachelor	39	654	693	54.48%
	Junior college degree	14	166	180	14.15%
	Senior high school (inclusive) or below	7	233	240	18.87%
	Subtotal	95	1,177	1,272	100%
Overseas	Master	15	16	31	3.38%
	Bachelor	105	382	487	53.11%
	Junior college degree	51	312	363	39.59%
	Senior high school (inclusive) or below	3	33	36	3.93%
	Subtotal	174	743	917	100%

Note: In Taiwan, managerial positions in business units are at the director level and above; back office unit positions at head of office level and above; non-managerial business unit positions up to director level; back office unit positions up to the head of office level. Overseas managerial positions refer to those with signing authority, at the level of department head or sales section chief and above.

## ► Employee composition – STEM talent

HFC actively responds to digital transformation and sustainability trends by continuously strengthening technical capabilities and innovation. It recruits science, technology, engineering, mathematics (STEM) talent to enhance competitiveness, foster organizational innovation, and promote sustainable growth.

Region	Job level	Engineering talent	IT talent (technology)	Total
Taiwan	Male	3	31	34
	Female	3	14	17
	Subtotal	6	45	51
Overseas	Male	0	19	19
	Female	0	10	10
	Subtotal	0	29	29

Note 1: HFC has no science or mathematics-related operations; STEM recruitment focuses on engineering and IT (technology) professionals.

Note 2: Engineering talent refers to solar energy operations and maintenance units; IT (technology) talent refers to information technology units.

## ► Summary of Subject Matters Assured

Item	Key Performance Indicator	Aspect	Applicable Standard
1	2024 the directors' in-person attendance rate at board meetings reached 95.6%.	Governance (G)	A total of 10 Board meetings were held in 2024. The number of attendees in the sign-in book of each Board meeting is divided by the number of all directors to calculate the average attendance rate from the 23th meeting of the 10th Board to the 7th meeting of the 11th Board.
2	2024 Board of Directors Training and Seminar Participation: 111 hours	Governance (G)	In 2024, a total of 9 directors (including independent directors) participated in training and seminars, and the total number of hours of training shown on the certificates of completion was added up.
3	2024 Total Employee Training Hours: 21,209 hours	Social (S)	The total number of recorded hours of training courses by employees in Taiwan in 2024.
4	2024 Renewable Energy and Environmental Industry loans: NT\$1.61 billion	Environmental (E)	With HFC (individual entity) as the boundary of disclosure. The total actual loan amount of the installment cases for customers in the renewable energy and environmental protection industries (Based on the business scope information registered with the Department of Commerce under the Ministry of Economic Affairs)
5	2024 Electric Vehicle, Hybrid Vehicle, and Electric Motorcycle loans: 25,248 cases, NT\$22.18 billion	Environmental (E)	With HFC (individual entity) as the boundary of disclosure. The total actual loan amount of the installment cases for customers in the renewable energy and environmental protection industries (Based on the business scope information registered with the Department of Commerce under the Ministry of Economic Affairs)



# Independent Auditors' Limited Assurance Report



## Independent Auditors' Limited Assurance Report

### To HOTAI FINANCE CO., LTD.:

We have been engaged by HOTAI FINANCE CO., LTD. (hereinafter referred to as “the Company”) to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2024 ESG Report. We have completed the assurance procedures and issued a limited assurance report based on the result of our work performed.

### Subject Matter Information and Applicable Criteria

The sustainability performance information (hereinafter referred to as the “Subject Matter Information”) identified by the Company and reported in the 2024 ESG Report and the respective applicable criteria are stated in the “Summary of Subject Matters Assured”.

The scope of the aforementioned Subject Matter Information is set out in the “Boundary and Scope”.

### Management's Responsibilities

The management of the Company is responsible for the preparation of the sustainability performance information disclosed in the ESG Report in accordance with the respective applicable criteria, and for such internal controls as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations

Certain Subject Matter Information involves non-financial data, which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality, and accuracy of data are subject to individual assumptions and judgments.

### Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

PricewaterhouseCoopers, Taiwan  
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T: +886 (2) 2729 666, F: +886 (2) 2729 6686, [www.pwc.tw](http://www.pwc.tw)

## Independent Auditors' Limited Assurance Report



Our firm applies Quality Control Principle No. 1, *"Quality Control of Public Accounting Firms"*, and accordingly maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the ESG Report in accordance with the Statement of Assurance Engagements Standards No. 3000, *"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"*. The purpose of our procedures was to determine whether any amendment is required for the Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria, and to issue a limited assurance report.

In accordance with Assurance Standard No. 3000, the procedures for this limited assurance engagement include evaluating the appropriateness of the key performance indicators (KPIs) selected by the Company according to the applicable criteria, assessing the risk of material misstatements in the selected KPIs due to fraud or error, responding appropriately to the assessed risks, evaluating the overall presentation of the selected key performance indicators. The scope of a limited assurance engagement, in terms of nature and timing of procedures (including understanding internal controls) and responding to assessed risks, is significantly less extensive than that of a reasonable assurance engagement.

We performed our work on the key performance indicators selected by the Company, as described in the first paragraph, based on professional judgment. The procedures included inquiries, observation of processes, assessment of the appropriateness of documentation, and verification or reconciliation with relevant records.

Given the nature of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems, and relevant internal controls relating to the preparation of the information, in order to identify areas where there may be risks of material misstatement.
- Based on the above understanding, we performed selective testing, including inquiry, observation, and inspection to obtain evidence for limited assurance.

Compared to reasonable assurance engagements, the procedures performed in limited assurance engagements vary in nature and timing, and the scope is also narrower. Consequently, the level of assurance obtained is significantly lower than that of a reasonable assurance engagement. Therefore, we, as accountants, cannot express a reasonable assurance opinion regarding whether the KPIs selected by the Company are prepared, in all material respects, in accordance with the applicable criteria.

We do not provide any assurance on the 2024 ESG Report as a whole, nor on the design or operating effectiveness of the relevant internal controls.

## Independent Auditors' Limited Assurance Report



### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment required of Subject Matter Information to be prepared, in all material aspects, according to the respective applicable criteria.

### Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers

會計師 林 佳 鴻



July, 11 2025

# ISO 14064-1:2018 Greenhouse Gas Inventory

Opinion TW25/00312GG

**SGS**

## Greenhouse Gas Verification Opinion

The inventory of Greenhouse Gas emissions in year 2024 of

**Hotai Finance Co., Ltd.**

10F., No. 605, Ruiguang Rd., Neihu Dist.,  
Taipei City 114698, Taiwan (R.O.C.)

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

**ISO 14064-1:2018**

Opinion Type: Modified

Direct emissions

**1066.5553 tonnes of CO<sub>2</sub>e**

Indirect emissions

**1,878.8014 tonnes of CO<sub>2</sub>e**

Direct emissions and indirect emissions

**2,945.357 tonnes of CO<sub>2</sub>e**

Authorized by



Stephen Pao

Business Assurance Director

Date: 24 June 2025

Version 1

TGP56B-15-1 2501

SGS Taiwan Ltd.

No. 136-1, Wu Kung Road, New Taipei Industrial Park,

Wu Ku District, New Taipei City 248016, Taiwan

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This Opinion is not valid without the full verification scope, objectives, criteria and findings available on the Opinion.

Page 1 of 14

# ESG Report BSI Independent Assurance Opinion Statement



## INDEPENDENT ASSURANCE OPINION STATEMENT

### 2024 Hotai Finance Corporation ESG Report

The British Standards Institution is independent to Hotai Finance Corporation (hereafter referred to as HFC in this statement) and has no financial interest in the operation of HFC 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 HFC only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by HFC. 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 HFC only.

#### Scope

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

1. The assurance scope is consistent with the description of 2024 Hotai Finance Corporation ESG Report.
2. The evaluation of the nature and extent of the HFC'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 2024 Hotai Finance Corporation ESG Report provides a fair view of the HFC sustainability programmes and performances during 2024. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the HFC 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 HFC's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors 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 HFC's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

#### Methodology

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

- a review of issues raised by external parties that could be relevant to HFC'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.
- 4 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).



# ESG Report BSI Independent Assurance Opinion Statement

## 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 HFC 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 HFC's inclusivity issues.

### Materiality

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

### Responsiveness

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

### Impact

HFC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. HFC 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 HFC's impact issues.

### GRI Sustainability Reporting Standards (GRI Standards)

HFC provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the HFC'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 ESG report is the responsibility of the HFC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### Competency and Independence

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

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-806398  
2025-05-16

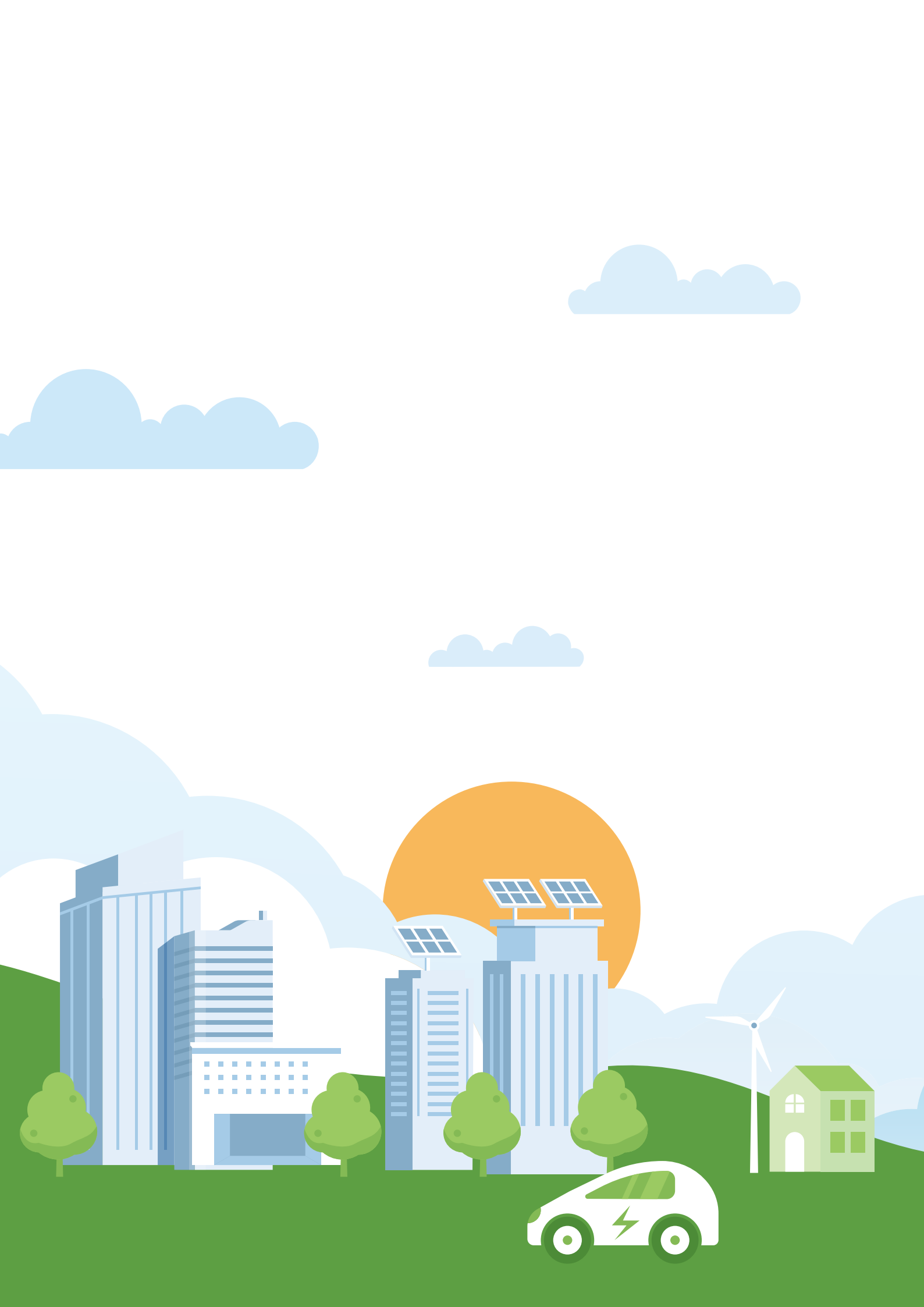
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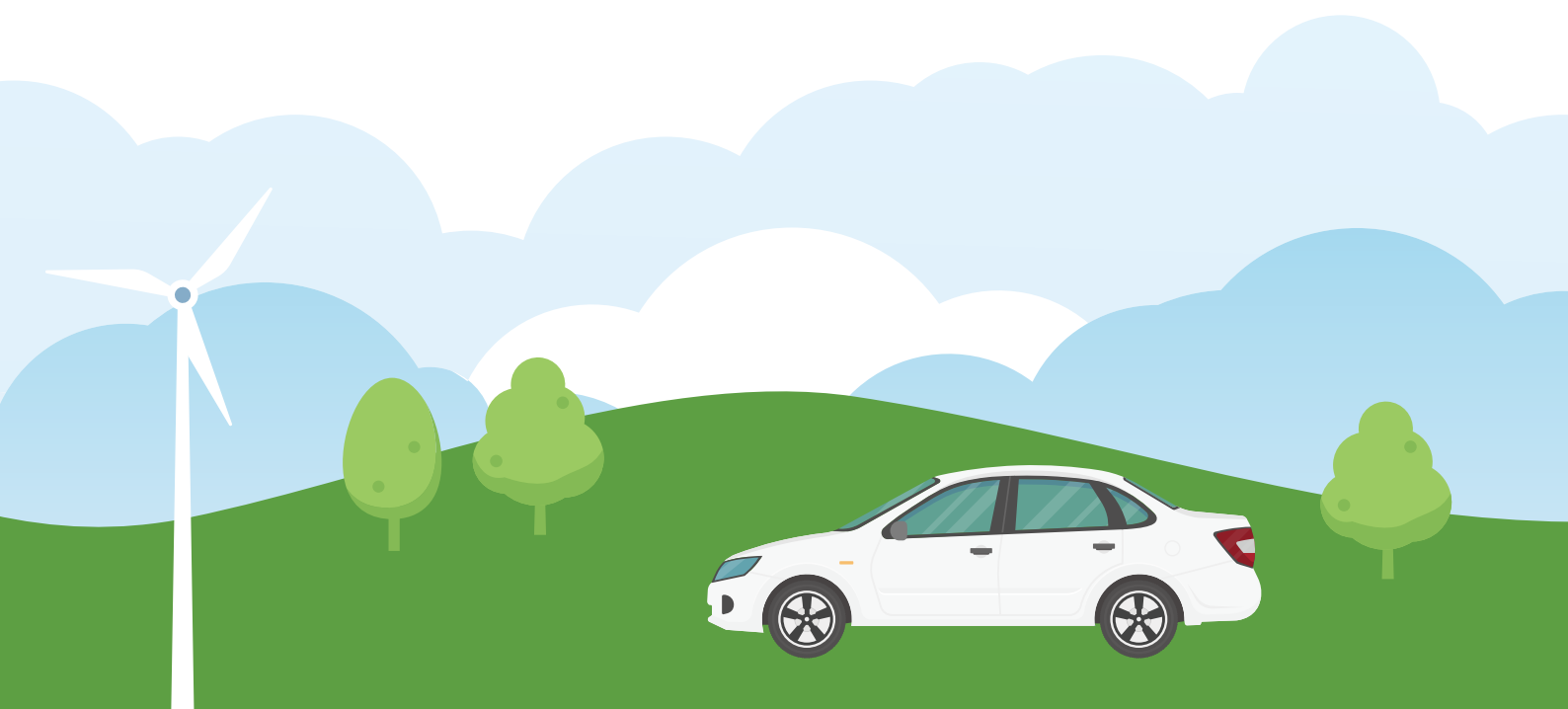








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