

2013 Corporate Sustainability Report



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Dear Readers

For the purpose of allowing more stakeholders to understand how Aleees endeavors to completely bear the corporate social responsibility, it has elaborately compiled a "2013 Aleees Corporate Sustainability Report".

Using the G4 version of Sustainable Report Guide – Principle of Report, Disclosure Criteria and Implementation Manual issued by Global Reporting Initiative (Referred to GRI) as the guide, this report discloses the issues concerned by many, based on the business of the Group and the principle of reporting. It also reports our effort in terms of economy, society and environment. The specific activities are introduced via special columns.

Report Scope

This report mainly provides the information collected from important operational locations of Aleees, in terms of the management and performance of the corporate social responsibility, covering the period from January 1 to December 31, 2013. Most of the disclosed information covered three operational locations, in which the sources of the financial data were audited by CPA before its disclosure. Other statistics were cited from the annual report and the public information from government and related websites. They were presented by traditional easy-to-understand texts and data, the exceptions were explained by notes in the report.

Contact

This sustainability report is publicly issued that has passed the external assurance for the first time. If you have any suggestions or questions, please contact us using the following contact details.

CSR Committee Secretariat
Address : No.68, Fengtian Rd., Bade District, Taoyuan City 33449, Taiwan
Tel : 03-368-9520
Fax : 03-368-3232
Email : csr@alechem.com
Website : www.aleees.com

The content of the report is based on "core" options in GRI G4 version. In order to offer readers reliable public information, this report had passed the external assurance inspection by SGS Taiwan Ltd., it also is in compliance with AA1000 AS 2008 standards.

This report is issued for the first time, it will be issued once a year. The next report is planned to be issued in August of 2015.

Cover Story

Since the beginning of the green energy industry development, Aleees has started by providing the products and services of its core business, and we continue to investment into R&D, improves employees' life quality. The initial barriers of promoting electric bus has been overcome together. In the future, Aleees will strive to reduce the dependence of vehicles to petroleum and environmental damage. To reach the goal for corporate social responsibility and sustainable development, creates a whole new green environment world.



Chairman's Message

The Tang Prize (regarded as the Nobel Prize of the East), established by Dr. Yen-Liang Yino, President Ruentex Group, announced the first year laureate of the "Sustainable Development" prize on June 18, 2014. The prize was awarded to Dr. Gro Harlem Brundtland, former Prime Minister of Norway, who was also dubbed as the "Godmother of Sustainable Development", for her contribution to the innovation, leadership and implementation of sustainable development.

Since our establishment in 2005, Aleees has adopted the principle of "Human sustainable existence and eco-friendly" and we have been dedicated to developing total solutions for alternative energy comprehensively, from "the manufacturer of key material of lithium battery" to the end application of "the supplier of electric bus and battery swap system", we have been making the products for reducing the impact to the environment and enhancing the environmental social benefit. It is consistent with Dr. Gro Harlem Brundtland's concept of "Sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs." That is, while pursuing economic growth, we also contribute to the sustainable existence and development of human beings.



Since Green Industry has been developed, energy industry faces a conflict between economic development and high energy cost, a difficult issue since the beginning of the development. Aleees starts by providing the products and services of its core business, and we continue to investment into R&D. Aleees has created an unique electric bus battery swapping mode and provided the entire green energy service system. It has resolved today's problem that electric bus cannot be widely used due to the long charging time. Hence, the initial barrier of promoting electric vehicles has been overcome. In the future, Aleees will strive for the reduction of electric bus' operating cost, to reach the goal of same prices for both oil and electricity, and to reduce the dependence of vehicles to petroleum. The ultimate goal is to offer a solution for sustainable development in order to reach the true sustainable operation.

Human resource is the core of a business operation, Matsushita Kōnosuke, the God of Business Operation in Japan, stated that: "You must be an upright person before making products" . Our thought of sustainable development is originated from "uplifting the character of humanity" , starting from creating correct thoughts, building a complete management system, and then guiding employees to adopt right ways to do right things. Hence, everyone can face the reality and handle things with a healthy mind, ultimately reach the environmental protection of the mind, the care and concern to self, others, things and objects around you, as a result, more hope to the future.

In addition to fulfill social responsibility, Aleees expects to create the value of CSR through the guidance by solid company governance. The Company has created a "Committee of Corporate Social Responsibility" under the Board of Directors in this year and invited external experts as the advisory members. Through the completely built implementation system, it intends to convert the existing CSR measures in various fields to more strategic CSR implementation, step by step moving forward with the partners on the path of sustainable development to jointly build a clean, pure and beautiful homeland, ultimately to lead the world towards a better future.

Chairman



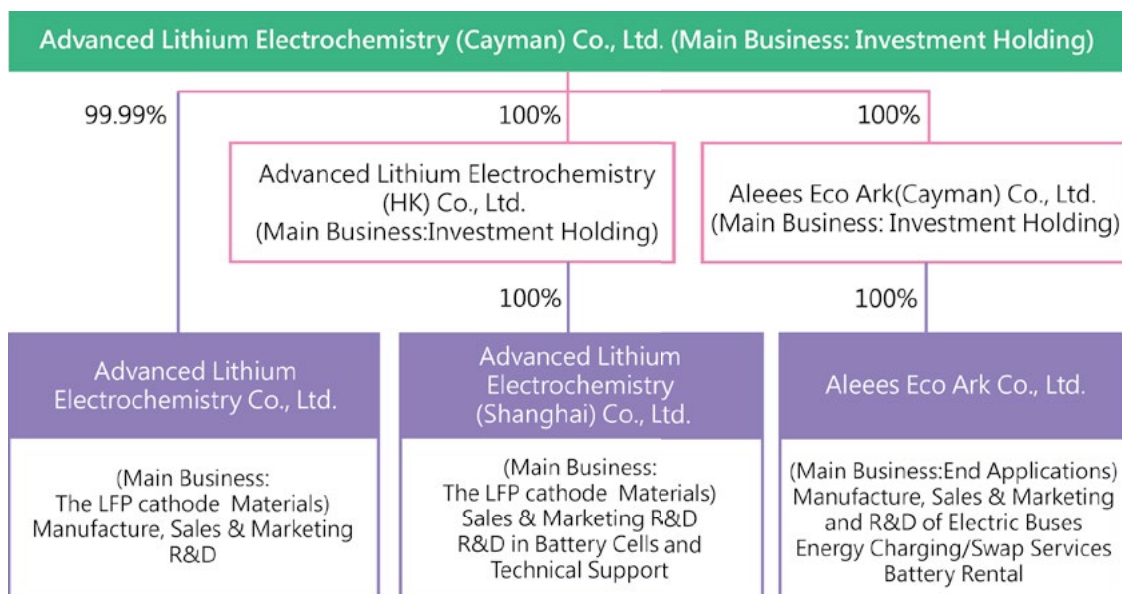
CSR dimension	Target	Conduct / Commitment
Uplifting the character of humanity	short-term	Foster internal consensus, spread external diffusion, guiding employees to adopt right ways to do right things, bring a positive energy.
Shareholder Value	short-term	Turn the debt into profit. Strive to maximize sale and minimize cost.
Promote energy saving	short-term	Establishing ISO 50001 Energy Management System in 2015.
Greenhouse gas reduction	short-term	Continue to promote ISO14064-1. Planning the implementation of ISO/TS 14067 Product Carbon Footprint.
Waste management	short-term	Retired lithium battery recycling.
Human rights education	short-term	Strengthen human rights education and advocacy.
Talent retention	mid-term	Enhance employee engagement and reduce turnover rate.
Customer satisfaction	mid-term	Continued to strengthen after-sales service, enhance customer satisfaction.
Supply chain management	mid-term	Continued to improve supply chain management system and promote green supply chain.
Sustainable management system	mid-term	Enhance the sustainable management of the implementation of ISO 26000 guidelines.
Innovation, research and development	long-term	Enhance specific capacity and life cycle of the LFP cathode materials. Intelligent electric bus operators control management to build zero-emission "green transport network". Through green transport network with smart grid, we will achieve green smart city.
Social welfare	long-term	Local care, support disadvantaged groups, participate in social and interactive communication towards social inclusion growth.

1.1 Company Profile

Aleees is an investment holding company founded in 2007, our main businesses are the production and operation of the LFP cathode materials and electric bus, the integration of the resources of industrial up, mid and down streams, and the increasing of overall value. The goal of our Company is to reach a sustainable development of environmental protection, to bear the corporate social responsibility, to drop the price of new energy down to near that of the traditional energy by using advanced technology, and to accelerate the reform of industries.

Aleees Group is composed of three companies, which are the main entities of this report. Advanced Lithium Electrochemistry Co., Ltd., founded in Taiwan in 2005, is focusing on the R&D, manufacturing and sales of cathode materials for lithium ferrous phosphate (LFP) batteries. Aleees Eco Ark Co., Ltd. was founded in Taiwan in 2009, after breaking through the technology and obtaining the top market share of the material, it penetrated into transportation vehicle market by applying the LFP cathode batteries to vehicles. The first swap battery electric bus was manufactured and the business of battery service, charging and swapping station was then developed. Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. was founded in 2010 in Shanghai for the purpose of providing local services to the global largest market of the LFP cathode materials batteries, further driving the development of Chinese electric buses, and establishing battery experimental laboratory in order to provide technical support to our customers.

■ Group Structure

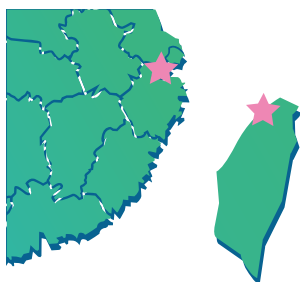


Main Operating Location

Headquarters	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.
Registered Address	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies.
Products and Services	The LFP cathode materials, electric bus, battery rental and battery charging/swap station businesses.
Products and Services Sales	The LFP cathode materials: 914,459 kg 、others: 10,336 (EA;Vehicle;Each; Type) ¹
Paid-in Capital	1.42 billion
Consolidated Revenue	NTD 577,069,000 in 2013
Number of Employees	336
Date of Establishment	2007.11.16
Main Operating Address	No. 2-1, Guishan Industrial Park, Xinghua Road, Taoyuan City, Taiwan ²

NOTE1 : Include income from battery cells, batteries, electric buses and battery charging.

NOTE2 : Move to No.68, Fengtian Rd., Bade D, Taoyuan C 33449, Taiwan on April 2, 2014

**Advanced Lithium Electrochemistry (ShangHai) Co., Ltd.**

Established on January 11, 2010

Address: 1st, Building 53, No.1089, Qinzhou North Road, Xuhui District, Shanghai, China

Advanced Lithium Electrochemistry Co., Ltd.

Established on April 15, 2005

Address: No. 2-1, Guishan Industrial Park, Xinghua Road, Taoyuan City, Taiwan

Aleees Eco Ark Co., Ltd.

Established on November 19, 2009

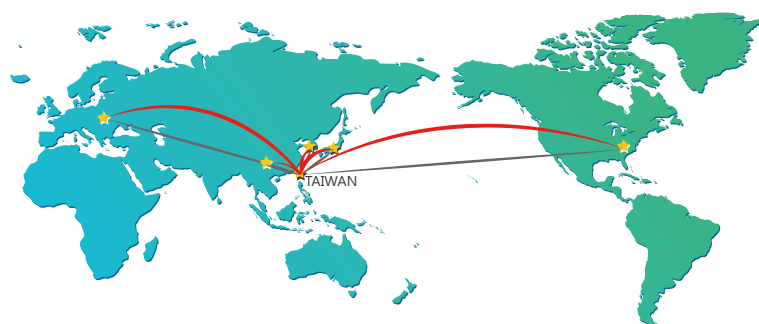
Address: No.3, Ln. 256, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City. ^{NOTE}

NOTE: On April 2, 2014, has moved to No.72, Youlian St., Bade District, Taoyuan City, Taiwan.

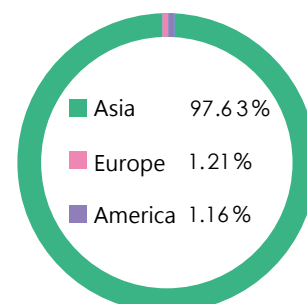
Two major regions of operation are covered by the organization, Taiwan and Mainland China. The main operations in Taiwan are R&D, manufacturing and marketing planning, whereas in Mainland China, mainly sales and technical support.

In addition to Taiwan, the sale of the LFP cathode materials also covers Europe, USA, Japan, Korea and Mainland China, in which Mainland China market is the largest.

The main customers of electric buses are passenger transport operators. In order to comply with the low carbon transportation vehicle demonstration projects implemented by various local governments and to enhance the visibility of the products, starting from 2012 Aleees has deployed 43 electric buses operating in various locations in Taiwan. More than 700 thousand passengers have been served till now. As of now, the total mileage is accumulated over 800 thousand kilometers. The overall rate of satisfaction has reached 97%, highly praised by people. The services of electric buses are provided to general public in the regions of Chungli, Taipei, Kinmen and Hsinchu. A green transportation network has thus been created, hence, low carbon transportation vehicles are gradually popularized. The health of environment and general public is cared.



■ Percentage sales area in 2013



Vision and Mission

Mission :

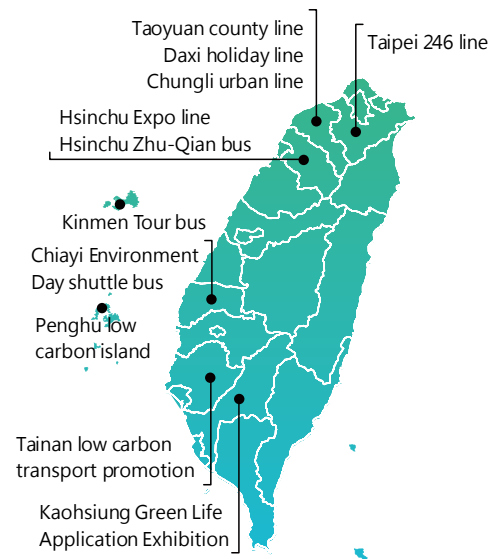
Enhancing the quality of human, promoting the world to have a better future.

Corporate Vision :

For the common future of ours and next generations, Aleees adopts the concept of "Human sustainable existence and eco-friendly" to produce the products that do not cause any burden to the environment. It also upholds the core thought of "altruism" to assist vendors to improve product performance, creates the value of customers to be used by others based on their viewpoints. While enjoying the value along with the customers, our Company returns profits entitled by the shareholders, improves the living quality for employees and bears the corporate social responsibilities, ultimately, it contributes to the sustainable survival and development of human beings on the earth.

Altruism – vendors	Enhancing the performance of vendors' products.
Altruism – customers	Creating the value of customers to be used by others.
Altruism - shareholders	Returning the entitled profits to shareholders.
Altruism – employees	Improving living quality for employees.
Altruism – Society	Bearing corporate social responsibility.
Altruism – Environment	Building a clean and beautiful homeland.

E-bus running performance



Chiayi Environment Day shuttle bus



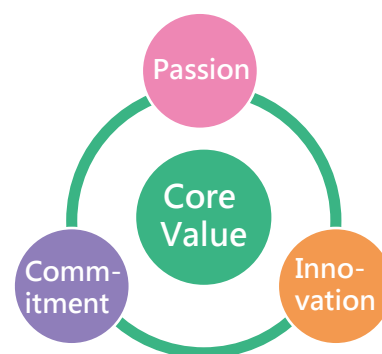
World Car Free Day



Penghu low carbon island

Core Value : Passion, Innovation, Commitment

- **Passion** : Maintaining the on-going passion of practically contributing to the sustainable development of human beings and reaching the mission of “enhancing the quality of human and promoting the world to have a better future” .
- **Innovation** : Making changes and ensuring the capability of continuous growth, converting the realization of CSR to the core products and services, proving that innovation and green enterprise can be profitable for shareholders.
- **Commitment** : Inviting the partners to jointly realize corporate social responsibility, building a clean and beautiful homeland and promoting the world to have a better future.



Organizational Participation

Aleees is in the business of green industry. It joins various organizations with different ways for the purpose of closely linking with them for sustainable development jointly. The associations joined by the Company are:

Organizations that Aleees participated in	Member	Project or Committee	Director
Taiwan Vehicle Body Industry Association	√		
Intelligent Transportation Society of TAIWAN	√		
Outstanding Enterprise Manager Association, R.O.C.		√	
Taiwan Electrical and Electronic Manufacturers' Association	√		
Automobile Electronics Consortium	√		
Taiwan Electric Trucks and Buses Cross-Industry Cooperation Association	√		√
Clean Development and Carbon Rights Strategy Management Alliance	√		
Taiwan Battery Association	√		
Taiwan Nanotechnology Industry Development Association	√		
Taiwan Transportation Vehicle Manufacturers Association	√		
Guishan Industrial Park Manufacturer Association	√		
Taiwan Smart Grid Industry Association	√		
Retired Batteries Used Ones for Repurposing Industry Alliance	√		

1.2 Product and Service

Major Brand



Red (passion) : Passionately concentrating.

Aleees (innovation) : Aleees is the password of LFP-NCO solution, it also provides the affordable power system to the world.

Joining hands (commitment) : Human sustainable existence and eco-friendly.

Product and Service

Since its founding, Aleees has endeavored to develop the alternative energy covering all walks of life. It has developed and manufactured the cathode materials for lithium ferrous phosphate (LFP) batteries which have reached the top volume of shipment around the world. Our Company has successfully applied its industrial upstream technology of cathode materials to an experienced automotive manufacturing group to produce the first "low floor battery swapping type of electric bus" in Taiwan, which meets the demand and expectation of the market. It has vertically integrated "a key power lithium ion battery material manufacturer" to "an electric bus and swapping operation system supplier" and offered a low carbon transportation to build a comfortable green life. Our Company steadily realizes a new era of green energy industry.

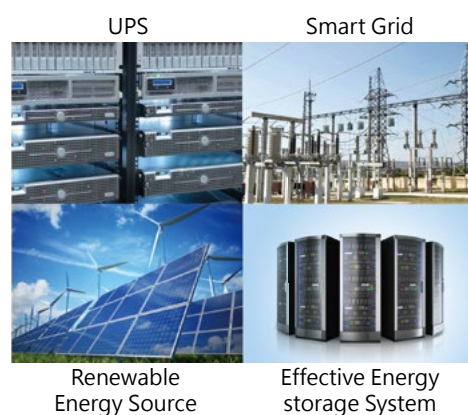
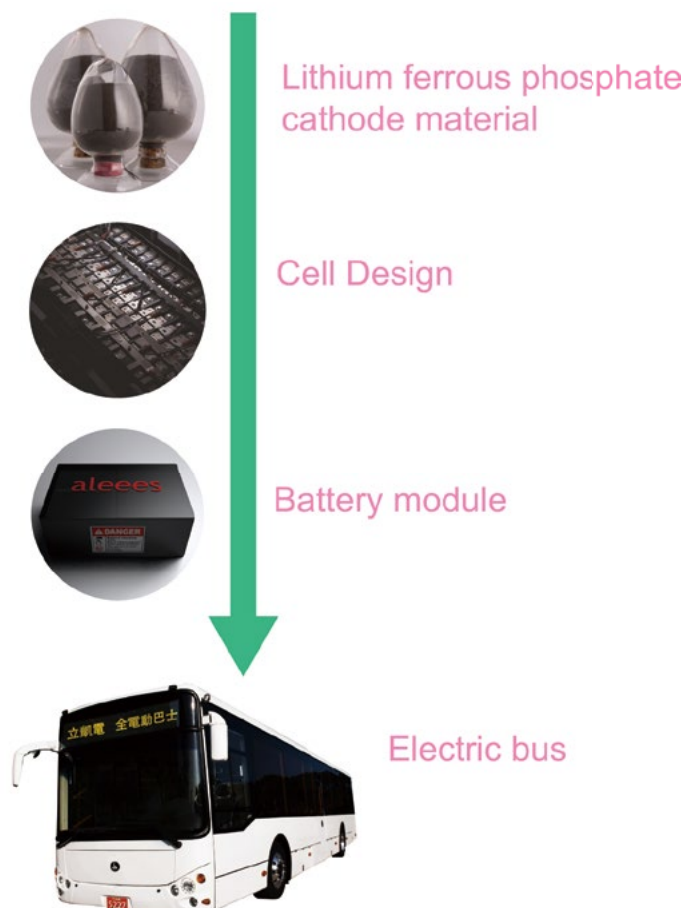
A key energy source, a high efficient application

The lithium ferrous phosphate (LFP) batteries made by Aleees are featured with high safety, zero pollution, stable discharging platform and long cycling life. The products are broadly applied to batteries, electrical carriers, power tools, energy storage system, start/stop mechanism for stopping vehicle engine during idling, smart grid, un-interrupt power system, station power energy storage equipment. They are the solutions for key energy.

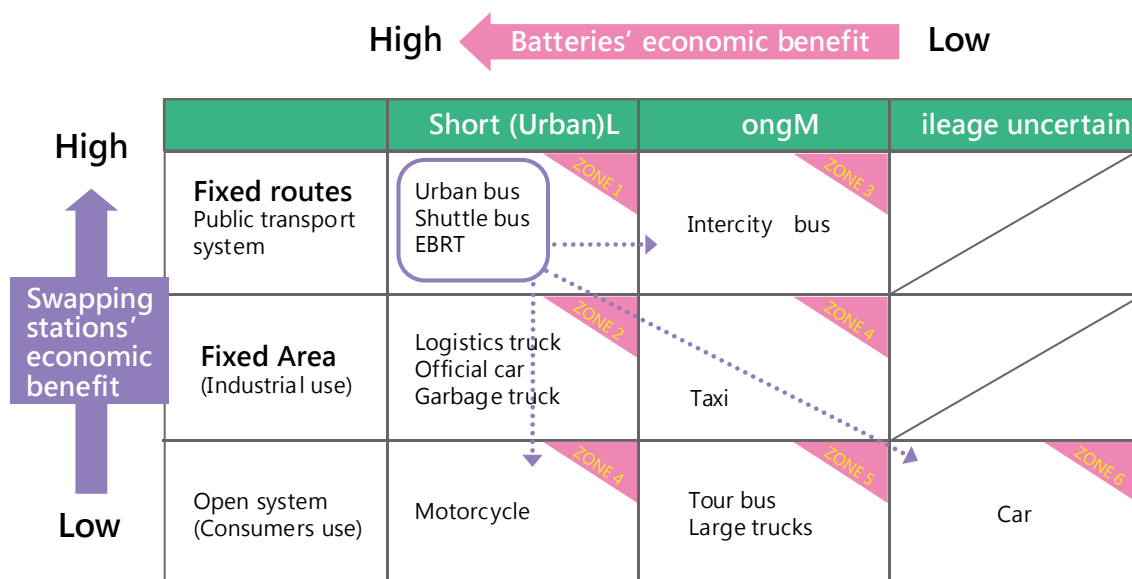
Electric Bus : Current electric vehicles best application

Global urbanization has caused dense population, hence, public transportation systems are relied upon by most people. Thus, transportation is one of the most important public topics in cities today. In the development of industries, the overall benefit of residents lived within the transportation network shall be considered. Electric buses developed for the use of cities can provide the services to most citizens and offer the maximum passenger capacity, they can enhance the overall urban economy, the environmental protection and energy saving.

Aleees started by concentrating on the electric buses for urban use and adopted the development strategy of capturing the advantages of fixed locations, time, distance and speed. Under the limited resources, it intensively uses power source by up to 200 kilometers cruising mileage daily in order to effectively strengthen the economic benefit of batteries and swapping stations, to reach the highest use rate of energy in the shortest time.

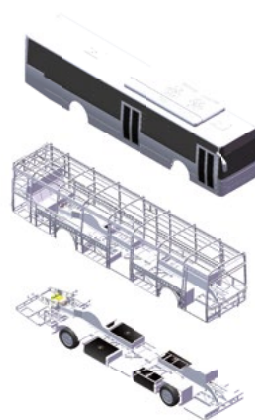


Owing to the progress of battery technologies and steady popularization of swapping stations, the range and strength of services that can be provided are capable of covering inter-city electric buses and electrical logistic vehicles in the fixed areas. Due to the industrial development of electrical carriers, ultimately the services can be extended to vehicles for non-fixed routes including electrical taxis, electrical trucks, electrical cars and electrical motorcycles.



Swapping type of electric bus

Aleees has the strength of manufacturing cathode materials, we integrate the up to down streams industrial resources and adopts the international first class battery and electrical controlling technology. We introduce the theory of dual-power technology to reduce the energy loss caused by the road surface condition. Hence, the energy can be fully utilized. By eliminating the traditional transmission system, our Company is able to offer more space to passengers by manufacturing low-floor electric buses to increase the convenience for elderly, children, pregnant women and physically disabled to get on/off buses.



Battery Materials	Vehicle Body Design	Electromechanical System	Mode of Service	Mode of Operation
Develop and manufacture the cathode materials for lithium ferrous phosphate (LFP) batteries	U-shaped steel beam structure, security beyond the traditional vehicle body structure	ZF Wheel Motor High-efficiency motors and regenerative braking system of Siemens	Modular battery play power complementary device on electric vehicle	Charging and swapping operation system used smart grid system

Charging and Swapping Operation System

Charging and swapping operation provides energy re-supply and power source to electric buses. Aleees owns a world unique charging and swapping management system, which is able to effectively manage battery power re-supply, vehicle scheduling, electrical power allocation. In the future, it can be involved with green energy, eliminating and replacing energy storage battery and connecting to smart distributed type of grid to reduce power loss in transmission lines. It will play an important role of energy supply/re-supply in the grid system.

Swapping type of operation is able to effectively extend battery life and offer fast charging speed. In addition, the land size used by swapping type is only one third of the charging type. Through battery stacks and vehicle mileage, the load of the swapping station can be effectively allocated and the influence to the grid can be reduced. The swapping time is only 6 to 10 minutes, faster than the fuel refilling time of regular buses, the efficiency of using bus is increased.



Charging and Swapping Operation System



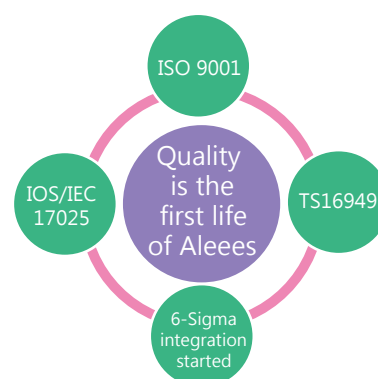
Product and Service Labeling

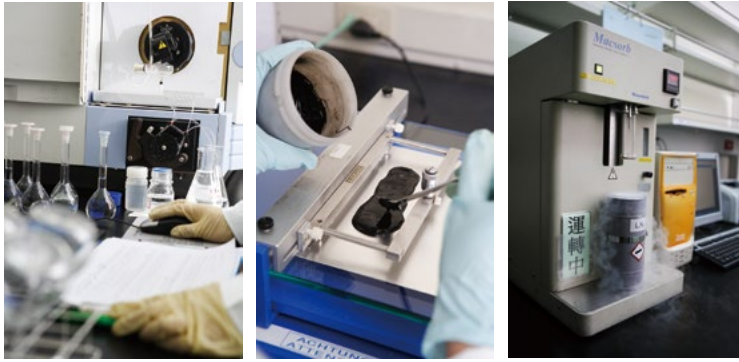
The product specification of cathode materials for lithium ferrous phosphate (LFP) batteries and the matters needing attention when using the materials are listed in the Analysis Report (COA) and Material Safety Data Sheet (MSDS) to allow the customers understand how to use safely. A hot line is dedicated to help customers acquiring the required information. Each electric bus has passed the test performed by Automotive Research and Testing Center (ARTC), a qualification certificate of vehicle safety inspection issued by Ministry of Transportation and Communications is provided to customers. All products are marked 100% in compliance with regulations. During the period of the report, Aleees did not violate any regulations marked on the products and any related fines.

Product Quality

Quality is the first life of Aleees. Discovering the initial problems and reaching the best quality is the top guiding principle of Aleees.

In addition to the monitoring and controlling to the production lines, the product quality also requires a professional analysis laboratory to assist the inspection in order to ensure 100% quality control. The expertise is required to be recognized internationally, Aleees had established an "Inspection Center" in 2013, which also passed the certification of the independent IECQ Laboratory and became an ISO/IEC 17025 certified laboratory with IECQ No. T1154. After the promotion of certification by the Inspection Center, the rate of inspection has reached up to 96.89%, and the accuracy of inspected data up to 99.14%. It fully demonstrated the assurance of Aleees' inspection to product quality. Other than the quality assurance to the cathode materials, the operation of Aleees' electric buses has maintained an excellent record of zero accidents up to now.





R&D

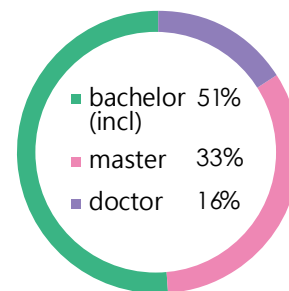
Based on the accumulated research results of cathode materials in the past years, Aleees continuously moves toward the goal of extending the battery use life, increasing energy density and developing new products. The research budgets of Aleees in 2012 and 2013 were NT\$108,977,000 and NT\$150,482,000, 16.68% and 26.08% of the total net revenue respectively. Our group continuously invests resources in research and development to strengthen the quality and quantity of research staffs, to advance R&D and mass production technologies, and to maintain the industrial leading position and advantages.

Competitive Industries

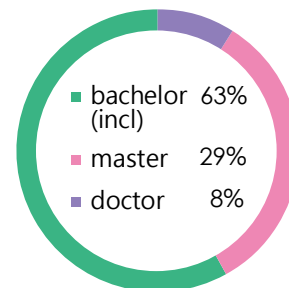
Future R&D direction of cathode materials for LFP batteries

- Continue to improve and enhance the functionality of existing products.
- Introduce updated nano-powder design and post processing technology of nano-powder to fulfill all types of customization requirements for our customers.
- Introduce the latest type of spray drying granulation technology to elevate our processing functionality for customers and enabling the functionality of cathode materials to be even more refined.
- Develop high voltage olivine-structured cathode materials to effectively increase its energy density.
- Actively seek out various research institutes to start out on joint development projects, thereby developing newer type of battery management system and electrolyte additives to improve the lifecycle of batteries.

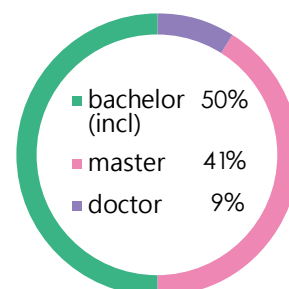
■ 2011 R&D Personnel 43



■ 2012 R&D Personnel 51



■ 2013 R&D Personnel 58



Future R&D direction of electric bus, battery rental and battery charging/swapping station businesses

- Expected to complete the development and safety tests of the 10.5-ton electric truck and 10.5-ton electric garbage truck.
- Expected to complete the development and safety tests of large size low-floor wheel-hub electric vehicle models.
- Expected to complete the development and safety tests of 18m long passenger buses.
- Expected to complete the development and safety tests of high speed long distance electric buses.
- Industry Advantage-Advantages of the LFP cathode materials



electric trash car



18m electric bus

Values of Battery Swap Electric Bus



Low maintenance costs for batteries and related parts :

Independent battery modules and accessory parts could be maintained and repaired externally to reduce operational costs.



Improved operational efficiency and flexibility :

Highly efficient battery swap procedure allows the electric bus to quickly return to service, can increase the operational mileage, and better meet business requirements.



Instantaneous Battery Swap technology :

Given to the continuous and fast development and improvements of battery technologies around the world, using battery swap system allows us to upgrade the battery modules to the newest technologies.



Reduce battery load and increase passenger capacity :

Battery Swap Electric bus can reduce 2.4 tons of battery load and saves 10-15% of power consumption result in the battery load reduction and the incensement of passenger capacity.



Keeping batteries in optimal usage conditions :

Thermostatic and humidistat charging condition to extend battery lifespan.



High utilization rate :

Battery swap design increases turnover rates for our chargers and batteries.



Standardized modular designs :

Our exclusive parallel systems standardized to make it replaceable and to improve application scope of the battery modules.



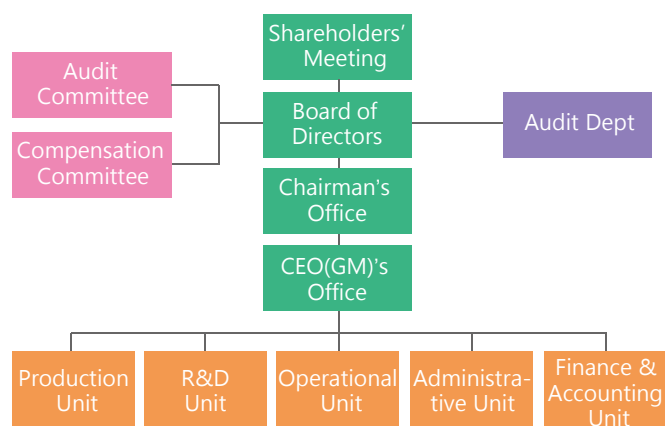
Corporate Governance

A reliable way of creating the internal value from CSR for our Company is via the guidance of the corporate governance changing the mindset of all employees through training and education, adopting professional tools to internalize CSR into all departments and products, setting KPIs to stimulate the innovation of departments, implementing related performance information management and analysis, and finally compiling, disclosing and reviewing the performance, hence, cycling back to re-define the goal of management.

2.1 Governance Bodies

Honesty is the foundation of Aleees' business operation. Our Company endeavors to enhance the structure of corporate governance in order to realize the responsibility of sustainable business operation. A healthy and efficient board of directors is the basis of excellent corporate governance. Under its Board of Directors, Aleees has created an auditing committee, a remuneration committee and an auditing department. Their jobs are assisting the Board to fulfill the responsibility of supervision. For the purpose of helping the investors to understand the status of Aleees' governance, in the annual report our Company has disclosed the status of implementing the "Corporate Governance Best-Practice Principles of Public Listed Company". Our Group has set a spokesperson system and an official website as the channels for the group to convey and communicate information, plus a mail box and dedicated personnel to receive and handle suggestions and problems from investors.

Aleees' Organization



Main Operations of the Respective Departments

Department Name		Work Scope
Internal Audit Dept		<ul style="list-style-type: none"> Take charge of the design and revision of the Company's internal control and internal audit system. Take charge of the improvement of internal control flaws and remediation tracking, as well as planning and implementation of the corporate governance.
CEO(GM)'s Office		<ul style="list-style-type: none"> All types of operational management and operation analysis, and various project operations within the Company. ESH Management and Planning
Production Units	Aleees Taiwan	<ul style="list-style-type: none"> Take charge of production for powders, continue to achieve high efficiency production through advance manufacturing processes, and attain reasonable cost control to satisfy internal and external requirements.
	Aleees Eco Ark Taiwan	<ul style="list-style-type: none"> Take charge of the formulation and execution with regards to the production and production planning of electric buses. Establish quality engineering; continue to apply quality manufacturing processes to attain reasonable cost control to satisfy internal and external requirements.
R&D Units	Aleees Taiwan	<ul style="list-style-type: none"> Take charge of the setup, quality improvement of manufacturing process development and enhancement of reliability test certification for new product development and manufacturing processes.
	Aleees SH	<ul style="list-style-type: none"> Customer pre-sales and after-sales technical services. Functional testing of all batteries and formula research. Testing and development of batteries and battery modules.
	Aleees Eco Ark Taiwan	<ul style="list-style-type: none"> Take charge of the development of electric buses and new product design improvements. Take charge of the design, planning, R&D and construction of the battery system and battery swap station.

Department Name		Work Scope
Operational Units	Aleees Taiwan	<ul style="list-style-type: none"> Take charge of sale and marketing services products, deployment of product lines and relevant management, customer complaints, product returns, market intelligence gathering, and position customer segments, critical sales and marketing points and key competitors according to the determined marketing strategy, to ensure customer satisfaction and continuously improve customer satisfaction.
	Aleees SH	<ul style="list-style-type: none"> Take charge of the sales & marketing of all products and supplier management. Gathering of data and development in new markets. Manage and arrange cargo shipment matters from Taiwan to Mainland China and end customers.
Administrative Units		<ul style="list-style-type: none"> Manage general administration, human resource management, educational training, vendor management and supporting operations, asset management and the implementation and filing of DCC. Take charge of procurement plan, management of contractor's delivery date and quality, time efficiency of shipment handling and inventory management, as well as coordinate the distribution and use of resources to all departments to have strong oversight on productivity resources. Draft and implement the short, medium and long term plan for the upgrading of computing equipment in the Company. Provide management of information services and equipment, and the relevant operations of information services and equipment as well as its integrated maintenance. Take charge of review and legal negotiation of contracts, litigation matters, selection of lawyers, trademark management, technical intelligence gathering, intellectual property and internal legal consultation services, and other relevant services. Provide support to relevant affairs with regards to the electric bus demonstration activities, battery swap stations and battery management.
Finance and Accounting Units		<ul style="list-style-type: none"> Take charge of accounting matters, financial cash flow deployment, investment planning and stock affairs, as well as maintain normal operations of the Company's financial and stock affairs.

Corporate Governance Highlights

The number of independent directors has reach 1/3 of the Board of Directors.

A femal member of the Compensation Committee.

More than half of the members of the Compensation Committee are Independent Director.

The Audit Committee is composed of independent directors.

The major internal policies are public disclosure in the Group's website

The Organization Structures of the Board of Directors

The Board of Directors is the top governance unit and significant operation decision making center. Aleees chooses and appoints its directors fairly and openly in accordance with "Administrative rules of director appointing procedure", the term is three years. The Board is composed of nine directors who have the knowledge, skills and quality required for implementing their jobs. The directors are scheduled for further study each year by the Company, courses including company governance, rules and regulations of securities, tax laws and sustainability related courses in response to the establishment of CSR committee. The number of independent directors has reach 1/3 of the total for the purpose of strengthening the independence and diversity of the Board of Directors in order to develop the ability of strategic guidance. Other than the Chairman, Mr. Shen-shih Chang, the Directors include the founder of Acer, Mr. Chung-hou Tai, former Chairman of Waffer Technology, Mr. Tien-lai Wang, Taiwan representative of QVT Fund Management, Mr. Chung-shih Bien, and two directors from a Group dedicating to develop green industry and biotechnology, Ruentex Group.

Main Operations of the Board of Directors

Under the leadership of Chairman Edward Chang, the Board is mainly responsible for supervision. The quality of supervision and decision making are strengthened by the establishment of various committees. An operation business report meeting is held at least once a quarter by the Board of Directors, through the dialogue with the management level to understand the problems occurred in the actual operation and to request the operation team making adjustment if necessary. The management level maintains a very smooth and unhindered communication with the Board of Directors, it concentrates on the business operation and implementing the instructions from the Board, jointly creates the biggest benefit for the shareholders. During the 2013 period, 11 board meetings were convened and the attendance status of all directors is as follows:

■ The attendance status of all directors in 2013

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)
Chairman	Edward Chang	11	0	100%
Director	Tina-Lai Wang	10	1	91%
Director	Chung-Shih Pien	10	1	91%
Director	Chung-Ho Tai	7	2	64%
Director	Chang Chuen Investment Co., Ltd. Appointed representative : Chih-Chuan Chen	4	1	36%
Director	Yi Tai Fund Co. Appointed representative : Cheng-Wei Ma	10	0	91%
Independent Director	Wei-Min Sheng	9	2	82%
Independent Director	Ming-Teh Wang	8	3	73%
Independent Director	Chien-Yuan Lin	9	2	82%

■ Board members are as follows :

Title	Name	Gender	Academic Qualifications/Experience
Chairman cum CEO	Edward Chang	Male	<ul style="list-style-type: none"> • Juris Doctorate, National Taiwan Normal University • General Manager of Neso Technology Limited in Greater China, Pou Chen Group
Director	Tina-Lai Wang	Male	<ul style="list-style-type: none"> • Chairman, Fair Electronics Co., Ltd. • Chairman, Waffer Techonology Corp. • Director, Raytrend Technology Co., Ltd.
Director	Chung-Shih Pien	Male	<ul style="list-style-type: none"> • EMBA, National Taiwan University • Representative, QVT Asia Pacific Ltd. • VP, Sino Pac Management Consulting Co., Ltd. • VP, FIH Regent Group
Director	Chung-Ho Tai	Male	<ul style="list-style-type: none"> • MBA, Tamkang University • Founder, Acer Inc.
Director	Chang Chuen Investment Co., Ltd. Appointed representative : Chih-Chuan Chen	Male	<ul style="list-style-type: none"> • MBA, Graduate Institute of Commerce, National Taiwan University • Ruentex Development Co., Ltd. -Supervisor • Guan Hua Securities Co., Ltd.-Vice President
Director	Yi Tai Fund Co. Appointed representative : Cheng-Wei Ma	Male	<ul style="list-style-type: none"> • Master, Graduate Institute of Finance, National Chung Cheng University • Ruentex Development Co., Ltd. –Financial Junior Manager • Ruentex Cement Co., LTD.- Project Assistant Manager
Independent Director	Wei-Min Sheng	Male	<ul style="list-style-type: none"> • Ph.D. in Accounting, Purdue University • Dean of Research and Development Division, Office of Academic Affairs and Department of Public Finance and Taxation of National Taichung University of Science and Technology • Dean and Associate Professor, Dept. of Accounting, Tunghai University
Independent Director	Ming-Teh Wang	Male	<ul style="list-style-type: none"> • Ph.D. in Building Management, Department of Civil Engineering ,MIT • Vice President of Chung Hua University and dean of the College of Architecture and Design of Chung Hua University • President of the Dispute Resolution Board of the Arbitration Association of the R.O.C • Director of Chinese Institute of Civil and Hydraulic Engineering cum Chief Commissioner of International Relationship Committee
Independent Director	Chien-Yuan Lin	Male	<ul style="list-style-type: none"> • Ph.D. Transport Engineering, Washington University • Deputy Mayor and Commissioner of the Department of Finance of the Taipei City Government • Asst. Professor of the Department of Transportation Technology and Management of National Taiwan University • Research Engineer of KLD Construction Corp

NOTE : Concurrent Positions in this Company and Other Companies, please refer to our website "Corporate Governance Board of Directors" in Investor Area.

■ Compensation for Directors and Management Team

The remuneration for the directors (including independent directors) in 2013 is shown in the following table. Due to the loss suffered in 2013, the Board of Directors had decided not to offer any remuneration, except that the independent directors who are the members of the Auditing Committee and the Remuneration Committee had been rewarded with a fixed remuneration. The remunerations for General Manager and Vice General Manager in 2013 are listed in the following table. Due to the loss suffered in 2013, no any employee bonus was distributed. The actual numbers are disclosed in the following table.

■ The remuneration for the directors

(including independent directors) in 2013

Unit: K NTD

Title	Name	Compensation		Pension		Compensation from Earnings Distribution		Fees for Performance of Business	
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements
Chairman cum CEO	Edward Chang	-	-	-	-	-	-	-	-
Director	Tian-Lai Wang	-	-	-	-	-	-	-	-
Director	Chung-Shih Pien	-	-	-	-	-	-	-	-
Director	Chung-Ho Tai	-	-	-	-	-	-	-	-
Director	Representative of Chang Chuen Investment Co., Ltd.: Chih-Chuan Chen	-	-	-	-	-	-	-	-
Director	Representative of Yi Tai FundCo.: Cheng-Wei Ma	-	-	-	-	-	-	-	-
Independent Director	Wei-Min Sheng	420	420	-	-	-	-	-	-
Independent Director	Ming-The Wang	420	420	-	-	-	-	-	-
Independent Director	Chien-Yuan Lin	360	360	-	-	-	-	-	-

■ Compensation of CEO, General Manager and VP in 2013

Unit: K NTD

Title	Name	Wages		Pension		Bonus and Special Disbursement, etc.	
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements
Chairman cum CEO	Edward Chang	1,232	4,657	-	-	-	1,803
General Manager, Aleees Eco Ark (Taiwan)	Ching-Wen Wu						
Sales Manager of the Operational Unit of this Company cum General Manager of Aleees SH	Chih-Wei Yang						

Avoid Conflict of Interest

The rules of procedure of Aleees' Board of Directors includes a term of director conflict of interest avoidance, which clearly states that in the event that any director who may have the interest related to meeting discussing items, to him(her)self, or to the represented legal institute, which is harmful to the interest of the Company, is allowed to state the opinions and answer questions in the meeting, but not allowed to join the discussion and voting. In addition, this director shall not present during the discussion and voting, and not allowed to vote on behalf of other directors. Furthermore, by setting professional and independent directors, the Board of Directors is able to fully consider the opinions of independent directors while discussing any proposals, and to include the agreed or opposed reasons or opinions in the meeting minutes. The principle of interest avoidance is observed, so that the interest of the Company is effectively protected.

Compensation Committee

Our Company has amended the "By laws of the Compensation Committee" on Jun 13, 2011, and has convened its first compensation committee meeting on July 26, 2011. The members of the compensation committee are independent director Ming-Teh Wang, Wei-Min Sheng and Professor Yie-Yun Chang, School of Law Dean, Fu Jen Catholic University, in order to reinforce corporate governance and roles of the board of directors. The Compensation Committee convenes 3 meetings in 2013.

Title	Name	Gender	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)
Convener	Ming-Teh Wang	Male	3	0	100%
Committee member	Wei-Min Sheng	Male	3	0	100%
Committee member	Yie-Yun Chang	Female	2	1	67%

Audit Committee

The Audit Committee comprises three independent directors, in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", among which professor Wei-Ming Shen is a financial expert. The purpose of the Audit Committee is to assist the Board of Directors to supervise the quality and faithfulness of the Company in performing the duties relating to accounting, audit, financial reporting procedures and financial control. Its duty is as follows:

- Review of financial statements.
- Appointment, discharge of the certified public accountant(s) or the remuneration for them.
- Compliance of laws and regulations.
- The effectiveness of internal control systems implementation.
- Appointment or discharge of a financial, accounting or internal audit officer.

The regular meeting of the Audit Committee shall be held at least once a quarter, and has convened 10 times audit committee meeting in 2013. The certified public accountant of group attend to audit committee meeting the regularly, and the status of communications between committee member is well and effective. The attendance rate of the members of the Audit Committee in the following table:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)
Convener	Wei-Min Sheng	10	0	100%
Committee member	Ming-Teh Wang	7	3	70%
Committee member	Chien-Yuan Lin	8	2	80%

2.2 Ethics and Integrity

Ethics Values

Honest business operation is the foundation of Aleees' corporate culture. "Ethical Corporate Management Best Practice Principles" and "Ethical Behavior Management Principles" are enforced by Aleees to strengthen the work ethics and professional competence of all employees. They are the important responsibilities and guidance to be born and observed by all board directors, managers and employees.

The business operation concept of honesty, transparency and accountability

- ◆ Bribery offering and acceptance are not allowed.
- ◆ Illegal political donation is not allowed.
- ◆ Improper charitable donation or contribution is not allowed.
- ◆ Unreasonable gifts, hospitality or other improper benefit are not allowed to offer or accept.
- ◆ Directly or indirectly providing, promising, requesting or accepting any improper benefit, or any behavior violating honesty, illegal or violating the delegated duty, is not allowed.
- ◆ Intentionally gaining personal benefit through the use of company assets, information or through the job performed, is not allowed.

Code Administration and Disciplinary Action

The "Employee Code of Practice" of Aleees clearly states that employees are not allowed to directly or indirectly receive any gifts, special treatments or other improper benefit. Our Company provides employees a complete guidance by the code and the system. In the event that any employee is in the violation of ethical and honest behaviors in Aleees, whatever the position, is subject to the punishment stipulated in the "Employee Code of Practice" and "Rules of Employee Rewards and Punishments". Internally, Aleees requires all employees to comply with the code of ethic and honesty, externally, it also requires the suppliers, contractors and others who are contracted with the Group to comply with the Article of Honesty listed in the supplier agreement, which specifies that both parties are not allowed to involve with bribery, refund, commission, improper gifts and treatment. The supervisors in the Group are obligated to set examples to create good models of ethical behaviors.

All employees can use the internal opinion and comment system of Aleees anonymously or by nickname to offer any opinion or suggestions.

Externally, a "sunshine / appeal (speak-up@alechem.com)" mailbox is set in the website of Aleees to receive anonymous letters, any illegal event or behavior can be directly reported to the Group. The event will be investigated by the legal department and an independent auditing team, an appropriate legal action will be taken as a result.

Internally, an auditing team was formed by Aleees directly under the Board of Directors. It is obligated to prepare an annual auditing plan based on the risk assessment. When performing the risk assessment, Aleees' overall business environment, controlling environment and type of transactions are considered in order to evaluate the level of impact caused by various potential risks. The risk assessment performed from 2011 to



2013 had covered all operational locations with periodical and non-periodical auditing to the internal control system of the company. The result of the auditing was submitted to the Auditing Committee and the Board of Directors to ensure the internal control and auditing system, and to assist the Board of Directors and management level to reach the goal.



2.3 Financial Performance

In addition to publish monthly revenue reports, Aleees holds investor conference quarterly and shareholder meeting annually. According to the Company Law, shareholders are allowed to propose written discussion items during the shareholder meeting. Furthermore, our Company website is designed to have a dedicated section for investors with the languages including Traditional Chinese, English, Japanese, Korean and Simplified Chinese. The financial information and the presentations in the investor conference are periodically updated in that section for the reference of the investors. Shareholders and investors can also present their problems and suggestions through investor mailbox. All related information can be inquired from the investor section of the Group website or Market Observation Post System. We believe that all of our effort can increase the transparency of the Group operation and information. Hence, the investors are able to gain more related information for reference when making investment decisions.

Item		2012	2013
Profitability	Return on total assets (%)	(11.71)	(16.89)
	Return on equity (%)	(16.17)	(21.95)
	Net gains before tax to paid-in capital ratio (%)	(19.70)	(28.74)
	Net gains ratio (%)	(34.13)	(70.76)
	Earnings per Share	(2.05)	(3.36)

The primary products of Aleees are cathode materials for lithium ferrous phosphate (LFP) batteries, a newly emerged material. Somehow, the development of the entire industry was rather

late, the mass production of cathode materials for lithium ferrous phosphate (LFP) batteries was started in November of 2008. The products are used in electric cars, electric buses and energy storage batteries, etc. The time needed for the product verification is rather long because it is required to consider the stability and safety of the product. Hence, the time for earning the profit in the industry is longer.

The consolidated revenue of Aleees in 2013 was approximately NT\$580 million, less than that of 2012 in comparison, the reason of revenue reduction was mainly caused by the sales drop of the LFP cathode materials. It was mainly due to the late announcement of new energy subsidy policy in Mainland China in September, 2013. Hence, most of the customers in 2013 had adopted the attitude of "wait and see". As a result, the volume of purchase orders was not as expected. In addition, both electric buses and charging/swapping stations are still in the fleet demonstration stage, not yet reaching the economic scale, so that the gross profit of the consolidated revenue was dropped from 32% down to 5%. Due to the loss in 2013, no bonus appropriation, no tax expenses and no reserved earning incurred in that year.

■ Analyzed table of operating results: Unit: K NTD

Item		2012	2013	Change of Increase/Decrease
Operating Revenues	The LFP cathode materials	594,761	510,839	(83,922)
Operating Revenues	Other ¹	58,490	66,230	7,740
Operating Revenues sub-total		653,251	577,069	(76,182)
Gross Operating Profit		212,399	30,248	(182,151)
Operating Net Loss		(186,976)	(405,330)	(218,354)
Net loss before tax		(222,506)	(408,360)	(185,854)
Operating Costs		440,852	546,821	105,969
Employee Pay and Benefits		183,283	271,507	88,224
Contribution to Social		60	211	151

NOTE : Includes battery cells, batteries, electric buses and battery swap income.

Looking into the future, since the new energy vehicle subsidy policy in China has been officially promulgated, it can be expected that the market demand of cathode materials will bounce back, so that our Group will continue to aggressively adopt the following strategies in order to improve the profitability.

The LFP Cathode Materials

- ◆ **Introduce new-type materials to develop the market :**

Our Group have continued to introduce new-type materials to have more comprehensive product lines. These materials are divided into usage for high end and low end products. For end high products, it allows the customer to use within a broader range of working temperature. While for low end products, it can provide price competitiveness and high C/P ratio of products, and widen its application in the low end market and satisfy the demands of customers.

- ◆ **Develop new markets and customers :**

Besides continuing to develop markets outside of Mainland China, our Group is actively seeking the product qualification of battery makers in EU, U.S, Japan and Korea, hoping to diversify its sales market and improve profit margins.

Electric bus, battery rental and battery charging/swapping station businesses

- ◆ **Strengthening product design and technical ability to maintain the competitive advantage**

Recruitment of professional and technical personnel, self-development integrated system and patent deployment

- ◆ **Providing customers with comprehensive solutions**

Capitalize on the growth of the Group to integrate upstream battery materials to electric buses or the battery charging/ swapping and maintenance of electric vehicles to be developed in the future. Aleees has adopted the operating model of selling the car and batteries separately. There is no concern on

Electric bus, battery rental and battery charging/swapping station businesses

the uncertainty of the battery cost and battery maintenance issues, reducing our customers' risks to the bare minimum. Provide customers with comprehensive services.

- ◆ **Build up brand reputation and reliability**

Continuing to negotiate actively on the sales agreements of the electric buses, our Group has also continue to actively engage various bus companies and county/city governments on partnership plans, to progressively widen our business growth.

- ◆ **Actively engage in the development of the electric bus market in Mainland China**

In view of the release of the subsidy list under the 2014 Mainland China new energy vehicle policy, we shall actively work with the local people's government and vendors to engage in the promotion of the public bus (electric bus) market, so as to increase revenue and improve profitability.

- ◆ **Focus on active development of targeted application market**

With the completeness of its product lines being done, the focus shall be on the battery demand for the new EU vehicle standard – SSV and the energy storage application of 4G base stations to develop customers specializing in the production of battery cells.

Financial Assistance Received from Government

Until 2013, Aleees had been granted with the tax reduction and exemption for some items. However, it is still suffering from the operation loss and not yet enjoying the tax benefit. Currently, no any subsidy is offered in Mainland China.

Company	According Act	Deduction/ Investment credit
Aleees Taiwan	Statute for Upgrading Industry article 6	Investing automation equipment domestically, greenhouse gas emissions reductions or enhance the effectiveness of digital information equipment
	Statute for Upgrading Industry article 6	Research and development investment credit
	Statute for Upgrading Industry article 6	Personnel training investment credit
Aleees Eco Ark Taiwan	Statute for Upgrading Industry article 9	Five-Year Exemption

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2.4 Risks and Opportunities

Aleees is actively reviewing the risks and opportunities that we face. Through a complete risk management and proper risk handling, it is able to capture the momentum of prevention in advance and the improvement of operation mode. Meanwhile, it can achieve the long term risk management by bearing the corporate social responsibility.



Climate Change Risk Management

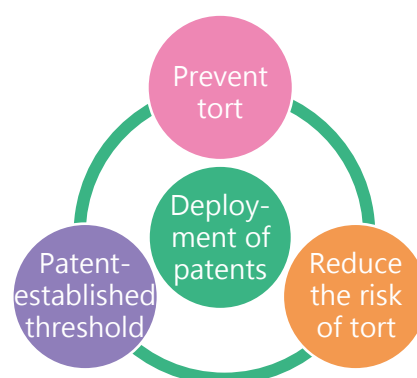
Our Group is highly concerned about the issue created by the climate change. Hence, aiming at the climate change, the action plan taken by our Group is divided into three steps: recognition, action and sustainability. Recognition is to identify the climate risk brought by climate change. The risk caused by the climate change that the enterprise faces includes the risks of material supply shortage, disaster damages, market, and business operation. The actions adopted by Aleees included adaptation and buffering, plus the construction of assessment tools to identify the related risks and opportunities including: the survey of adaptation ability, the assessment of past impact caused by climate, the assessment of future impact caused by climate, the planning of adaptation measures, and the assessment of opportunities. It is expected that, through the issuing of CSR report, our Group will reach the goal of sustainable development.

Awareness	Identifying the risk from climate change
Action	Adaptation, mitigation and implementation of action plans
Sustainability	Promoting CSR to continual improvement

	Items of Risks	Risk or Impact	Potential Opportunities
Legal Aspect	Green industry specifications and certification items	Adjustment of supply chain, change of production method, increase of raw material and R&D costs resulted the increase of overall operation cost	Green industry becomes the mainstream. Introducing green design to strengthen product advantages.
Physical Aspect	The direct impact by the abnormal climate, such as flood, drought or wind disaster	Disruption of supply chain, the drop of production capacity or the stop of production, the loss of property, the cost of reconstruction.	Accelerating the development of related innovative products and alternative material.
	The indirect impact by the abnormal climate, such as the increase of energy resource cost and fast spread of diseases.	The overall operational cost is increased if proper controlling equipment and preventive measures are not used and taken.	Enhancing the control of using energy resources, deploying the optimized design for the work environment according to environmental safety and sanitation specifications.
Environmental Aspect	The market will pay more attention to low carbon eco-friendly products.	Low carbon and eco-friendly certified products are the mainstream of the market. Selecting the material and the supply chain that comply with the low carbon design will increase the overall operational cost.	Capturing the market opportunities. Enhancing corporate image and market share.

Patent Risk Management

Since the founding of our Company, Aleees has been aggressively developing self-owned patents. It has been granted with many patents of cathode materials for lithium ferrous phosphate (LFP) batteries and electric buses around the world. It was also granted with the international patent licensing by LiFePO₄+C Licensing AG LFP. The patent protection umbrella is built to thoroughly eliminate the doubts of European, USA and Japanese international large manufacturers to patents, in order to increase the willingness and quantity of purchase orders placed by them.



■ Complete deployment of patents



Disaster Risk Management

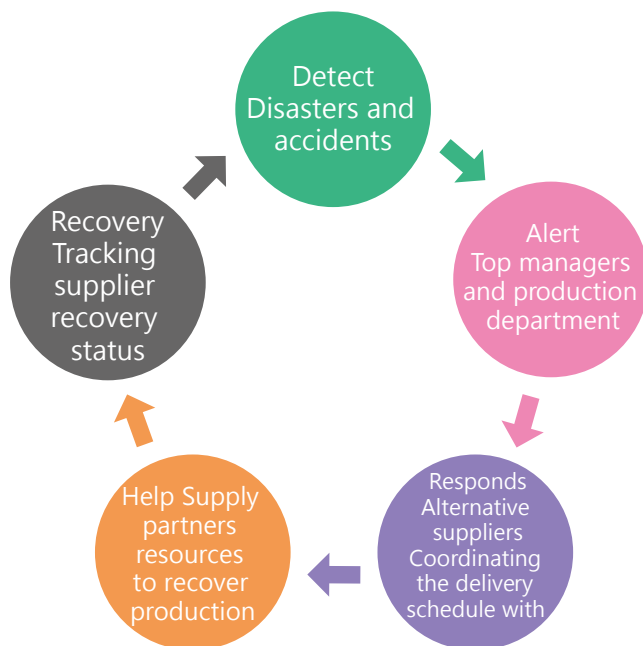
Regarding the impact and influence to the business operation caused by the damages from natural and human disasters, Aleees has built a disaster risk management mechanism based on the concept of preventive management. Our Company has set a "management and operation procedure for emergency preparation and response" in order to avoid or reduce the possible damages to personnel, system equipment and properties, which will result the loss due to operation shut-down. In addition to actively take part in the drills conducted by various government agencies, Aleees also conducts disaster prevention and rescue drills non-routinely. The Company did a fire drill in 2013, other than mobilizing the entire employees to participate, it also assigned the president to take the role of commanding for strengthening the emergency response capability of all employees in order to reach the purpose of controlling incidents and eliminating harms.



■ Fire-drill

Supply Disruption Risk Management

Aleees aggressively builds partnerships with suppliers. We also closely watch the impact to the supply chain caused by significant natural disasters and incidents. In the ordinary course of operation, our Company prepares a production plan and adopts the safe inventory criteria for the purpose of reducing the risk of material shortage. Starting from 2011, it introduced the TS16949 certification and included the index of product delivery into the performance appraisal. Hence, it never suffered from the shortage of material supply and the shut-down of the production. In the event of an emergency, Aleees will activate the response procedure immediately to ensure the continuous operation and to reduce the impact from the incident. We also take the initiative to provide the required resources to the suppliers to resume the production.



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Sustainability Issue Management

3.1 Implement Sustainable Strategies

Aleees's Sustainable Strategies

Economic

Starting from enhancing the quality of human and perfecting the management system, ultimately reaching the goal of continuously improving the company governance performance and responding to the expectations of shareholders.

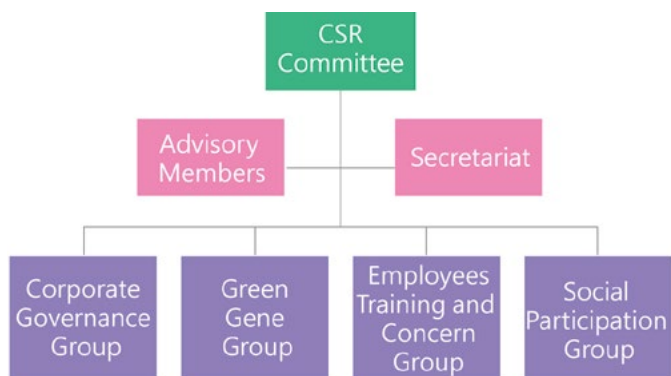
Environmental

Starting from advocating spiritual environmental protection and perfecting the products/services of the core business, ultimately reaching the goal of continuously promoting social responsibilities and responding to the expectations of general publics.

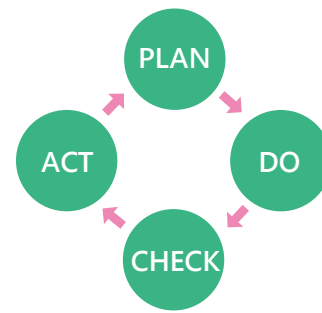
Social

Starting from joining global green partners and complying with government policies, ultimately reaching the goal of continuously bearing the corporate social responsibilities via actual actions and responding to the expectations of earth citizens and future generations.

Aleees Corporate Social Responsibility Committee



Aleees has established a Corporate Social Responsibility Committee (referred to as the CSR Committee) under the Board of Directors in this year to integrate organization resources and to enhance the efficiency in order to ensure the realization of sustainable strategy. CSR Committee is the top internal organization responsible for corporate social responsibility, it is chaired by the chairman, the members include general managers of all business units. It intends to create a corporate governance system and to fulfill the corporate social responsibility in accordance with "Corporate Governance Best-Practice Principles" and "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies".



Regarding the structure of Aleees' CSR committee, there are advisory members and a secretariat under it, one of the advisory members is a board director, and the secretariat is responsible for the operation of the committee, the coordination of projects and the collection of information.

Four functional teams are formed according to the types of implementation. They are composed of all business units involved in the operation decision making and the heads of related departments. The functions of them are to integrate various departments based on topics and to initiate action items.

CSR committee is operated based on the management model of "P-D-C-A" (Plan-Do-Check-Action). Each functional team is responsible for routinely checking stakeholders, collecting and reviewing topics concerned by stakeholders. During the annual meeting, they will report the status along with the initiated target projects, to ensure all significant considerations are covered. After the confirmation by the committee, they will start to implement action items and routinely report to the board of directions in terms of the progress and effectiveness of various corporate social responsibility matters. The chairman reviews the

effectiveness of each functional team and submits the CSR results to the Board of Directors in next year. The Board will review and inspect the performance in terms of economic, environmental and social topics, and come up with strategic planning and measures in response to the performance assessment.

3.2 Investigation and Response to Sustainable Issues

Identify the Stakeholders

Our stakeholders include the entities or individuals who are significantly influenced by our activities, products and service, or whose actions will influence Aleees' implementation strategy and the ability to reach the goal. Staffs from various departments are sitting together to identify stakeholders based on the interchange of organizational operation and the tolerance of stakeholders. The stakeholders are then reviewed in accordance with six principles including responsibility, influence, proximity, dependency, representation, policy and strategic intent to choose the ones that are to be communicated first, and to respond to the topics concerned by them.

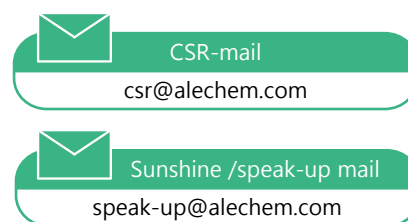


■ Our Stakeholders

The Stakeholder Engagement

The stakeholder engagement is an important factor when drafting the governance strategy and managing the sustainable topics by Aleees. In addition to the daily business, our Company also interacts with our interested parties through other channels including phone communication, meetings, satisfaction survey, on-site visits and joining associations. With respect to the topics concerned by the interested parties, our Company has responded to the identified topics considered to be significant in this report.

In response to the initiation of organizational sustainable management in this year, our Company has set "CSR-mail (csr@alechem.com)" and "Sunshine /speak-up mail (speak-up@alechem.com)" as the official interactive communication channel for the appealing and feedback of environment, labor, human rights and social issues. Our Company will manage, respond and resolve all issues raised by our interested parties via the dedicated internal organizations.



Stakeholders	Concern Issues	Communication Platform	Response (Chapter)
Employees	<ul style="list-style-type: none"> Employee Benefits and Equity Labor and Talent Attract and Maintain Training and Education Employment Occupational Health and Safety Confidentiality and Obligations of Non-Competition 	Performance review Semi-annual Regular/occasional communication meeting Department meeting weekly Education and training program conference Employee suggestion box Labor safety committee	5.Employee Benefits and Development
Customers/ Partners	<ul style="list-style-type: none"> Customer Service Product Responsibility Product Quality and Technology R&D Supplier Management 	Annual customer satisfaction survey Regular/occasional visit customers Telephone or e-mail feedback	1.2 Product and Service 4. Supply Chain Management and Customer Service

Stakeholders	Concern Issues	Communication Platform	Response (Chapter)
Investors/ Shareholders	<ul style="list-style-type: none"> • Economic Performance • Brand Presence • Sustainable Development Strategies • Corporate Governance • Risk Management 	Shareholder's meeting Investor conference Investor relations in website Market Observation Post System Company website Telephone or e-mail feedback	1.About Aleees 2.Corporate Governance 3.Sustainability Issue Management
Suppliers	<ul style="list-style-type: none"> • Corporate Business Strategy • Supplier Management • Procurement Practices 	Supplier performance evaluation Supplier on-site audit Telephone or e-mail feedback	2.Corporate Governance 4. Supply Chain Management and Customer Service
Community / Local Groups	<ul style="list-style-type: none"> • Community Participation • Social Welfare • Communication Channels • Environmental Management 	Volunteer services and charitable activities Green energy education promotion Courtesy call with local groups Company website/ FB/ blog	6.1 Environmental Management 7. Contributions to Society
Government	<ul style="list-style-type: none"> • Compliance • Information Disclosure and Transparency • Green Energy Transport Policy 	Government document Regulations conference Public hearing Seminar Forum Regular/occasional visit Market Observation Post System Company Website	1. About Aleees 2.Corporate Governance
NGOs	<ul style="list-style-type: none"> • Environmental Investment • Diversity and Equal • Opportunity • Human Rights • Green Solutions • Climate Change • Greenhouse Gases 	Seminar Forum Participation in NGO activities CSR in company website FB/blog	2.4 Risks and Opportunities 5.Employee Benefits and Development 6. Environmental Sustainability
Academic Institutions	<ul style="list-style-type: none"> • Innovation and R & D Capabilities • Industry-academic Cooperation • Technology Research and Development 	Seminar Campus recruitment Industry-academic cooperation project Regular exchange	1.2 Product and Service
The Public	<ul style="list-style-type: none"> • Brand Image • Product and Service Quality • Ethics and Integrity 	News release Forum Press conference Satisfaction survey Company website/FB/ blog	2.2 Ethics and Integrity

3.3 Identified Material Aspects and Boundaries

Material Aspects Analysis Process

This report adopts the flow of analyzing the material aspects to identify the sustainable topics concerned by the stakeholders, which are the references for disclosing information and eventually reaching the goal of effective communication.



Sustainability Issues Source of Aleees

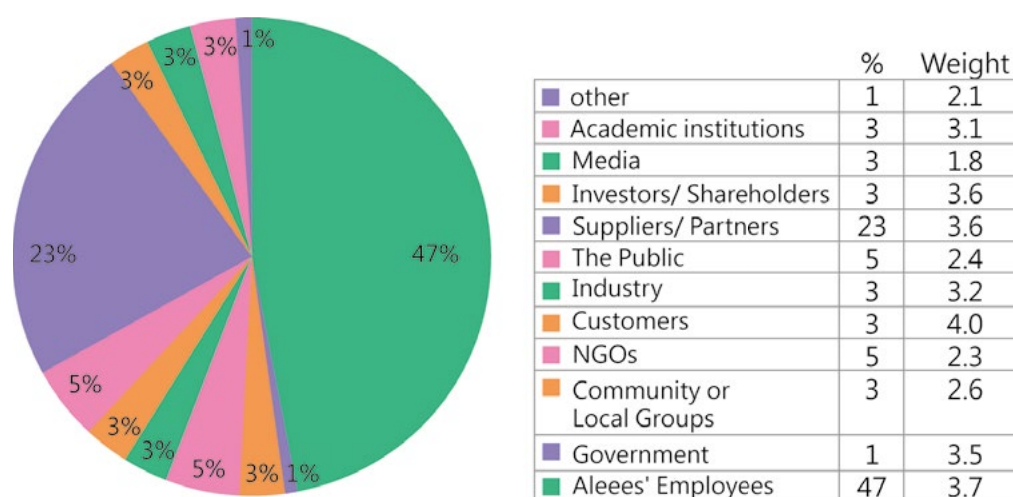
The flow of identifying material aspects used by Aleees is based on the principle of reporting and the defining of reporting content that are covered in the GRI G4 sustainable reporting framework. Owing to the broad coverage of sustainable topics, our Company collects and organizes the related topics from the following sources.

External	Internal
Aspects and indicators on GRI , sustainability topics for sectors	Sustainable policy
Feedback from communication with our stakeholders	Key performance indicators
Analyze industry benchmarking of business sustainability issues(cathode materials, vehicles and transportation industry)	Rules and regulations

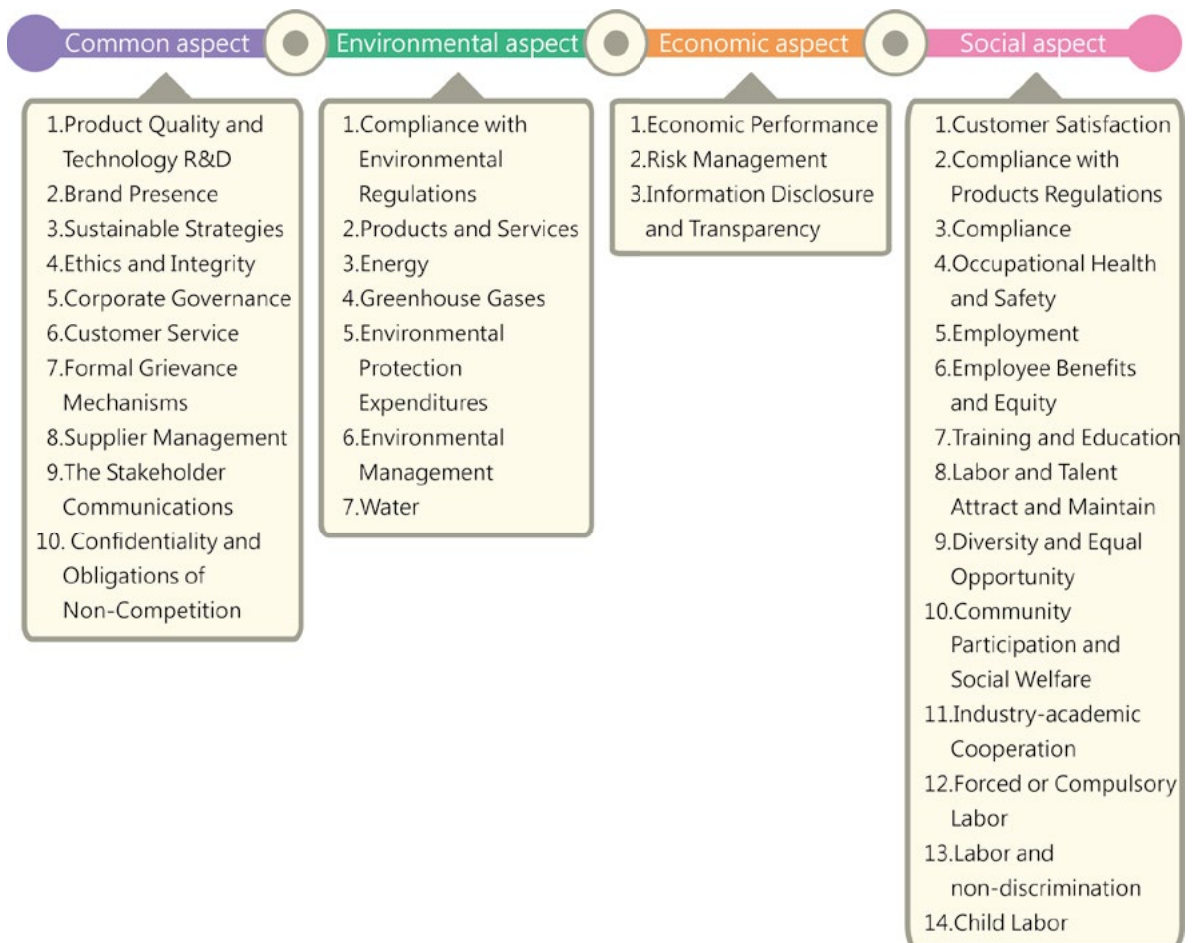
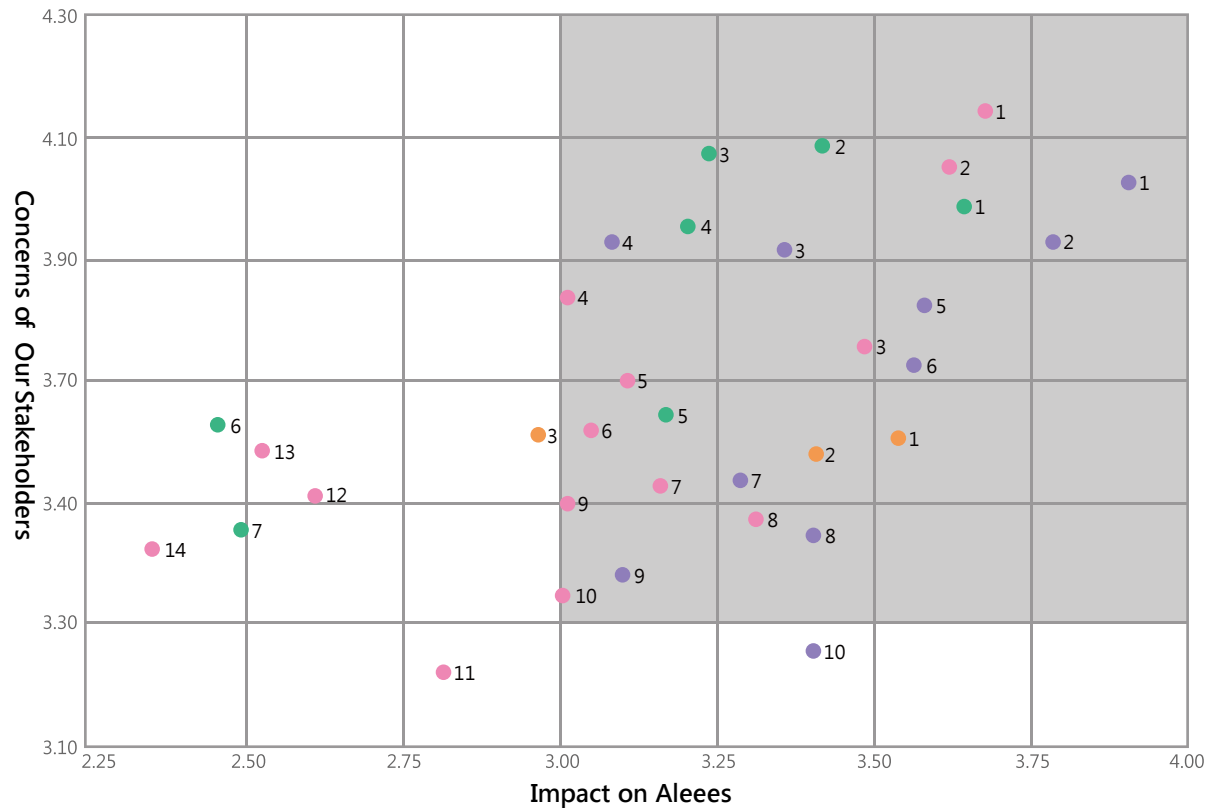
Prioritization of Material Aspects

A total of 233 valid responses to on-line survey questionnaires were received this time, the AA 1000 SES principle was adopted to assess the level of relationship between the stakeholders and Aleees. The score of concern and the level of relationship of each topic were calculated by weighted average, for the purpose of understanding the degree of concern by the stakeholders. With regard to the economic, environmental and social impacts of each topic to Aleees, they are scored individually by the members from 28 units of Aleees based on the viewpoints of management personnel within the organizations. All scores were compiled and the significant topics related with Aleees' sustainable development were ranked. The significant threshold scores were defined in the consideration of first time issuing information coverage level, as the reference of responding to the significant topics. The stakeholders' concern, the threshold score is 3.3 or above, for the impact to Aleees, the score is 3 or above.

■ The relationship and weights about the stakeholder questionnaires with Aleees



Material Aspects Analysis Results



Aspect Boundary

For each material aspect by identified, we assess the impact and decide the aspect whether to impact occurred within or outside of the organization. Part of the significant issues do not list but have material influence within the organization, the disclosure and instructions in the report after discussion.

- We disclosure those material aspects in this report
- △ Material aspects can deliberate management approach with the relevant sections to avoid the impact outside of the organization
- ◎ Material aspects which suppliers discloser sustainability report and we provide links let you know more information.

Material Aspects		GRI G4 Aspects	Within the organization			Outside of the organization	
			Aleees Taiwan	Aleees Eco Ark (Taiwan)	Aleees Shanghai	Supplier	Customer
Consolidated	1 Product Quality and Technology R&D	Aleees-1 Product and Service Labeling	○	○	○		
	2 Brand Presence	Aleees-2	○	○			
	4 Ethics and	Anti-corruption Public Policy Compliance	○	○	○		
	6 Customer Service	Customer Health and Safety Customer Privacy	○	○	○		
	8 Supplier Management	Procurement Practices Supplier Environmental Assessment Supplier Human Rights Assessment Supplier Assessment for Labor Practices Supplier Assessment for Impacts on Society	○	○			△

Material Aspects \ Boundary		GRI G4 Aspects	Within the organization			Outside of the organization	
			Aleees Taiwan	Aleees Eco Ark (Taiwan)	Aleees Shanghai	Supplier	Customer
Consolidated	9 The Stakeholder Communications	Environmental Grievance Mechanisms Labor Practices Grievance Mechanisms Human Rights Grievance Mechanisms Grievance Mechanisms for Impacts on Society	○	○	○		
	10 Confidentiality and Obligations of Non-Competition	Anti-competitive Behavior	○	○			
Environmental	1 Compliance with Environmental Regulations	Compliance	○	○			
	2 Products and Services	Products and Services	○	○	○	⊙	△
	3 Energy	Energy	○	○		⊙	△
	4 Greenhouse gases	Emissions	○	○			
	5 Environmental protection expenditures	Overall	○	○			
	6 Environmental Management	Materials Effluents and Waste	○				
	7 Water	Water	○				
Economic	1 Finance Performance	Economic Performance	○	○	○	⊙	△
	2 Risk Management	Economic Performance	○	○	○		
Social	1 Customer Satisfaction	Product and Service Labeling	○	○	○	⊙	△
	2 Compliance with Products Regulations	Compliance	○	○	○	⊙	△
	3 Compliance	Compliance	○	○	○		
	4 Occupational Health and Safety	Occupational Health and Safety	○	○		⊙	

Boundary Material Aspects		GRI G4 Aspects	Within the organization			Outside of the organization	
			Aleees Taiwan	Aleees Eco Ark (Taiwan)	Aleees Shanghai	Supplier	Customer
Social	5 Employment	Employment Equal Remuneration for Women and Men	○	○	○	◎	
	6 Employee Benefits and Equity	Employment Labor/Management Relations	○	○	○		
	6 Employee Benefits and Equity	Training and Education	○	○	○		
	8 Labor and Talent Attract and Maintain	Market Presence Employment	○	○	○		
	9 Diversity and Equal Opportunity	Diversity and Equal Opportunity Equal Remuneration for Women and Men	○	○	○		
	10 Community Participation and Social Welfare	Aleees-3	○	○			
	13 Labor and non-discrimination	Non-discrimination	○	○	○		
	14 Child Labor	Child Labor			○		

The Links of Suppliers' Sustainable Information

Suppliers	Suppliers' Sustainable Information
FMC CORPORATION LITHIUM DIVISION	http://www.fmc.com/sustainability/Publications.aspx
SQM EUROPE N.V.	http://www.sqm.com/zh-cn/sustentabilidad.aspx
HOGANAS SWEDEN AB	http://www.hoganas.com/
ZF Taiwan Ltd.	http://www.zf.com/corporate/en/company/sustainability/sustainability.html
SIEMENS	http://www.siemens.com/sustainability/en/index.php
KANTO-PPC Inc.	http://www.kanto-ppc.com/zhtw/index.aspx
SAN FU CHEMICAL CO., LTD.	http://www.sfchem.com.tw/zh-tw/html/csr



Supply Chain Management and Customer Service

4.1 Supply Chain Management

Vendors in the supply chain are the important operating partners for the growth of Aleees. In 2013, a total of 467 suppliers worked with our Company, including raw material suppliers, equipment suppliers, repair and maintenance contractors, etc. Through the close cooperation and appropriate planning, our Company is able to provide immediate, reasonable and efficient mechanisms to run a smooth production and to quickly satisfy customer's needs. Hence, the overall supply chain efficiency is improved. Currently, the Aleees' way of managing and facilitating suppliers is based on the following three processes.

Selecting Suppliers	<ul style="list-style-type: none"> ◆ Assessing the quality, prices, environment, safety and sanitation of the supplier. ◆ Raw material, commitment of product environmental protection, RoHS and REACH shall comply with the guaranteed term. ◆ Listed as a qualified supplier after passing the assessment and being approved, the management operation shall be implemented afterwards.
Assessing and Appraising Suppliers	<ul style="list-style-type: none"> ◆ Performing annual assessment and appraisal to major suppliers. ◆ Assessed Items: quality, delivery, cooperation, after service. ◆ If the appraisal is failed, the qualification of a supplier will be terminated and listed as an unqualified supplier.
Auditing Suppliers	<ul style="list-style-type: none"> ◆ Scheduling supplier auditing plan based on the significance, annual appraisal and performance of the supplier. ◆ Facilitating the supplier based on the result of auditing to ensure that it meets the requirement of the Company. ◆ The supplier qualification will be cancelled if the auditing is not passed.

New Supplier Evaluation

The supplier shall meet the assessment of quality, prices, delivery, environment, safety and sanitation requirements in order to become a supplier of Aleees. Human safety and eco-friendly are the mission and corporate citizen responsibility of Aleees. In the supply chain system, our Company endeavors to take any action that is helpful to cope with the global warming, to reduce the dependency of oil and the burden to environment, and to decrease the risk of occupational safety and sanitation. Our Group is aggressively seeking for good strategic partners, so that the supply chain can have sufficient capability to jointly develop the technologies needed by next generation products. Hence, it can efficiently provide better products to customers and increase the cost effectiveness.



Common Commitments between Aleees and Suppliers

Observing all environmental protection and occupation safety and sanitation laws and regulations.

Implementing environmental protection and occupation safety and sanitation management system as well as employee training.

Concentrating on development and adopting energy saving products to cope with the crisis of global warming and to reduce the dependence to oil.

Adopting low pollution technology and carefully selecting raw materials, products that can be recycled and suppliers to lower the burden to the environment.

Dedicating to the saving of various energies, increasing the rate of use of products and the cycling of wastes.

Promoting green accounting system, enhancing enterprise sustainable development and fulfilling corporate social responsibility.

Building good communication and consulting channels.

Observing the code of ethical and honest behaviors

Supplier Management by Objectives

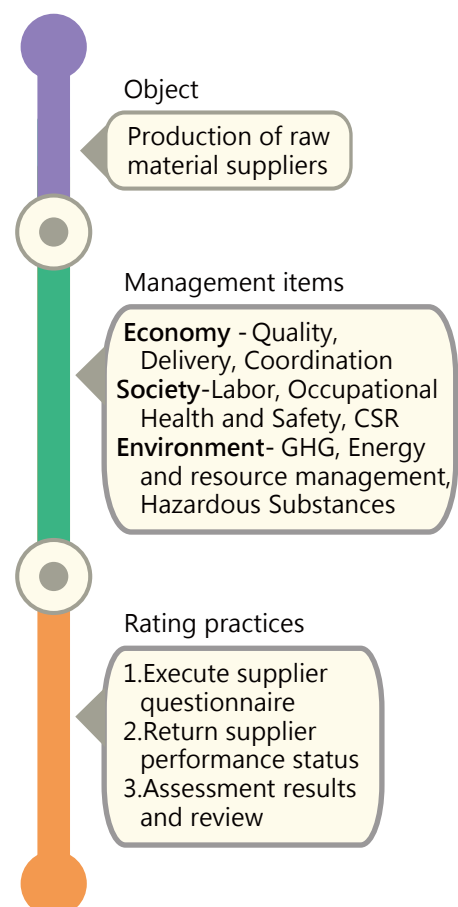
In addition to fulfill our corporate social responsibilities, Aleees also realizes that the scope of corporate social responsibility has been expanded from the enterprise to the entire supply chain. Regardless of the position in the supply chain, an enterprise shall always bear the responsibility. Hence, in addition to the controlling of the quality, delivery and materials used in the products, Aleees is obligated to request suppliers to jointly promote social responsibility with respect to corporate ethics, worker health and safety, environmental protection and human rights, in order to maximize the effectiveness. Aleees commitment to continuous improvement of the supply chain management system.



Continuously Improve the Supply Chain Management System

A key factor for Aleees to penetrate into the globalized market is to continuously improve the management of supply chain. In the face of the global market with various industries, Aleees intends to adopt a principle of supply chain sustainable management, that is, the suppliers shall run the business based on ethics and honesty, endeavor to maintain the human rights of employees and provide safe and healthy work environment. Our Company encourages suppliers to protect natural resources and to be responsible for the environment by avoiding the use of hazardous substance. We also send out questionnaires to suppliers to survey their economic, environmental and social measures. In addition, we will also introduce a supplier CSR assessment system by phases. The first phase is planned from Q4 of 2014, the target for this trial will be the major raw material suppliers. It is believed that as the time goes by, we can all reach the best result through on-going improvement of supply chain management system and the enhancement of suppliers' performance.

■ Rating Supplier CSR

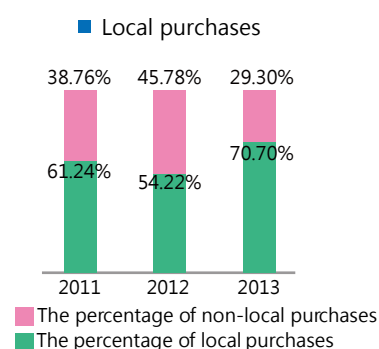


We will take the following incentives based on "Supplier rating assessment table " assessment results.

Score	Incentives
90~100	Increase the amount of annual order or may be considered free inspection.
80~89	Not incentive.
60~79	Decrease the amount of annual order or conduct audits assessmen.
below59 (inclusive)	Stop feeding temporarily and improvements within the limited period or re-evaluation.

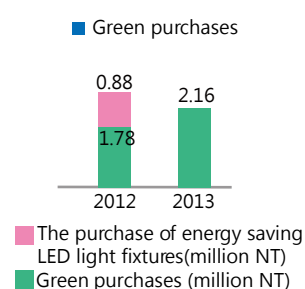
Local Purchase

By adopting the local purchasing strategy, we are able to reduce the energy consumed by shipping various raw materials and the emission of greenhouse gas, so that the efficiency of using resources are improved. It also helps the economic development of the country where the material is purchased from. In the last three years, the amount of raw material, subcontracting, consumables and equipment purchased by the production base of our Group in Taiwan from the local suppliers was averaged to over 60%. In 2013, the local purchase amount was even as high as 70%.



Green Purchase

In order to comply with the program of expanding the green consumption by factories located within Guei Shan Industrial Park, at the end of 2011, Aleees initiated an "Environment Friendly Purchase Assessment Project" in the organization. The status of it is routinely reported in the weekly supervisor meeting and conveyed to employees by the head of each department. Except office supplies and electrical appliances, the amount of green purchase in 2012 was NT\$1.78 million. In the same year, the purchase of energy saving LED light fixtures was amounted to NT\$880 thousand, for the purpose of improving lighting in the factory. The green purchase in 2013 was amounted to NT\$2.16 million. The amount of green purchase is intended to meet the overall needs of the Group, hence, the percentage of it is increased steadily by the year.



4.2 Customer Service

As a green new energy company, Aleees always insists on the principle of "human-oriented and customer first" to be the mission of services. For many years, via the friendly collaboration with the customers, Aleees has deeply recognized that the basis of long-term development is to provide to customers high quality, high efficient and overall technical support, and to become the forever friend and partner with the customers. In order to offer to customers the most satisfied technical support and after-sale service, Aleees provides an overall technical support and service to ensure that the demand of technical support and service by the customers is met, and to maximize the value for customers by growing together with them.

Cathode material customer-oriented products and services :

Before the sale	Technical interchange with customers.
During the sale	Helping customers to resolve various problems incurred during the use of the products.
After the sale	Setting a "24 hours service line" plus providing field support and emergency service.

Aleees respects and understands customers, we are forever friend and partner of them. We also insist on providing the products and services that exceed the expectation of customers.

Training and guiding to customers

Providing use recommendations and instructions, providing necessary technical support or field guidance, preparing customized technical parameters for customers, so that they can start from small trial to mid-size trial to batch production.

Diagnosing customer's problems

Providing solutions at the customer end, assisting customers to analyze, determine and handle problems and improvement measures. Removing various barriers on the road of growth for customers, reducing or avoiding the cost of failure for customers.

Endless innovation

Through accumulating innovative experiments and contacting front end information to provide to customers endless optimized innovative R&D techniques, so that they can gain the forever controlling of products and technology innovation.

Developing end customers

Through developing end customers to help them finding their purposes, jointly forming the long time and on-going cooperation at the same track.

Integrating industrial resources

Through integrating the resources and information in the supply chain to provide to the Company and customers the information analysis and future investment direction for the future development.

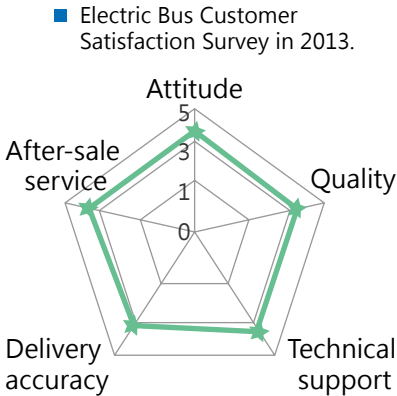
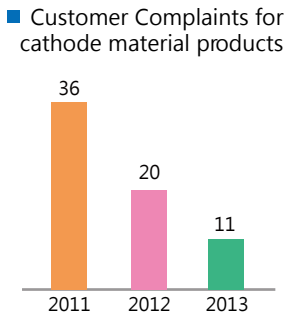
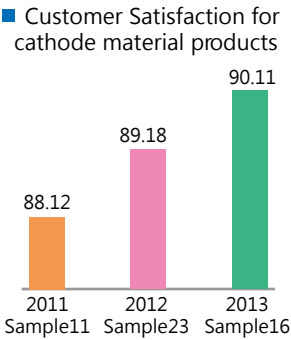
Customer Satisfaction

In order to satisfy customer's dynamic needs and to create values for them, Aleees has arranged its regional sales people taking the initiative to frequently visit the existing customers, and to develop new customers via related information. In addition, it routinely conducts the survey of customer satisfaction in accordance with the "Customer Satisfaction Management Procedure" and then holds review meeting after the data compiled. Aiming at the items not satisfied, our Company requests the associated department to come up with the solution for improvement and offers in-time feedback the suggestion from customers, hence, to maintain a long term and good cooperation relationship with them.

Although the score of cathode material products in 2011 had reach the criteria of 80, but customers expected to increase the technical support. In addition to the improvement based on the suggestion from the previous year, in 2012, customers also offered the suggestion of preferable prices and payment term. The improvement was made in 2013 based on this suggestion, so the score of customer satisfaction had increased to over 90. The index of the number of customer complaints in the last three years was dropped by 69.4%. A good quality handling process and information feedback system is the key for the growth of Aleees. Whenever customers raise questions, the system is able to quickly trace all detailed parameters of production, it can effectively capture every possible cause and adopt DMAIC approach to allow the team of improvement to improve the quality and to prevent the products from malfunction, as a result, to enhance the quality of the products.

The sampling data of electric bus customer satisfaction was from three companies, from which four aspects were satisfied (averaged score above 3) and the after-sale service was very satisfied (averaged score above 4). Todays' public transportation vehicles still mainly consume diesel, the ones based on electrical power are yet to be developed. In order to momentarily capture the opinions from customers and to respond to the status of products, the sales people, aiming at unsatisfied items, will take the initiative to contact the related department and request a solution for improvement. They will feedback to the customers immediately about their suggestions to maintain a long term and good relationship with the customers.

For the purpose of increasing customer satisfaction, ensuring the smooth running after the vehicles are delivered to the customers and immediate responding to the abnormal conditions of customer's vehicles, Aleees has introduced a procedure of repair requesting sheet and collecting the data of vehicle abnormal running condition at the same time, as the reference for future



development of vehicles. It is planned to entirely introduce electronic sheet system in the fourth quarter of 2014, in order to more effectively control the timing of procedure and the completeness of data.

Protection of Customer Privacy

In order to maintain the competitive advantage of the innovative technical capability and to ensure the interest of all stakeholders, Aleees specifically protects and controls intellectual property and confidential business information. In addition to specifying the rule of business competition avoidance, we also clearly adopted the management procedure and measures for the operation secret and business related confidential information of our Company.

The employees of Aleees have all signed a "Non-disclosure Agreement" with the Company, while working in or after leaving the Company, they are liable to keep the confidentiality regarding the learned organization operation, business, customer's confidential information and business secret during the work, they shall not arbitrarily disclose any of those information to the third parties and directly or indirectly use them for the benefit of employees or the third parties. In the event of any violation, in addition to be punished in accordance with the rules of work, code of practice, announcements and related regulations of the organization, the individual shall also compensate the organization all losses and damages caused by the breach of agreement, the benefit received by the recipient is considered to be the damage to the Company. Our Company exercises the best practices to protect the information provided by customers to ensure the privacy of customers. Hence, no any complaint was filed by customers regarding the invasion of privacy and the loss of data during the reporting period. There is a term of confidentiality in the exclusive distribution agreement and battery charging and swapping service agreement entered by the Company and the customers, to ensure the protection of

privacy of customer data.

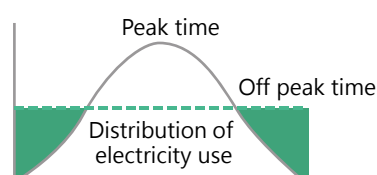
4.3 Electric Bus Value-added Service

The Vehicle Operation and Control Center

A vehicle operation and control center is needed for the transportation and energy allocation of a smart city to effectively monitor the safety of vehicles, the health of the battery and the energy supply of battery charging and swapping stations. Through the centralized management, Aleees' vehicle operation and control center allows the vehicle management and the customers who operate the battery swapping stations to effectively connect to smart grid. Through battery stand-by rate, battery charging and vehicle scheduling, it can evenly allocate the load, as a result, reduce the peak electricity generation, the investment of equipment and the emission of carbon.

The Vehicle Operation and Control Center of Aleees

- Provide CO₂、CO、NO_x、PM、SO_x emission index.
- Swapping control system : provide battery serial number tracking, inventory management, battery power management, battery matching system, measuring and billing, operational monitoring and management, charge card management, document print, centralized monitoring, assets management.
- Swapping station data monitor: exception analysis.
- Swapping station data monitor : site monitoring and vehicle information return.
- Distribution about swapping owned passenger transport industry : swapping information operation information.
- Running mileage and changing trends of kWh.
- Swapping/E-BUS maintenance reserve.
- Real-time vehicle information.
- Safety security system.
- Battery identification management via RFID.



Electric vehicle discharge in peak for urban energy applications



The Vehicle Operation and Control Center schematic diagram

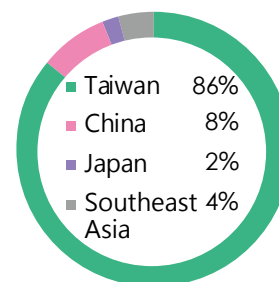
Employee Benefits and Development

5.1 Human Resources

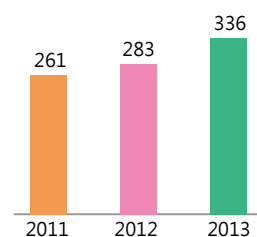
In response to the global green energy sustainable development, since 2011, the number of Aleees' employees has increased by 29%. Up to the end of 2013, the total number of employees is 336. After September, 2013, the manpower in the Company had reached a sufficient level, thus, no any non-official employees are hired. Physically and mentally challenged are hired based on the quota stipulated in the law. The freedom of association has also been protected. Currently there is no union yet. The employment agreements are signed by all employees, thus, the right of work is protected. Some employees in Advanced Lithium Electrochemistry (Shanghai, China) have signed the regular employment agreement, whereas, all full time official employees in Taiwan have signed the irregular employment agreement.

At the end of each year, based on the goal of business operation, annual operation plan and overall development, the head of each department is obligated to examine the manpower needs for the following year. After evaluating the deployment of current manpower, they then request the extra personnel needed. The human resource department will disclose the job vacancy information via various channels of employment and then hiring new employees. The procedure of hiring is based on the principle of fairness, equity and openness in selecting the appropriate talents, in order to find the right person for the right position.

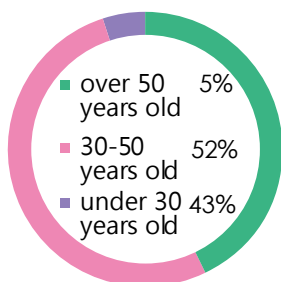
■ Regional distribution of employees in 2013



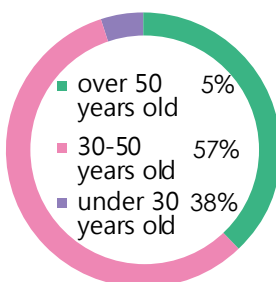
■ The total number of employees



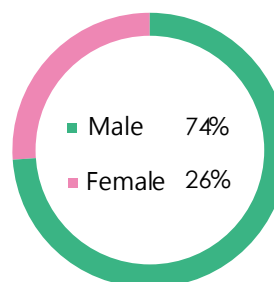
■ Age distribution of female employees in 2013



■ Age distribution of male employees in 2013



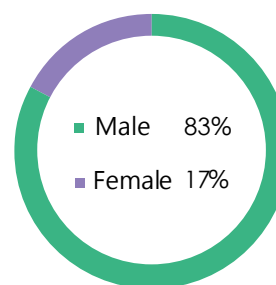
■ The rates of employee by gender in 2013



Number of employees	2011		2012		2013	
	Male	Female	Male	Female	Male	Female
Aleees Taiwan	143	54	130	48	143	56
Aleees Eco Ark (Taiwan)	36	6	58	18	87	21
Aleees SH- irregular employment agreement	12	10	5	9	12	8
Aleees SH- regular employment agreement	0	0	13	2	8	1
Total	191	70	206	77	250	86
	73%	27%	73%	27%	74%	26%

Based on the diversity and equal job opportunity, and having the inmates to find a job after being discharged from prison to resume their living and to reduce the recidivism rate, in 2013, two companies of Aleees in Taiwan joined the "Reborn & Building Dreams – Diversified Employment Matching Program for the Inmates in the Correction Agency of Ministry of Justice" initiated by Taipei Prison to fulfill the social responsibility with the belief of respecting the heaven and loving people.

■ Senior management by gender in 2013



■ Proportion of senior management hired from the local

Area	Local	Non-local
Taiwan	100%	0%
China	50%	50%

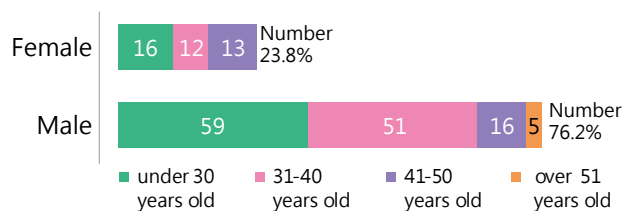
NOTE : " senior management" means the director level and above

Turnover Rate

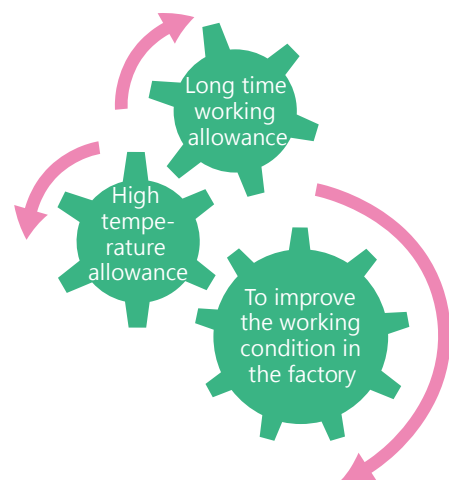
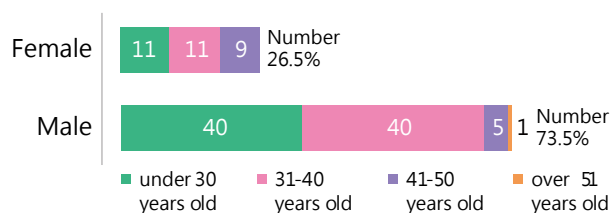
In the event that an employee submits for resignation, the respective department head and the human resource department will conduct a face to face interview to understand the reason of resignation, offering the care and inviting to stay. Meanwhile, an internal job rotating opportunity is offered.

Owing to the influence by the type of industry and the business operation environment, the turnover rate of Aleees in 2013 was around 35%. In order to reduce the high turnover rate, Aleees pays to the personnel working in Guei Shan factory a high temperature allowance, from July to October of each year. Meanwhile, our Company also invests resources to improve the working condition in the factory. In addition to improve the air ventilation, our Company has changed the way of inputting the raw material into the production line from manual to piping, to reduce the direct contact to powder and dust by the workers. For the technicians who have passed the performance appraisal or skill verification and worked for over one year in the Company, they will be paid with a long time working allowance based on the seniority.

■ The number and rates of new employee hires distribution by age and gender in 2013



■ The number and rates of employee turnover distribution by age and gender in 2013



Changing the way of inputting the raw material into the production line from manual to piping

5.2 Employee Benefits

Employees always are the biggest assets of Aleees. Aleees expects to attract superior talents through a market competitive salary system to join the work team. It also commits to provide a superior working platform and challenging missions to cultivate and lead a group of excellent talents who recognize the mission, vision and core value of the Company, jointly strive to the goal of success.

Remuneration System

The salary scale of Aleees is based on educational and working background, the professional knowledge and skills, individual performance and prevalent market rate. There is not any difference in terms of gender, race, religion, politics, and marriage status. Aleees actively participates enterprise salary surveys conducted by public and private sectors in order to ensure that our Company provides a salary level that is market competitive.

Our Company has collected the data in terms of the type and gender of employees in each operational location and compared with the local basic salary scale of the respective location, as well as the salary ratio between male and female. The main businesses of Aleees Eco Ark Co., Ltd. in Taiwan are electric buses, battery systems and charging/swapping electric equipment, a newly emerged industry. Thus, it is difficult to find the associated professional talents in the market, thus, it is required to offer a salary scale better than the market rate. However, the talents in this profession are mostly male with enriched experience and engineering background, which causes the gap of the salary scale between the genders.

Employee category		Male	Female	Ratio of basic salary and remuneration of women to men
Aleees Taiwan	Professional level	2.5	2.4	0.96
	Technical level - indirect employee	2.3	1.8	0.78
	Technical level - technician	1.4	1.5	1.10
	Management level / basic	2.6	-	(no female basic level manager)
	Management level / middle	2.8	2.6	0.91
	Management level / senior	6.5	4.2	0.66
Aleees Eco Ark (Taiwan)	Professional level	4.2	2.3	0.56
	Technical level - indirect employee	3.3	1.9	0.54
	Management level / middle	2.3	-	(no female middle level manager)
	Management level / senior	6.2	5.7	0.93
Aleees SH	Professional level	2.9	2.9	1.02
	Technical level	3.4	4.1	1.19
	Management level / middle	7.2	-	(no female middle level manager)
	Management level / senior	5.5	-	(no female senior level manager)

NOTE 1 : The report disclosure salary is basic salary (remuneration, not include overtime and bonuses) as the calculated basis.

NOTE 2 : The minimum wage of Taiwan Labor Standards Act and Shanghai is the base.

NOTE 3 : Ratio of basic salary and remuneration of women to men was calculated as the base male 1

Performance Management

Aleees carries out its employee performance management through open appraisal system regardless of sex and age. It is expected to combine the overall business operational goal of our Company and individual goal of the employees through the performance management, as the appraisal and feedback of employee annual work performance and the reference of employee training and development. Our Company conducts the performance appraisal twice a year. The key appraisal items include the setting of goals, the review of the work in the past and future, and job functional behaviors. It is expected that through the appraisal, the work performance and the potential of future development of each employee can be effectively assessed. With the principle of fairness, equity and objective, the supervisors review and improve the work of employees through

mutual communication and help to reach the performance of the organization, departments and individual employees. The result of the performance appraisal is used as the reference for salary adjustment, position promotion, performance bonus, job rotation and training.



- Percentage of employees receiving regular performance reviews hired from the local

Category \ Gender	Male		Female	
	Persons	%	Persons	%
Technical level - direct employee	50	91%	5	9%
Technical level - indirect employee	91	86%	15	14%
Management level	40	73%	15	27%
Professional level	6	19%	26	81%

NOTE 1 : Technology - direct employees assess performance monthly

NOTE 2 : Indirect employees assess performance semi-annually, which evaluation contain permanent employees(not include direct employees, supervised employees, not pass probation period, pass probation period)

Leave System

Aleees offers a leave plan that is better than other companies in the industry and the Labor Basic Law. In addition to offering various leave days to the employees in accordance with the law, our Company also offers extra leaves based on the score of the annual performance appraisal. Three months after the new employees join the Company, they are appraised for the probation period. Based on the score of the appraisal, the new

employee will be offered extra 3 to 5 leave days. Once working in the Company up to one year, the employee is entitled to have 7 special leave days. In the event of personal needs, the employee is allowed to take personal leave and family care leave in accordance with Labor Basic Law. Considering the extra leave days needed for taking care of the family or accompanying the childbirth, or funeral arrangement, the employees are offered to take the home working leave days to cover both the work and the family.

Aleees also encourages employees to engage in the advance study. It provides on-the-job study leave plan, employees can apply for it based on the actual needs. In the event when an employee encounters the needs of baby raising, military service, or having catastrophic illness and requires to take a long leave, he/she can apply for unpaid leave and request to resume the

Annual Performance Leave

- According to the annual assessment results
- Paid full salary

On-the-job Training Leave

- According to the actual needs of the application
- Propose job training application Accordance with the provision

Public transport delays

- Does not affect attendance and performance
- Paid full salary

Alien Visit Relatives

- 5 days quarterly
- Paid full salary

Home Working Leave

- Accompany the childbirth, funeral arrangement or take care of the family
- Paid full salary

Natural Disaster Leave

- According to the announcement of Central Personnel Administration which location of the company or the employee's county of residence
- Paid full salary

Arrive Late Leave

- 30 minutes per month
- No deduct salary

Parental Leave

With respect to the needs of raising baby, the employee can apply for unpaid leave before the baby is three years old. The longest period of leave is two years. Currently there is not any related survey data to show the total number of employees who have enjoyed this baby raising leave. In 2013, no one applied for this unpaid baby raising leave, hence, the rate of retention or resuming the position during the period of reporting is not applicable. After the end of unpaid leave for raising baby, in order to ensure the employee to smoothly back to the position, our Company provides a related training course for the employee to understand the current situation of the position.

Item	Male	Female	Total
No. of Unpaid Parental Leave Applicants in 2012	0	1	1
No. of Employees Reinstating from Maternity Leave in 2012	0	1	1
No. of Employees that Worked for One Year Since Returning from Parental Leave in 2012	0	1	1
Return to work rate in 2012 ¹	-	100%	100%
Retention rate in 2012 ²	-	100%	100%
No. of Unpaid Parental Leave Applicants in 2013	0	0	0
No. of Employees Reinstating from Maternity Leave in 2013	0	0	0
Return to work rate in 2013	-	-	-
Retention rate in 2013	-	-	-

NOTE 1 : Return to work rate=Total number of employees who did return to work after parental leave /Total number of employees due to return to work after taking parental leave X 100%

NOTE 2 : Retention rate=Total number of employees retained 12 months after returning to work following a period of parental leave/Total number of employees returning from parental leave in the prior reporting period(s) x 100%

Insurance and Pension Scheme

The employees in Taiwan are provided with labor insurance and national health insurance in accordance with the law. In addition, they are provided with group comprehensive insurance, which covers life insurance, casualty insurance, medical insurance and cancer insurance to protect the safety of work and life of employees. Our Company also offers an optional self-paid family member group insurance to employees, for them to extend the protection to the family. The social insurances for employees in Mainland China are provided in accordance with the respective local laws.

Aleees appropriates pension fund for employees based on the respective local retirement system. Each year our Company accurately calculates the pension by hiring professional accounting consultant to ensure the appropriation of sufficient funds, which protects the right of receiving pensions in the future by employees.

■ Pension Scheme :

Region	Pension Plan	Pension Contribution as Proportion of Compensation	Employee Participation in Pension Plan
Taiwan	New Pension Scheme ¹	Employer 6%	100%
	Personal pension account	Employee 0% ~ 6%	
China	Endowment Insurance ²	Employer 21%	100%
	(Employee Account)	Employee 8 %	

NOTE1 : New Pension Scheme : Employers contribute 6% pension to the employee' s personal pension account monthly. Employees can choose to contribute 0%~6% to individual retirement accounts according to personal wish.
 NOTE2 : The ratio of employer offer has adjustment in china since October 1, 2013

Human Rights Management

In the "Employee Code of Practice" and "Rule for Sexual Harassment Prevention" Aleees has clearly stated the protection of human rights. In addition to clearly stating that the use of child labor is prohibited, in terms of the recruiting, screening, hiring, appraising or promotion, our Company shall not discriminate or unfairly treat the applicants or people to be hired based on their race, religion, political party, sex, age, marriage, appearance, physical or mental disability. In 2013, there was not any appeal or legal matter related to human rights, or the hiring of child labor who did not meet the minimum age of employment. Furthermore, our Company non-routinely holds related forums to enhance the awareness of the employees to human rights.

In addition to the requirements of the basic laws and regulations, the "Employee Code of Practice" of the Group also clearly stipulates the protection of human rights including the freedom of employment, the humanitarian treatment, non-discrimination and sexual harassment prevention. In the future, the human right training courses will be offered to newly hired employees, so that



Gender Education Course

employees can understand better about their rights as well as the policy and measures of the corporate social responsibilities.

5.3 Training and Education

Systematic Education and Training

For the purpose of enhancing the skills and management capability required for implementing various duties and stimulating the potential of employees to face challenges, Aleees provides diversified and enriched learning resources, hence, the corporate vision, departmental goals and employees can be closely linked. Through the adoption of learning type of organization, the Company can reach the goal of employee continuous learning.

In order to assist the newly hired to get familiar with the work environment and the protocol of operation, and to accept the business concept and corporate culture, at the time joining the company, the employee is required to attend a two-day systematic training according to the duty and position.

Category		General functional training			Management functional training			Professional functional training	Self-deve lop ment
		Corporate culture	Quality system	Other	Supervisor functions	Strategy development	Other	OJT Train	Self-development
Self-development	senior	Corporate culture, business concept, company products			Senior management train(ATP)				
	middle					Strategy development			
	basic		Study group	<ul style="list-style-type: none"> • GB1 • ISO9001/14001 • TS16949 • QC Story • OHSAS 18001 	Middle management train(MTP)		<ul style="list-style-type: none"> • DISC • Communication skills • Performance management • Time management • Team leader • Team motivation • Professional management • Internal trainer 	<ul style="list-style-type: none"> • Project participation • Work agent • Job rotation 	<ul style="list-style-type: none"> • TPM • TRIZ • CQT(Certified Quality Technician) • CQE (Certified Quality Engineer) • SAP-TERP • Training development manager • Technician for forklift operation • Technical personnel of waste disposal (treatment)
non-management position	indirect employee			<ul style="list-style-type: none"> • Information systems • Sexual Harassment Prevention • Emergency Medical Training • Emergency Response Training • Labor Safety and Health Education and Training • Psychology and Health Talk 	Basic management train(TWI)			Sector professional training (OJT)	
	direct employee								
New Recruits		<ul style="list-style-type: none"> • To familiar Aleees • Into Aleees life • Corporate culture, green propaganda 	<ul style="list-style-type: none"> Continued to improve overall quality system • 3Q6S • Six Sigma platform 	<ul style="list-style-type: none"> • ESH • Intellectual Property Rights • Information Systems Introduction 				Sector professional training (OJT)	

Learning and Development Achievement

At the end of each year, every department is obligated to assess the needs of functional training for the following year, based on the goal of our company business operation, departmental critical performance indicator and departmental work duty. Meanwhile, the human resources department will prepare management and common knowledge training in accordance with the company vision and strategy of operation, and provide the overall learning courses to all employees for continuously cultivating and training talents. Additionally, the human resource department will provide to various departments or specific teams the required education and training in response to the needs of the respective department and business.

To ensure that the training courses can be well learned, the employees will be tested and evaluated after completing the course study in order to measure the effectiveness of the course. In 2013, a total of 178 classes were offered, the number of trainees and the qualified are 3,167 and 3,162 respectively, up to 99.8% trainees were qualified.

■ Average hours of training per employee in 2013

Employee category	The average of hours	
	Male	Female
Technology	5.9	6.4
General	9.8	17.9
Management	6.1	23.2
Profession	2.7	11.9

NOTE : Average training hours per employee category = Total number of training hours provided to each category of employees/ Total number of employees in category

Courses month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
The total people of training	324	54	159	214	285	152	560	319	355	263	335	147	3167
Qualified people	324	54	159	214	285	152	560	319	354	259	335	147	3162
Target of training qualified Rate	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
The actual value of training qualified rate	100%	100%	100%	100%	100%	100%	100%	100%	99.7%	98.5%	100%	100%	99.8%

A Six Sigma platform was created and Six Sigma Green Belt (GB) program was the core course. This training course is offered annually to continuously improve the work condition via the standardization process. The employees who have demonstrated superior achievements are rewarded.

■ 6 Sigma

Year	2012	2013
The result presentation	12 Groups	8 Groups

An employee knowledge sharing mechanism (study group, environmental safety weekly news, industrial weekly news) has been created internally to form a learning type of organization.

For the purpose of encouraging employees to attend further study and motivating self-growth, a "Rule of On-The-Job Advance Study" was enforced in August, 2012. For the ones that have good performance of study, each person per semester can be subsidized up to NT\$60,000 for the tuition and other expenses. In 2013, three employees were subsidized with the total amount of NT\$157,623.

In addition to the professional training courses, the employees are expected to take care of their physical and mental health along with the work. Hence, an employee health forum is conducted routinely to improve their health and to build a friendly work place.

Psychology and Health Talk in 2013

- Practice Chan meditation course
- The art of gender relationship
- Love yourself will be better
- Mindfulness-Based Stress Reduction program



Study group

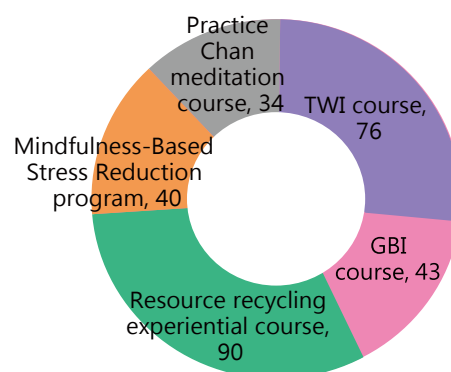


Chan practice



Handmade soap DIY

■ The number of employees for diverse courses training in 2013



5.4 Occupational Health and Safety

Aleees has been putting into a lot of effort to improve the work environment in order to prevent the occupational incidents from happening and to ensure the work safety for all employees (including all partners). Our Company was granted with OHSAS18001 certificate in 2012. Each department assigns a contact person to receive the information related to worker safety and health. The worker representatives can be ordinary employees or supervisors. The number of worker representatives is over one third of the total commission members, more than the seats stipulated by the law. The commission holds a meeting in each quarter, which is attended by all department heads and members in the Occupational Safety and Health Committee to discuss safety and health plans including training, improving work environment, preventing hazardous conditions, auditing, administrating contractors and enhancing health.

■ Proportion of labor representatives in Occupational Safety and Health Committee in 2013:

Aleees Taiwan		Aleees Eco Ark	
Labor Representatives (persons)	6	Labor Representatives (persons)	5
Employer Representatives (persons)	2	Employer Representatives (persons)	3
Percentage of Total No. of Committee Members	75.0%	Percentage of Total No. of Committee Members	62.5%
Percentage of Total Workforce Numbers	3.0%	Percentage of Total Workforce Numbers	4.6%

■ Occupational Accident Statistics :

Subsidiaries	Aleees Taiwan				Aleees Eco Ark			
Year/ Gender	2012		2013		2012		2013	
Item	Female	Male	Female	Male	Female	Male	Female	Male
AR	0.12%	0.26%	0 %	0.78%	0 %	0.30 %	0.02%	0.10%
FR	45.02	24.75	0.00	36.15	0.00	13.99	20.16	48.60
SR	135.07	305.26	0.00	903.76	0.00	377.60	20.16	121.50
FSI	2.47	2.75	0.00	5.72	0.00	2.30	0.64	2.43

NOTE: Absentee Rate (AR) = total number of injury loss absentee days during the reported period /total number of working days during the reported period ×100%
 Disabling Injury Frequency Rate (FR) = (disabling injury frequency×106)/total work hour
 Disabling Injury Severity Rate (SR) = (number of disabling injury days×106)/total work hours
 $FSI = [(FR \times SR) / 1000]^{0.5}$

The occupational injury of Aleees incurred in 2013 is shown in the following table. The source of information is from occupational injury on-line reporting system of Ministry of Labor, the frequency of disabling injury and the disabling severity rate (the statistics include traffic accidents incurred on the way to work or to home after work) are reported, the type of occupational injury is temporary total disability.

In order to strengthen the awareness and ability of the employees who are at the operational level with respect to safety and sanitation, and to mutually care the safety at work or in transit, in addition to the basic work safety courses, on the monthly basis Aleees requests each department head to undertake work safety training and to encourage all employees taking the initiative to communicate and help others in a kind and fair manner, to cultivate the habit of safety for everyone and at any time, and to create a injury-free work environment.

Although the work place of Aleees is not classified as a high temperature environment in accordance with the regulation, in order to protect the workers while working on the potentially risky jobs or which may cause high probability of getting disease, the warning signs are marked on the body of the high temperature furnace to warn the touching by workers, plus cycling ice water for cooling. The employees of biotech department are required by the regulation to wear respirator, earmuffs and protective goggles when entering powder/dust operation site and noisy operation site. The protection equipment is checked once a week, the defective ones are replaced immediately. The gas mask canister of the respirator is replaced every two weeks. Once any defect or poor filtering is found, it is replaced at once. The personnel of the inspection center are required to wear anti-erode glove, respirator and lab coat when performing experiments. The personnel working in the powder and noisy areas are scheduled annually to receive a special operation health check along with the ordinary health check to ensure the health of them.

Contractors Safety Management

With respect to the safety of all partners including suppliers, subcontractors, contractors, Aleees adopts the same criteria as that of the internal employees in order to minimize the injury. Aleees requires all contracted personnel scheduled to work in the factory to receive at least 3 hours of safety and sanitation training, plus the training of informing while injured, which is offered by the environmental safety staff of Aleees. They shall also sign and comply with the "Controlling Guide of Environmental Safety and Health of Contractors" stipulated by Aleees. Thus, each and every contracted personnel feels that the Company seriously takes care of their safety when working in the factory. Aleees has prepared "Environmental Safety and Health Management Procedure for Suppliers and Contractors", "Protocol of Safety and Health Requirements", "Guidance of Special Operating Environment Management" and "Guidance of Permitting Dangerous Operation" as the reference for education, training and observation.

Controlling Guide of Environmental Safety and Health of Contractors		
Commitment of contract work safety and health management	Work environment hazardous elements notice	Construction practices and latent hazardous elements notice
Hazard disclosure staff attendance	Guidance of permitting dangerous operation	Latent hazardous elements and security measures prepared

5.1

5.2

5.3

5.4

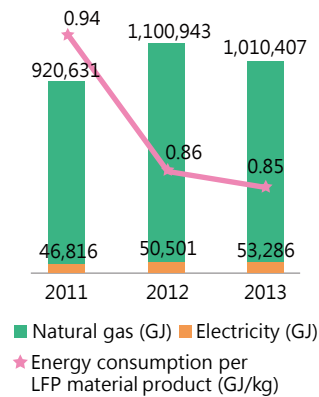
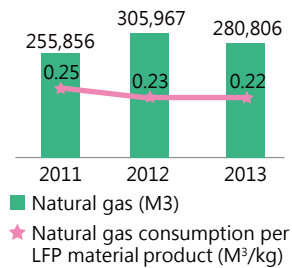
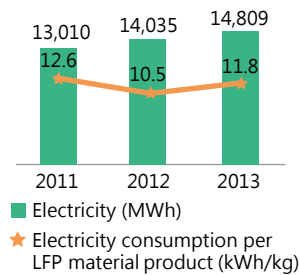


Environmental Sustainability

With respect to the environmental sustainable management, Aleees concentrates on reducing the impact to the environment, undertaking environmental management, developing green products, fulfilling the duty of environmental protection, spreading the awareness of environmental protection, and endeavoring to reduce the environmental footprint caused by business operation. Our Company commits its core competence as the foundation to lower air pollution, to cope with the challenge of climate change and to increase the efficiency of energy saving and carbon reduction, so that the customers can enjoy low-carbon material and transportation services.

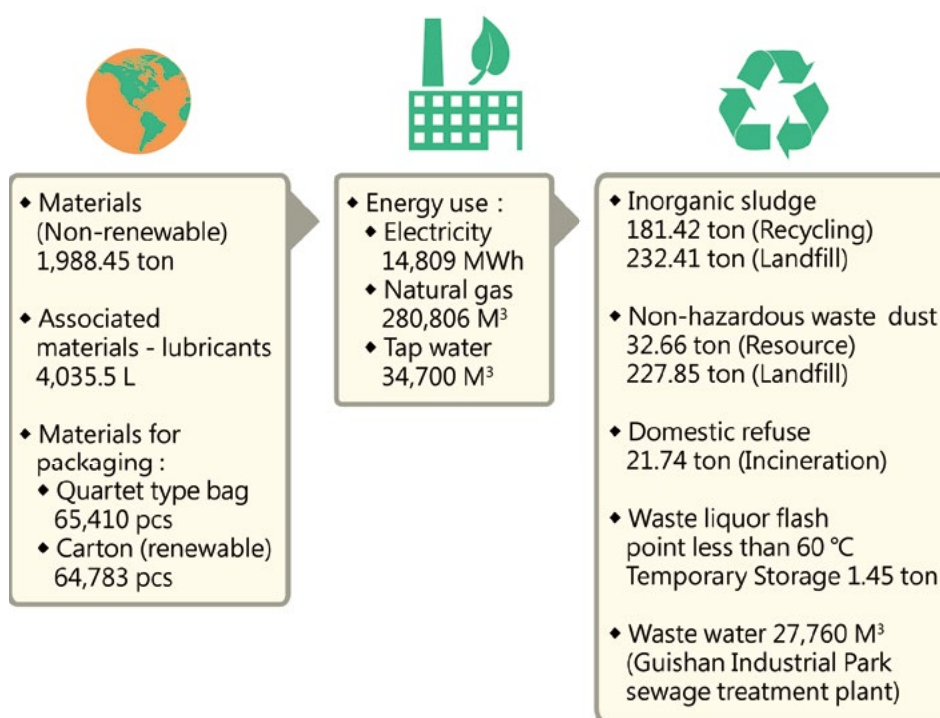
6.1 Environmental Management

Advocating the concept of green factory, Aleees endeavors to comply with the laws and regulations related to the environment. For further reducing the burden to the environment, our Company takes the initiative to adopt the measures that can effectively utilize resources, including energy saving, water conservation and waste reduction.



NOTE: Electricity 1kWh=860kcal;
 Natural gas 1 M3=8000 kcal ;
 1cal=4.184J

■ 2013 Aleees Taiwan (Cathode Material Factory)



■ 2013 Aleees Eco Ark and Aleees Shanghai

- ♦ Aleees Eco Ark
Electricity 515 MWh, Tap water 853M³, Industrial waste 21.26 ton(Incineration)
- ♦ Aleees Shanghai
Electricity 155 MWh, Tap water 252M³, Waste water 3 ton

Environmental Management Programme

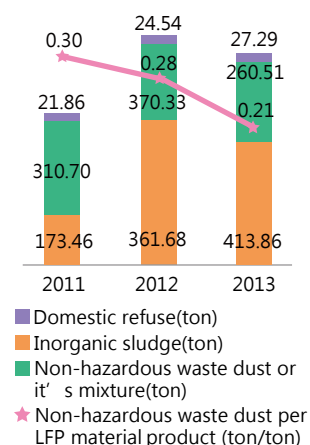
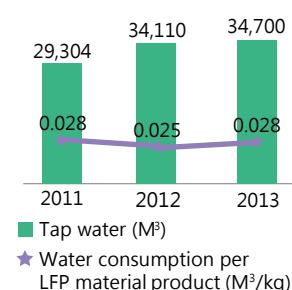
For the purpose of building a green factory, our Company has introduced a clean manufacturing process, strengthened the internal efficiency of energy use, improved the performance of equipment, reduced the sources of pollution, selected alternative raw materials and recycled the waste substance. In 2013, our Company was granted by Industrial Development Bureau, Ministry of Economic Affairs, with a "green factory label for the recognition of clean production evaluation system"

Regarding the actual environmental management program, in terms of air pollution, although cathode material factory is not a fixed pollution source, the Company still takes controlling measures in accordance with the related environmental protection laws and regulations. In the factory, six washing

towers are installed to wash off the gas discharged from the powder production lines, thus, the gas emissions of NO_x, SO_x and suspended particulates are minimized, the goal of pollution-free is reached. With regard to the water conservation, the waste water drained from the RO pure water machine is cycled back to the cooling tower. The annual water saving is 1,525 m³; the percentage of saving is up to 4.2%.

Pollution source	dryer	high temperature furnace	rotary furnace
Particulate pollutant emission standard (mg/Nm ³)	274	500	500
Measured values of air pollutants (mg/Nm ³)	2	74	58

Regarding the management of waste, due to that the soluble iron concentration exceeded the standard specified in the Wastewater Process Center in 2012, our Company initiated the improvement of wastewater treatment flow and increased the additives of aluminum sulphate and polymer flocculant. The standard was met after the improvement, but the sludge volume to be treated was increased. The measured moisture content of the sludge was up to 66%. It is expected that in 2014, a new waste water treatment equipment will be installed to increase the capacity of treatment and to decrease the moisture content of the sludge. It will not only reduce the volume internally, but also steadily increase the recycle rate of waste material externally. The dust is controlled from the source to raise the process yield and to reduce the scrapped products. Meanwhile, R&D and production departments jointly implement a dust recycling and reproduction project to reduce the waste.



Environmental Protection Expenditures and Investments

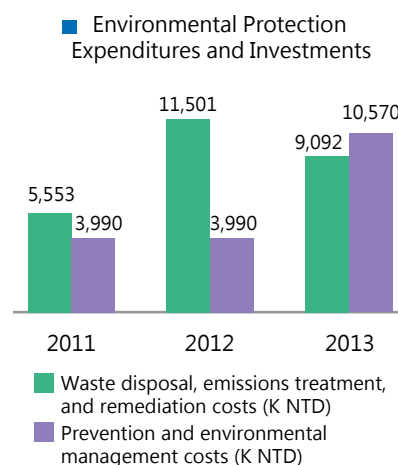
Currently, Aleees is not impacted by environmental pollution in terms of its earnings and competitiveness. Our Company aggressively handles various environmental protection issues and complies with the laws and regulations to make improvements. It endeavors to protect the environment in order to enhance the image and strengthen the product competitiveness. The

significant expenditures for environmental protection in 2013 are shown in the following figure. The main expenditures are from cleaning of wastes, wastewater plant treatment and facility improvement. The prevention and environmental management includes training and inspection certification fees.

Regulations Obedience

The Guei Shan facility of Aleees is located in Guei Shan Industrial Park of Taoyuan City. The wastewater drained from the manufacturing process in the factory is initially treated by the wastewater treatment system in the factory. It is then discharged to the wastewater center of Guei Shan Industrial Park for the second treatment. The qualified wastewater is then drained by this center. In 2011 and 2012, Aleees was informed by the wastewater center of Guei Shan Industrial Park that the quality of the wastewater drained by us exceeded the standard controlled by the center and an abnormal wastewater treatment fee was imposed. Our Group immediately undertook the improvement by adding personnel for inspecting the quality of the wastewater, monitoring the status by the environmental safety team and enhancing the cleaning of wastewater and water well within the facility to prevent from the deposition of sludge which will influence the water quality. Meanwhile, the capability of the wastewater treatment equipment in the factory was enhanced including the increase of the capacities of chemical tank and wastewater temporary storage tank. Up to present time, Aleees has not been punished due to the drainage of wastewater.

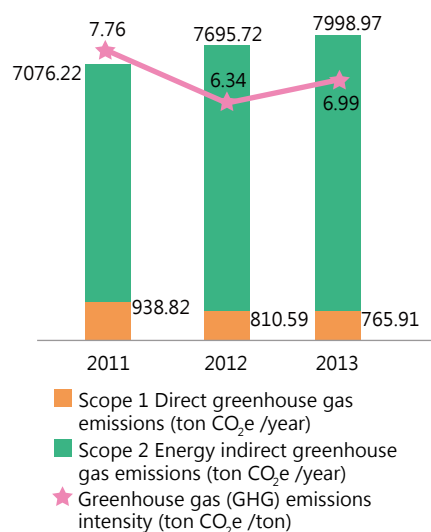
In 2012, the factory building construction work was started before the approval of the business waste cleaning plan, plus the disposal and shipment of waste without on-line filing first, our Company was imposed a fine of NT\$60,000 plus required to attend an environmental training class for 16 hours. To avoid the happening of similar matters again, our Company has connected with the environmental management abnormal process sheet to install the correction and prevention procedure.



6.2 Energy Conservation and Carbon Reduction

Greenhouse Gases Inventory

Since 2012, Aleees started to enforce a greenhouse gas management policy. Our Company created an organizational controlling mechanism to inspect the greenhouse gas and strengthened internal verification ability in accordance with ISO 14064-1, 14064-3 and the checking guide promulgated by EPA of Executive Yuan. After passing the greenhouse gas emission verification by a third party in 2011, our Company checks the greenhouse gas emission in the factory of Taiwan on the annual basis to obtain the emission data of greenhouse gas, prepares and implements a feasible plan to reduce the emission based on the obtained data.

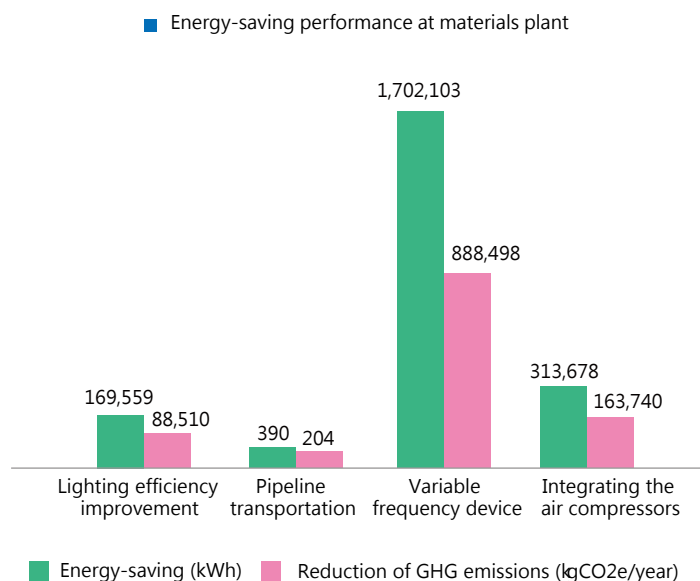


NOTE: The boundary of GHG inventory is Aleees in Taiwan.

Energy Saving and Carbon Reduction

In 2013, Aleees has gained outstanding results in promoting energy saving and carbon reduction. The energy saved in the cathode material factory based on the quantitative calculation was up to 2,185,730 KW/hour (7865GJ), a saving of 12.9% comparing to the baseline of 2012. The emission of greenhouse gas CO₂e was reduced by 1,140,951 kg. The quantitative calculation of energy saving is derived from the improved power of the equipment multiplied by running hours and load ratio.

Today it is more important than ever that the energy issue shall be effectively managed, which is a key to the success for an enterprise. For the long term energy saving and carbon reduction, Aleees will introduce an ISO 50001 energy management system in 2015 to build the energy inspection, energy base line, energy performance indicator, energy saving planning and energy saving long term target setting. The purpose is to identify and focus on new opportunities, and to reach the target of continuously improving energy saving and carbon reduction through systematic energy management model.

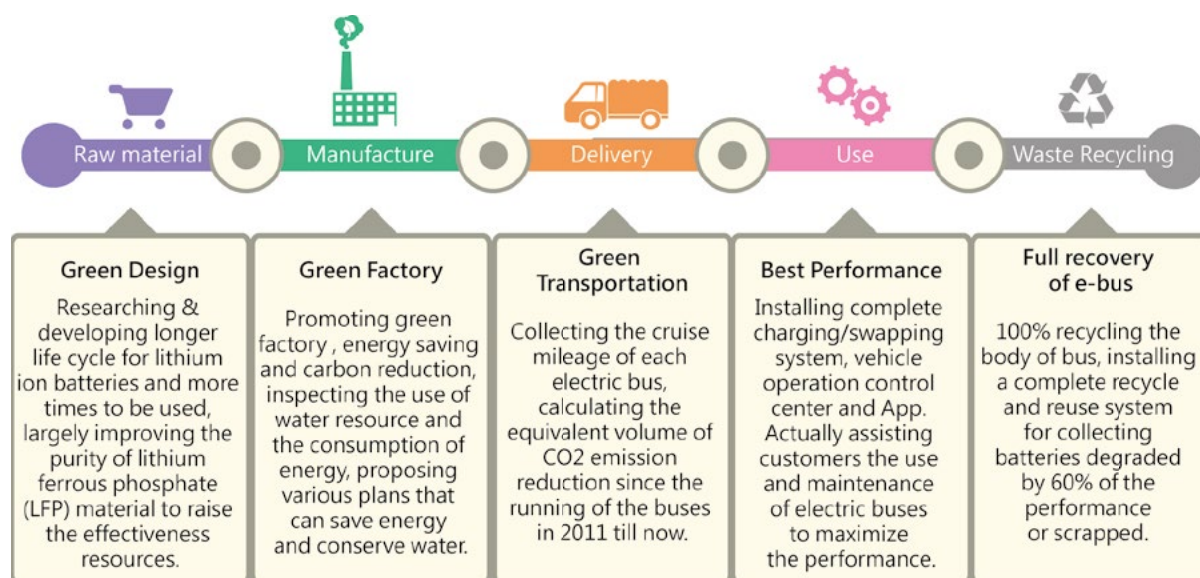


Aspects of improving energy saving	Measures of the Improvements and the Benefits
Improving the efficiency of lighting system	<ol style="list-style-type: none"> 1. Steadily replacing T8 fluorescent light in various regions to T5 energy saving fixtures. 2. The evacuation signs in each floor are replaced with LED type. 3. The 450W mercury lights in the factory are steadily replaced with 150W LED lights. <p>The efficiency improvement of the above lights can save the electricity of 169,559 kW/hr per year, the emission of greenhouse gas CO₂e reduced by 88,510 kg.</p>
Improving the efficiency of manufacturing process	<ol style="list-style-type: none"> 4. This transporting of semi-finished products on the production line is changed from elevators to pipes. The annual electricity saving is 390 kW/hour, the emission of greenhouse gas CO₂e reduced by 204kg. 5. Increasing the performance of machines (replacing dual-tubing pump) – raising the life of pump. Replacing with high performance internal tubing pipe, the use life is raised from 150hr/pcs to 1200hr/pcs, the material and the cost of replacing are saved. 6. Integrating the air compressors in the factory, annual saving of electricity is 313,678 kW/hour, the emission of greenhouse gas CO₂e reduced by 163,740 kg. 7. Variable frequency device is added to the manufacturing equipment, annual saving of electricity is 1,702,103kW/hour, the emission of greenhouse gas CO₂e reduced by 888,498kg. 8. Replacing diesel folk lifts to electrical folk lifts.
Carbon reduction via behaviors	<ol style="list-style-type: none"> 9. Promoting the behavior of turning off light when not needed. Planning to label the signs by the light switches, setting timers to air-condition in the large office area to save energy. 10. Implementing paperless office to reduce the use of papers. 11. Promoting two days per week as the vegetarian day (Mon. and Wed.), not only for the health of employees, but also for low carbon meals.

6.3 Green Products

Cradle to Cradle

Aleees designs its products based on the concept of cradle to cradle. We expect to reach the goal of sustainable “zero waste and total recycling” in the environment. Our Company endeavors to incorporate the practical environmental actions into each life cycle phase of the products and services.

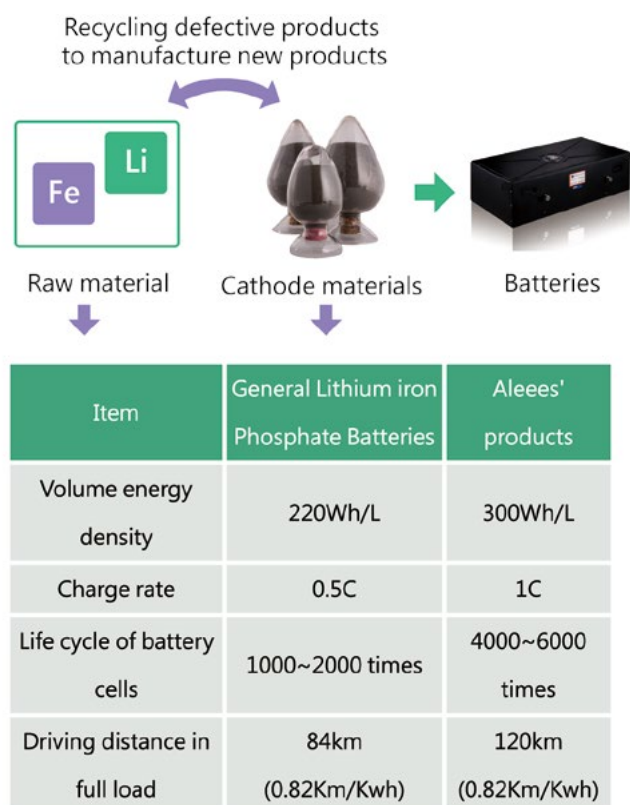


Green Energy Materials— The LFP Cathode Materials

Aleees has adopted nano co-crystalline olivine core technology and nano carbon coating technology to effectively control the concentration of metal impurity to less than 1ppm. With the superior mass production technologies mentioned above, the excellent products are produced to allow the life cycle of battery cells doubled or tripled to 4,000 to 6,000 times. Thus, the life of lithium ion batteries is prolonged and the generation of waste batteries is reduced.

Aleees' technologies are able to largely increase the purity of lithium ferrous phosphate (LFP) material with the capacitance up to 155mAh/g. With the same battery design for electric buses, Aleees' cathode materials for lithium ferrous phosphate (LFP) batteries can raise the volume energy density from 220Wh/L

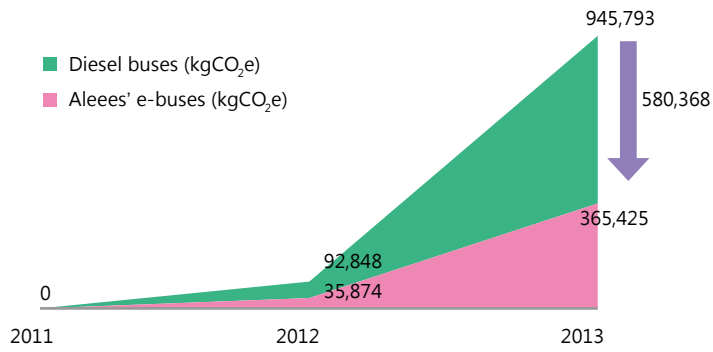
to 300Wh/L. Hence, the cruise mileage can reach up to 120 kilometers after the swapping of batteries, largely increasing the driving distance.



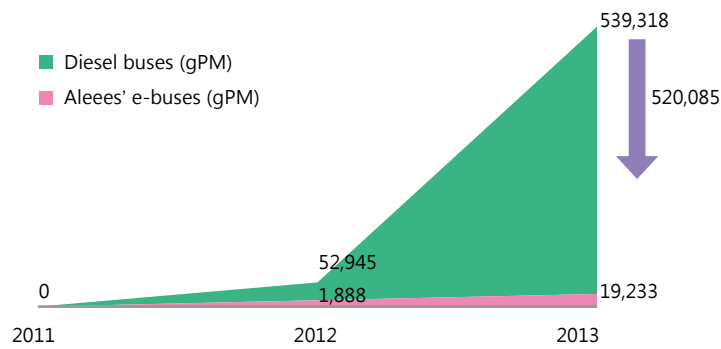
Environmental Benefits of E-buses

Diesel buses are still the mainstream in various countries for city buses and passenger buses. However, air is polluted by diesel buses from the emitted gas including smoke, suspended particulate, NO_x, SO_x, CO and CO₂. They are not only harmful to human health but also damaging global environment by acid rain, and ozone is damaged by greenhouse effect as well. Furthermore, mobile power supplies are considered to be the major source of air pollution in cities. Electric buses are powered by electricity, and power plants are fixed sources of pollution which are equipped with good air pollution prevention mechanism. Electric buses do not cause any air pollution during driving. The diesel consumption has been reduced by 358.377kiloliter (12595GJ, cited from diesel heat value 8400kcal/liter) since the running of Aleees' electric buses in 2011, which is equivalent to 580.368 metric tons of CO₂, 520.085 kilograms of particulate pollutants and 8544.846 kilograms of NO_x.

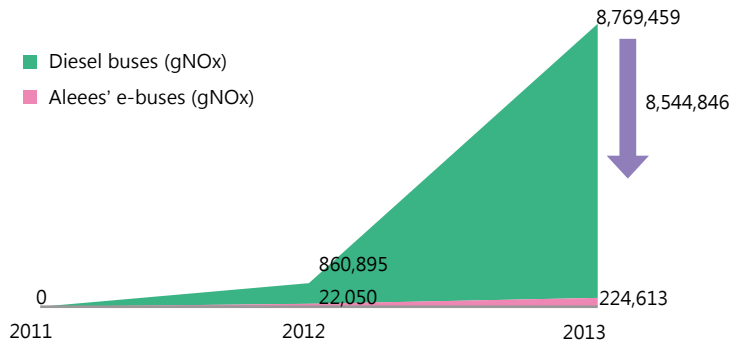
■ The carbon reduction benefits of Aleees' e-buses cumulate driving distance than Diesel buses



■ The particulate pollutants reduction benefits of Aleees' e-buses cumulate driving distance than diesel buses



■ The nitrogen oxide reduction benefits of Aleees' e-buses cumulate driving distance than diesel buses



NOTE 1: The electricity consumption of e-buses' running distance was laboratory teste data.

NOTE 2: 2012 CO₂ emission coefficients for electricity published by the Bureau of Energy.

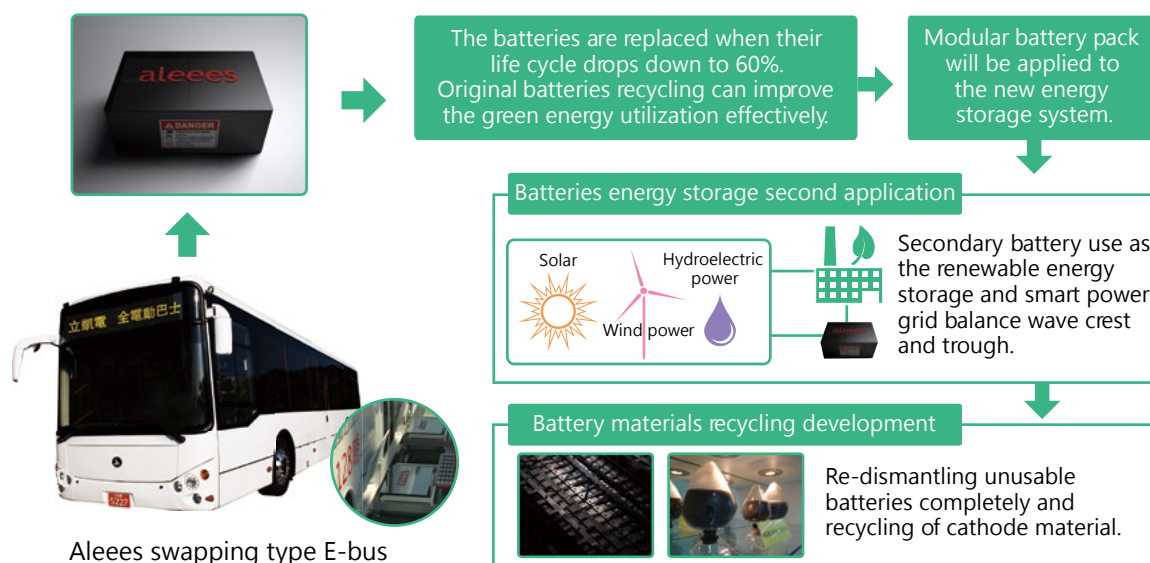
NOTE 3: The air pollutants of e-buses reference to Taiwan Power Company 2012 annual report—The actual emission amount in all of its thermal power plants.

NOTE 4: The data of diesel buses was according to EPA TEDS 8.1

Toward Zero Waste and Full Recycling

Aleees creates a business model of swapping type buses in Taiwan. The batteries are replaced when their life cycle drops down to 60%. Our Company works with National Chung-Shan Institute of Science and Technology to apply the technologies of the Institute to the retired batteries, including test, classification, sub-capacity, re-production and renovation, to convert the batteries to other storage systems. An industrial revolution of the second application of retired batteries is jointly initiated by the Company and the Institute.

The reuse of the retired batteries provides the solution of lowering the cost of installing power battery stacks in the electric carriers, hence, the burden of the lithium ion battery initial cost to electric vehicles can be lowered. The selling price of electric vehicles can be much more competitive, so that the traditional fuel vehicles can be replaced quickly, the industrial value can then be raised. Our Company works with customers to collect the end-of-life batteries. The useless battery cells are disassembled to recycle the cathode material for reuse. From the manufacturing to application of lithium ferrous phosphate (LFP) material, through multiple recycling mechanism, the target of zero waste is reached.





Contributions to Society

7.1 Green Education

The education of environment can be in the daily living, not just in the classroom. The business operation of an enterprise needs the facilitation of environmental education to drive all employees understanding the importance of environment, and further to change their living habits. The action of environmental protection can be started from each individual.

Diversified green energy education.

Enhancing the humanism quality to environment.

Aleees takes part in various green energy education activities. In 2013, it attended "PanSci Micro Idea Collider XIII— Facing the enemy : A battle field of science against virus and energy" and conducted "green transportation study group". Aleees educates the general public about the concepts of air pollution, energy, and environment through various forums for the purpose of raising the humanism quality of the general public to environment and the recognition to electric buses, ultimately transferring the support to actions.



In the PanSci Forum, the participants were able to understand the development model of Telsa, Better Place model, electrical buses and electrical scooters through the interaction with Mr. Liao, the manager of Aleees.



Young people from various places get together in the "Green Transportation Study Group" to discuss the development of an important topic— "Transportation".

Waste recycling for environmental protection

"Bottle, Bottle, Can, Can, Paper, Electricity, 1,3,5,7" is the mnemonic chant of Tzuchi volunteers for sharing how to do a good recycling. In the internal recycling training course, Aleees arranges new employees to visit recycling stations to learn how to do trash sorting and to understand the importance of waste recycling. The volunteers told the employees that more than 90% of the articles used in the daily life can be recycled, the resources on the earth will be used up someday in the future. A good habit of sorting articles used at home can help our sustainable development.

Green Tube Forum

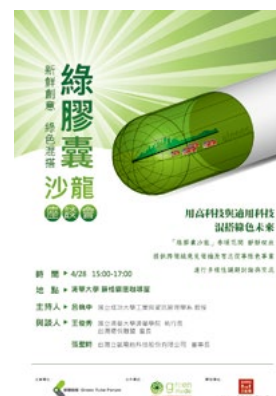
Aleees provided electric buses free-of-charge during the annual celebration of National Ching Hua University to faculties and students for them to experience the bus. At the same time, it conducted a "Green Tube Forum" for interchanging cross-domain disciplines. The participants who planned to join green business were able to share experiences via high quality interchanging. Our Company hopes to have more partners who have the same idea to join this new green innovative business.

Follow me, Go! An electric public bus without tailpipes.

A TV program entitled "Follow me, Go!" produced by Public Broadcast TV Station (PBS) for students in elementary schools, which explores cities and rural areas, receives the highest five-star youth and children excellent TV program award every year. Our Company assisted PBS to shoot an environmental education film for children sharing the advantage of zero waste gas emission of electric buses to children and educating them to start taking green actions.



Recycling Activities



Green Tube Forum



Follow me, Go!

Energy Storage Design Contest

For the purpose of stimulating the interest of Taiwanese students to electrical energy and green energy science, our Company invited students of the associated departments to visit us and to know the core technology of Aleees. They also experienced the electric bus that represented the green future. In order to motivate more young people to have the imagination and creativity of electrical energy and green energy science, the Company plans to conduct "Energy Storage Design Contest" by the end of 2014, to allow students developing their creativity on various power generation and energy storage systems. In the future, some outstanding masterpieces can possibly be produced and applied to everyone's life.

7.2 Transport Charity

Aleees low-floor electric bus allows the elderly to get on the bus with one step. It joins the function of tilted body and wheel chair ramp, a friendly design that allows the physically challenged to get on/off bus easily, thus, fulfill the dream of going on a sightseeing.

The mentally impaired took the E-bus to have a tour visiting high speed rail and lantern festival.

In order to allow the mentally impaired to know electric buses, the volunteers manually prepared in advance the A3 size demonstration boards showing graphs and texts, through the graphic story-telling to let the mentally impaired guess the difference between the electric bus and the public bus they experienced in the past. Many senseless answers were given during the Q&A. All volunteers had a lot of fun with them. It added some interesting moments during the short distance shuttling. With the assistance of the electric bus provided by Aleees, the mentally impaired finally had the chance to visit Taiwan High Speed Rail Taoyuan Station to explore one of the stations with the fastest train in Taiwan. They enjoyed a "high speed and quiet" trip by a ride to Hsinchu high speed rail station to visit 2013 Taiwan Lantern Festival.



The mentally impaired took e-bus

Mother's day The heart of appreciation

It is very nice to have you.

The weekend before Mother's day, a group of "heavy weight" passengers were on an electric bus of Aleees. Their weight was not from the physical body, not the titles, rather from their ages. They are the senior citizens of nursing home within Taipei Veterans General Hospital Taoyuan Branch. The ages of these seven senior citizens totaled over 650 years old. The youngest grandmother is already 85, and the oldest grandfather is just 100 years old this year. Although they need to sit on wheel chairs to move around, every senior citizen is still energetic with good eye sight and hearing. With the escort of volunteer team, they attended Buddha's birthday and Mother's day appreciation activities held in Jai-ming Temple of Dharma Drum Mountain.



Mother's day The heart of appreciation

7.3 Social Service

Happiness, starting from volunteer journey

In addition to allow electric buses entering the daily living circle and to have everyone joining the mobilized environmental protection, Aleees conducts charitable appreciation activity every year and invites local disadvantaged groups to join the joyfulness. Our Company also invites employees to attend volunteer services in order to experience the heart touching feeling by helping the disadvantaged groups. Upon every important festivals and celebrations, the electric buses of Aleees offer shuttle services to general public in compliance with government policy of realizing green life.



Donation

Aleees— Love Connected

Warm Thanksgiving Activity

Aleees took actions to support Ark Education Institute for the Mentally Impaired and Yu-shun Education Institute for the Mentally Impaired in Taoyuan area. During the Warm Appreciation Activity in 2013, our Company invited physically challenged singers and dancers to show their talented performance, plus the big and small friends of the local children homes to present their singing and dancing. The employees were invited to serve as volunteers to experience the heart touching by helping the disadvantaged group. A charity sale was also held, many guests enthusiastically responded by donating their money and love to the disadvantaged group who needed the help.

Taoyuan Tiger Head Hill Enjoying to clean the hill

Aleees arranged volunteering work to replace the traditional year-end employee dinner provided by our Company. Under the appealing of young volunteer team, employees went to Tiger Head Hill Park, a back garden of Taoyuan city, to pick up trashes to clean the hill and to protect the environment.



Thanksgiving activity



Clean the hill

Aleees joined the held by Ark Education Institute for the mentally Impaired - Building a happy home for the mentally impaired elderly "knowing the blessings, caring the blessings, appreciating the blessings".

Taoyuan Ark Education Institute for the Mentally Impaired takes care of around 100 mentally challenged adults, more than half of them are "mentally impaired elderly". In order to offer a home where they can live without worry, an Ark Fund Raising Dinner was held. Aleees responded to this activity and provided loving heart electric shuttle bus to Ark Education Institute for the Mentally Impaired located at Jio-do Village, Shin-wu Township, and White Kite Land Children's Home. It helped to pick up mentally impaired elderly and children to the venue of Charity Fund Raising Dinner and made the voice of mentally impaired elderly and children being heard.

The electric buses of Aleees symbolizes Noah's Ark in a beautiful city. They are also our good neighbors. Both Ark Education Institute for the Mentally Impaired and White Kite Land Children's Home are short of charitable funds. They need the support of more resources. Aleees hopes to start from a simple "ACTION" offered by electric buses to assist more disadvantaged groups. Meanwhile, it can also make some contribution to the environment.



Fundraising activity



Appendices

8.1 GRI G4 Content Index General Standard Disclosures

General Standard Disclosures		Page	External Assurance
STRATEGY AND ANALYSIS			
G4-1	Provide a statement from the most senior decision-maker of the organization.	5	104-105
G4-2	Provide a description of key impacts, risks, and opportunities.	35	104-105
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization.	9	104-105
G4-4	Report the primary brands, products, and services.	13	104-105
G4-5	Report the location of the organization's headquarters.	9	104-105
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	9	104-105
G4-7	Report the nature of ownership and legal form.	9	104-105
G4-8	Report the markets served.	9	104-105
G4-9	Report the scale of the organization	9	104-105
G4-10	Type and number of employees hired	62-63	104-105
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	62	104-105
G4-12	Describe the organization's supply chain.	52	104-105
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No significant changes in 2013	104-105
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Principle 15 of 'The Rio Declaration on Environment and Development' 26,58.	104-105
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Not subscribed initiatives for now.	104-105
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	12	104-105

General Standard Disclosures		Page	External Assurance
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	9	104-105
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	45	104-105
G4-19	List all the material Aspects identified in the process for defining report content.	47	104-105
G4-20	For each material Aspect, report the Aspect Boundary within the organization	48-50	104-105
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	48-50	104-105
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	This report was first published.	104-105
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	This report was first published.	104-105
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization.	42	104-105
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G4-26	Report the organization's approach to stakeholder engagement	43-44	104-105
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns,	43-44	104-105
REPORT PROFILE			
G4-28	Reporting period	3	104-105
G4-29	Date of most recent previous report (if any)	This report was first published.	104-105
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G4-31	Provide the contact point for questions regarding the report or its contents	3	104-105
G4-32	Report the 'in accordance' option , GRI Content Index , External Assurance Report	4,94,104	104-105
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	4	104-105
GOVERNANCE			
G4-34	Report the governance structure of the organization	21	104-105
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	41	104-105
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	41	104-105
G4-38	Report the composition of the highest governance body and its committees	23,25	104-105
G4-39	Report whether the Chair of the highest governance body is also an executive officer	23,25	104-105
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	23	104-105
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	27	104-105

General Standard Disclosures		Page	External Assurance
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	40-41	104-105
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	23	104-105
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	41	104-105
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	41	104-105
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	41	104-105
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	41	104-105
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	41	104-105
G4-51	Report the remuneration policies for the highest governance body and senior executives	26	104-105
G4-52	Report the process for determining remuneration	26-27	104-105
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	11,12,29	104-105
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	29-30	104-105
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	29-30	104-105

SPECIFIC STANDARD DISCLOSURES

Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Category : Economic					
Economic Performance	DMA		31	—	104-105
	G4-EC1	Direct economic value generated and distributed	31	—	104-105
	G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	35-36	—	104-105
	G4-EC3	Coverage of the organization’s defined benefit plan obligations	65	—	104-105
	G4-EC4	Financial assistance received from government	34	—	104-105
Market Presence	DMA		65	—	104-105
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	66	—	104-105
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	63	—	104-105
Procurement Practices	DMA		52	—	104-105
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	55	—	104-105
Category : Environmental					
Materials	DMA		79	—	104-105
	G4-EN1	Materials used by weight or volume	79	—	104-105
Energy	DMA		82	—	104-105
	G4-EN3	Energy consumption within the organization	78-79	—	104-105
	G4-EN4	Energy consumption outside of the organization	—	There were not statistical energy consumption outside of the organization.	104-105
	G4-EN5	Energy intensity	78	—	104-105
	G4-EN6	Reduction of energy consumption	82-83	—	104-105
	G4-EN7	Reductions in energy requirements of products and services	84-85	—	104-105

Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Water	DMA		79	—	104-105
	G4-EN8	Total water withdrawal by source	79	—	104-105
Emissions	DMA		82	—	104-105
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	82	—	104-105
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	82	—	104-105
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	—	Only qualitative understanding other indirect sources of GHG emissions, there is no inventory of emissions.	104-105
	G4-EN18	Greenhouse gas (GHG) emissions intensity	82	—	104-105
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	83	—	104-105
Effluents and Waste	DMA		79-80	—	104-105
	G4-EN22	Total water discharge by quality and destination	79	—	104-105
	G4-EN23	Total weight of waste by type and disposal method	79	—	104-105
	G4-EN24	Total number and volume of significant spills	—	No significant spills in 2013.	104-105
Products and Services	DMA		84	—	104-105
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	84-86	—	104-105
Compliance	DMA		81	—	104-105
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	81	—	104-105
Overall	DMA		80	—	104-105
	G4-EN31	Total environmental protection expenditures and investments by type	81	—	104-105
Supplier Environmental Assessment	DMA		53	—	104-105
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	—	—	104-105

Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Water	DMA		79	—	104-105
	G4-EN8	Total water withdrawal by source	79	—	104-105
Emissions	DMA		82	—	104-105
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	82	—	104-105
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	82	—	104-105
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	—	Only qualitative understanding other indirect sources of GHG emissions, there is no inventory of emissions.	104-105
	G4-EN18	Greenhouse gas (GHG) emissions intensity	82	—	104-105
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	83	—	104-105
Effluents and Waste	DMA		79-80	—	104-105
	G4-EN22	Total water discharge by quality and destination	79	—	104-105
	G4-EN23	Total weight of waste by type and disposal method	79	—	104-105
	G4-EN24	Total number and volume of significant spills	—	No significant spills in 2013.	104-105
Products and Services	DMA		84	—	104-105
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	84-86	—	104-105
Compliance	DMA		81	—	104-105
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	81	—	104-105
Overall	DMA		80	—	104-105
	G4-EN31	Total environmental protection expenditures and investments by type	81	—	104-105
Supplier Environmental Assessment	DMA		53	—	104-105
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	—	—	104-105

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Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Occupational Health and Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	74	—	104-105
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	74	—	104-105
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	—	Our group currently no unions	104-105
Training and Education	DMA		71-73	—	104-105
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	72	—	104-105
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	73	—	104-105
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	67	—	104-105
Diversity and Equal Opportunity	DMA		62	—	104-105
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	62-63	—	104-105
Equal Remuneration for Women and Men	DMA		65	—	104-105
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	66	—	104-105
Supplier Assessment for Labor Practices	DMA		53	—	104-105
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	—	There were not new suppliers that were screened using labor practices criteria in 2013	104-105

Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Supplier Assessment for Labor Practices	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	53-54	—	104-105
Labor Practices Grievance Mechanisms	DMA		30,43	—	104-105
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	—	No number of grievances about labor practices in 2013	104-105
Sub-Categories : Human Rights					
Non-discrimination	DMA		70	—	104-105
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	70	—	104-105
Supplier Human Rights Assessment	DMA		53	—	104-105
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	—	There were not new suppliers that were screened using human rights criteria in 2013	104-105
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	53-54	—	104-105
Human Rights Grievance Mechanisms	DMA		43	—	104-105
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	—	The formal grievance mechanisms were established in 2014, no number of grievances about human rights.	104-105
Sub-Categories : Society					
Anti-corruption	DMA		30	—	104-105
	G4-SO3	Total number and percentage of operations assessed for risks related to <i>corruption</i> and the significant risks identified	30	—	104-105
	G4-SO5	Confirmed incidents of corruption and actions taken	—	There were not incidents of corruption in 2013	104-105

Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Public Policy	DMA		30	—	104-105
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	—	There were not value of political contributions in 2013	104-105
Anti-competitive Behavior	DMA		30	—	104-105
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	—	No related violations in 2013.	104-105
Compliance	DMA		30	—	104-105
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	—	No related violations in 2013.	104-105
Supplier Assessment for Impacts on Society	DMA		53	—	104-105
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	—	There were not new suppliers that were screened using society criteria in 2013.	104-105
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	53-54	—	104-105
Grievance Mechanisms for Impacts on Society	DMA		43	—	104-105
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	—	The formal grievance mechanisms were established in 2014, no number of grievances about human rights.	104-105
Sub-Categories : Product Responsibility					
Customer Health and Safety	DMA		84	—	104-105
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	84	—	104-105

Material Aspects	DMA and Indicators		Page	Omissions	External Assurance
Customer Health and Safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	—	The products and services which our group provided have complied with the relevant laws and regulations, did not violate any regulations and voluntary guidelines.	104-105
Product and Service Labeling	DMA		17	—	104-105
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	17	—	104-105
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	17	—	104-105
	G4-PR5	Results of surveys measuring customer satisfaction	57-58	—	104-105
Customer Privacy	DMA		59	—	104-105
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	59	—	104-105
Compliance	DMA		17	—	104-105
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	17	—	104-105

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8.2 External Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE Advanced Lithium Electrochemistry (Cayman) Co., Ltd.'S CORPORATE SUSTAINABILITY REPORT OF 2013

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Advanced Lithium Electrochemistry (Cayman) Co., Ltd., (hereinafter referred to as ALEEEES) to conduct an independent assurance of the Corporate Sustainability Report (hereinafter referred to as CS Report) of 2013. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the ALEEEES's CS Report of 2013 and its presentation are the responsibility of the superintendents, CSR committee and the management of ALEEEES. SGS has not been involved in the preparation of any of the material included in the ALEEEES's CS Report of 2013. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all ALEEEES's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for ALEEEES and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report ;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee members and the management; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from ALEEEES, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 10121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within ALEEEES' CS Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of ALEEEES sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the first to be assured by an independent assurance team and ALEEEES has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ALEEEES is committed to being accountable to its stakeholders and to integrating inclusivity into its strategic and management approach. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ALEEEES may proactively consider having more direct involvement of stakeholders during future engagement.

Materiality

ALEEEES has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ALEEEES's CS Report of 2013, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More disclosure on DMA, supply chain management and material aspects having boundaries outside of the organization are encouraged in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer
Taipei, Taiwan
11 August, 2014
WWW.SGS.COM



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Licensed Assurance Provider
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8.3 Aleees Milestones



8.1

8.2

8.3



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