

## Editorial Policy >

### Dear Readers

For the purpose of allowing more stakeholders to understand how Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (hereinafter referred to as “Aleees”) endeavors to build a flawless sustainable development, the “2022 Aleees Corporate Sustainability Report” has been elaborately compiled.

This report was prepared in accordance with the core items of the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB). Based on the combination of the business of the Company and the implementation of the reporting principles, we address the issues concerned by the cooperative worlds, communicate our effort in the aspects of economy, mankind (human rights), and environment, and introduce the specific activities via columns. The disclosing direction of this report aligns with international standards such as the “Sustainable Development Best Practice Principles for TWSE/TEPx Listed Companies” and “The United Nations Global Compact.”

### Editing and Finalizing

The information and data within this report were reviewed by the supervisors of each department, provided to the Secretariat of the Sustainability Committee for compiling purpose, delivered to the members of the Sustainability Committee groups for inspection and revision according to their division of labor in items, and, after an audit on information accuracy by the audit supervisor, submitted to the Chairman of the Board of Directors for approval, finalizing, and publishing in compliance with the auditing procedures.

### Report Scope

This report mainly provides the information of Aleees’ management and performance on sustainable development from 1 January 2022 to 31 December 2022, which is the same as the financial statements. The disclosing items cover the primary operational locations (Aleees and Aleees SH), excluding the overseas entities recognized in the financial statements such as Aleees US, Aleees AU, Aleees Texas, and Aleees EU. Contents in the report are separately marked if different from the scope of Aleees and Aleees SH. Among the contents, the sources of the financial data were audited by CPA before being publicly announced. Other statistics were cited from the Annual Report and the public information of the government and related websites, presented in traditional and easy-to-understand texts and data. Exceptions, if any, shall be explained in notes within the report.

### Contents Guarantee

The contents of the report were reviewed by the Chairman of the Board of Directors and entrusted to the British Standards Institution (BSI) for verification in accordance with AA1000AS V3 Type 1 Medium Level assurance.

 <p><b>Data Collection Scope</b> (Cayman) Aleees (Taiwan) Aleees (Shanghai) Aleees SH</p>	 <p><b>Report Management Method</b></p> <ul style="list-style-type: none"> <li>Internal Audit – Editorial Policy</li> <li>External Audit – BSI Type 1</li> </ul>	 <p><b>Report Quality</b></p> <ul style="list-style-type: none"> <li>Financial Data PwC</li> <li>Sustainability Report AA1000AS v3</li> </ul>	 <p><b>Download ESG Report / ESG Area</b></p> <p><a href="https://www.aleees.com/zh/esg/download/esg-report/">https://www.aleees.com/zh/esg/download/esg-report/</a></p>
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### Image Usage Statement of The United Nations Sustainable Development Goals (SDGs)

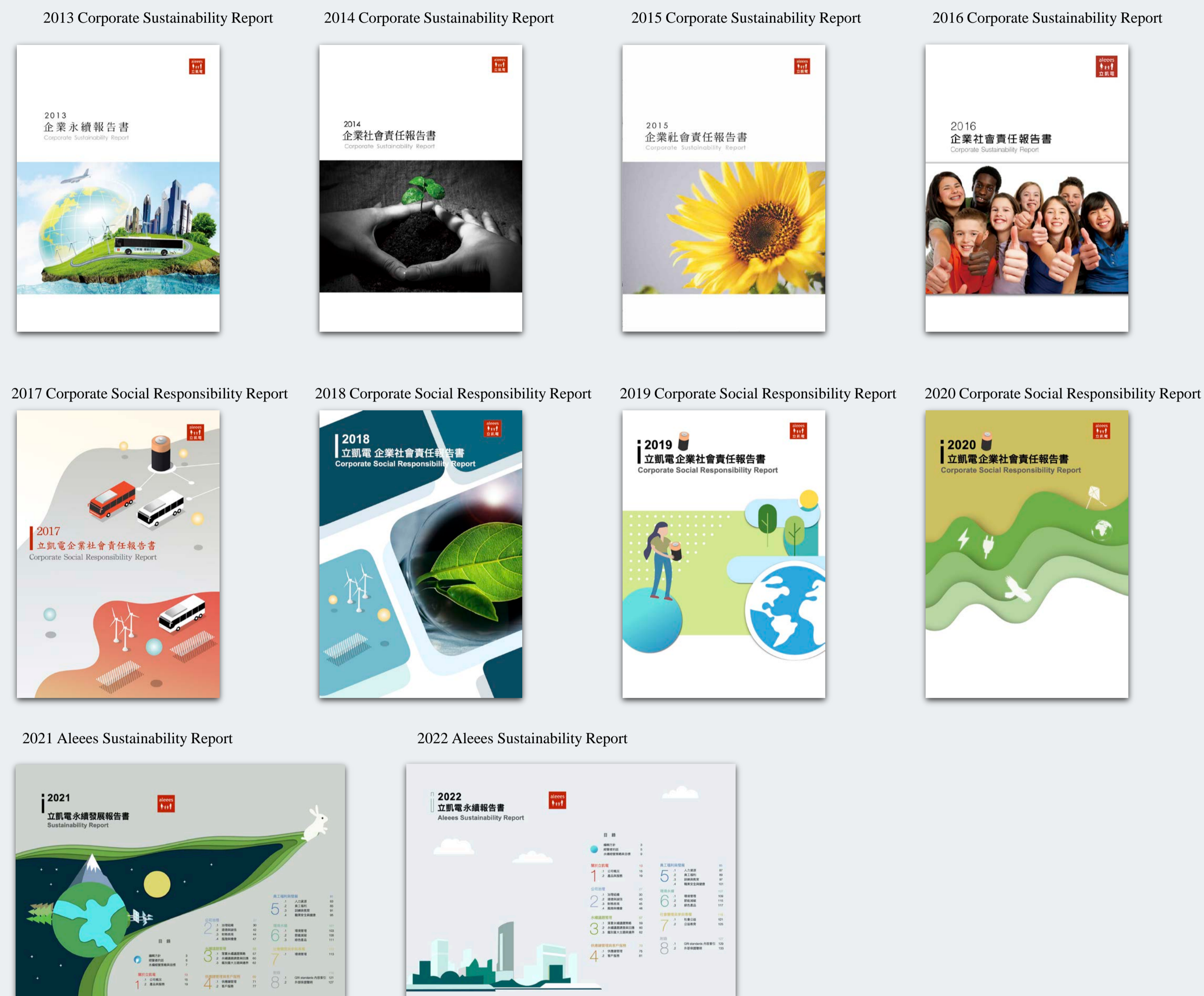


The images of Sustainable Development Goals (SDGs) by the UN used in this report were downloaded from the public information on the Sustainable Development Goals website of the UN. Please refer to the following website for more details.

<http://www.un.org/sustainabledevelopment/>

### Historical Reports

“2013 Corporate Sustainability Report” is Aleees’ first publication of a corporate sustainability report. The subsequent reports published were prepared in compliance with the GRI Standards and verified by an independent third-party certification organization. From 2014 onwards, the report was named “Aleees Corporate Social Responsibility Report” pursuant to “Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies.” In 2022, the report was renamed to “Aleees Corporate Sustainability Report” in accordance with the amendments of “Taipei Exchange Rules Governing the Preparation and Filing of Corporate Sustainability Reports by TPEX Listed Companies.”



### Publication

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

Report Cycle : Once a year  
Last Publication : June 2022  
Current Publication : September 2023  
Next Publication : September 2024

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Company Name Advanced Lithium Electrochemistry (Cayman) Co., Ltd.  
 Date of Establishment 16 November 2007  
 Chairman Shen-shih Chang  
 TWSE 5227

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (hereinafter referred to as Aleees (TWSE: 5227). The important subsidiary in Taiwan, Advanced Lithium Electrochemistry Co., Ltd., hereinafter referred to as Aleees TW, was founded in Taiwan in April 2005. The headquarters and operating factory of Aleees TW are located in Taiwan. The Company is a lithium-iron phosphate (LFP) battery material manufacturer with the longest history as well as an IP licensor in the world. Aleees is also one of the few companies outside Mainland China with complete LFP battery material manufacturing technology and patents. Aleees TW owns more than 130 exclusive patents worldwide, with customers including world-renowned energy storage battery and EV battery manufacturers across Europe, the U.S., Japan, Korea, and Asia. Aleees has co-developed various types of LFP and LFMP products with more than forty global customers and produced LFP materials with high quality, low costs, and long life. In the past 18 years since its foundation, the Taiwan factory has produced more than 17,000 tons of products. Aleees globally licenses mature LFP patents and technology, assisting the world in building highly independent supply chains of lithium ion batteries and helping customers promote mass production capability with both quality and price competitiveness.

Chairman's Message



With the adoption of the “Glasgow Climate Pact” at the Conference of the Parties (COP26) of the 26th term of United Nations Framework Convention on Climate Change (UNFCCC), the global trend in energy saving has officially marched toward a new milestone. Governments around the world have in turn launched corresponding green carbon neutral policies to mitigate the crisis of climate change and global warming less than 1.5°C through enhancing electricity efficiency and low carbon transition.

In response to the pressing challenge of making global warming less than 1.5°C, the world faces a significant milestone in the energy-saving field. The Conference of the Parties (COP26) of the 26th term United Nations Framework Convention on Climate Change (UNFCCC) has approved the “Glasgow Climate Pact.” Governments worldwide have launched green carbon neutral policies to mitigate the crisis of climate change through enhancing electricity efficiency and low carbon transition. For a long period of time, enterprises continuously invest in the green sector. Nowadays the green market has finally reached a turning point where sustainability is not merely a slogan. Global car brands are competing against each other for the launch of electric vehicles, making a promise to entirely stop selling fossil fuel vehicles by 2035. The green key materials of the lithium ion industry is projected to reach NT\$38 trillion in the global industry scale in 2030, which is three times the size of the semiconductor industry. Under the industrial wave, lithium ion battery energy is experiencing an energy evolution which is even called the “white petroleum” for the future generation. Aleees is right in the midst of the great opportunity in the key material industry.

A press release from Israel Chemicals Ltd. indicates that the demand for lithium ion batteries in the market continues to increase. However, since there are no large-scale LFP material manufacturers currently in the U.S., the manufacturers of electric vehicles, batteries, and energy storage industry in the U.S. urgently need a comprehensive and secure network of supply chains. Looking at the market outside of China, there were still 14 manufacturers with large-scale mass production of lithium iron phosphate in 2010. Following the withdrawal of large-sized dealers like BASF and SONY, there are only 2 manufacturers left, including Aleees TW and Sumitomo in Japan. From 2020, many battery and automobile factories have requested co-development, which unlocks an LFP strategic era for Aleees to entirely transform to an IP provider in LFP.

Facing the post-pandemic recovery of supply chains and the exponential growth in the increasing demand in electric vehicles and energy storage markets, the demand for lithium iron phosphate has exceeded expectations. Aleees has 40 well-known customers of energy storage batteries and electric vehicle batteries in Europe, the U.S., Japan, South Korea, and Asia, including countries that are licensed and currently in touch with such as Norway, Sweden, Finland, the U.S., France, Italy, Australia, Southeast Asia, and India. Aleees’ self-manufacturing mode is no longer able to shoulder the enormous demand from future European and American markets. As a result, Aleees has transformed to an LFP IP provider and switched to a pricing pattern of licensing technology transfer, assisting the European and American allies in establishing local supply chains of lithium ion batteries. Not only does it fulfill the production needs of customers worldwide, it also allows Aleees to play an important role in continuing research and development, sustaining a leading advantage in the industry, and in the meantime rapidly expanding the market share, which currently has been expanded to overseas such as Australia and Texas in the U.S.

Aleees is famous in the industry for its lithium iron phosphate (LFP) battery cathode materials with the longest life and highest quality. Mastering key battery technologies and owning 130 exclusive patents, Aleees is one of the few suppliers in the world with a patent layout. Aleees has co-developed various types of LFP and LFMP products with customers and produced LFP materials with high quality, low costs, and long life. High quality and long life mean extended usage and fewer wastes from production as well as replacement. In the future vision of a green smart city, Aleees plays a crucial part in the green material supply chain through the excellent technology in Taiwan. By connecting its business to the Sustainable Development Goals (SDGs) of the UN, it fulfills the sustainable corporate responsibility with its core competitiveness.

The Company will continually cooperate with the major brands in Europe and the U.S. to accelerate its overseas layout, globally proceed with mature LFP patent and technology licensing, assist the world to establish highly independent supply chains of lithium ion batteries, and strategically broaden its universal market share. With its core capabilities, Aleees contributes to the society and becomes a part of the virtuous cycle.

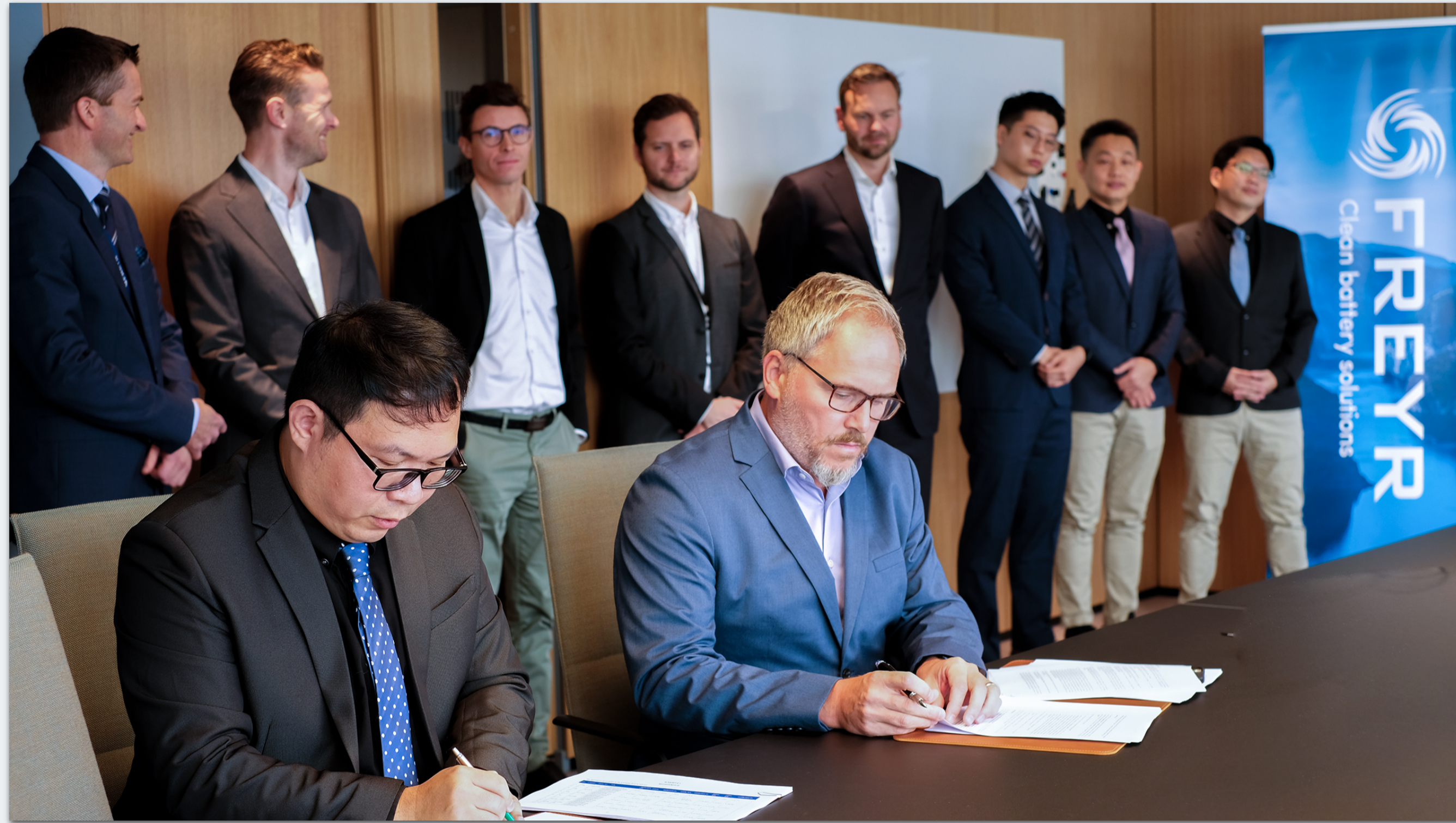
On behalf of the Company, we sincerely appreciate the long-term support of each partner. Looking forward to the world, we expect to create a more favorable business environment, enhance operating efficiency, initiate corporate values, and fulfill sustainable visions.

Chairman



**International  
Key Point**

Aleees' licensing technology transfer can provide European and American factories with a key position in lithium ion batteries, making a huge step in continuous licensing abroad in North America, Australia, Europe, and South Asia. For Aleees, the first official licensing agreement was signed since May 2022, where its transition to an IP provider was announced. The Company successfully transformed to an asset-light business mode of IP licensing.



In October 2022, Aleees announced the signing of an official contract on LFP cathode material licensing services with FREYR, a major lithium ion battery manufacturer in Europe.

**Aleees Signed a Contract of LFP Cathode Material Licensing Services with FREYR, the European Lithium Ion Battery Manufacturer**

Aleees officially signed the License and Technology Transfer Agreement with FREYR, the European Lithium Ion Battery Manufacturer. In the future, Aleees, with its technology licensing, will support FREYR in the establishment of mass production factories on LFP cathode materials in Norway. FREYR will be able to utilize the manufacturing technology and relevant patents provided by Aleees to produce energy-saving and electric vehicle battery products.

“Earlier this year, we announced our intention to work with Aleees on the co-development of LFP cathode materials. Now with the signing of this contract, it is our pleasure to say that we are able to occupy a leading position of battery production, its supply chain localization, and carbon reduction in the Scandinavian region. The cost of LFT cathode materials account for more than 40% of the total cost of batteries; whereas the carbon footprints of cathode material production account for 45% of the total battery production. Through the cooperation with Aleees, FREYR can become a low-cost and low-carbon manufacturer of LFP cathode material production,” said the CEO and Co-founder of FREYR, Tom Einar Jensen.



The Vice President of Aleees, Xiang-Bin Lin, and the CEO and Co-founder of FREYR, Tom Einar Jensen



(From the left) ICL's President, Phosphate Specialties Solutions, Phil Brown and Aleees' Chairman, Sheng-Shih Chang

**Agreement Exchange Ceremony Between ICL and Aleees**

In July and September this year, Israel Chemicals Ltd. (ICL) and the Northern Territory government in Australia respectively announced that they will secure Aleees as a technology transfer licensing partner of LFP battery material production in the U.S. and Australia. Aleees will assist ICL Group in building a strong, flexible, and excellent supply chain of LFP battery materials in the U.S.

ICL's President, Phosphate Specialties Solutions, Phil Brown stated that the collaboration between ICL and Aleees is not only an important milestone for ICL's strategic development on battery materials, but also a crucial step to establish a domestic supply chain of LFPCAM (Lithium Iron Phosphate Cathode Active Materials) in the U.S., enabling the energy sector in the U.S. to continue the development of sustainable electrification.







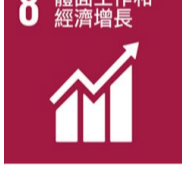




AVENIRA signing an MOU



Holding the "Agreement Exchange Ceremony Between ICL and Aleees" with ICL Group



Tracking of Historical Goals and Achievements

SDGs	Sustainable Development Dimension		Commitment	Goal	Achievement in 2022 and Historical Years	Future Direction
	Society	Shareholders' Value	2022	Mid-term 5 years	<b>Industry strategic alliance</b> In February 2023, Aleees TW and ICL Group (NYSE: ICL and TASE: ICL) signed the Global Production License and Technology Transfer Agreement for global production. In October 2022, Aleees TW and a European lithium battery manufacturer signed the License Agreement of LFP cathode materials. In September 2022, Aleees TW, the Northern Territory Government, and Avenira Ltd., which is an Australian corporate, signed an official Memorandum of Understanding.	Building long-term partnerships with customers and enhancing shareholders' overall equity.
	Society	Professional Skills Development	2021	Mid-term 5 years	Encouraging employees to sharpen professional skills Formulating the "Regulations Governing Management of Remuneration" to implement reasonable and fair salaries, encourage employees in sharpening professional skills such as foreign languages (e.g. TOEIC and JLPT), and providing remuneration payments for professional certificates.	Continuously encouraging employees to optimize professional skills.
	Environment	Water Resources Reduction	2020	Mid-term 5 years	0.5%~1% of annual water-saving 10,010 tons of water recycled in 2022. 2,966 tons of water recycled in 2021. 390 tons of water recycled in 2020.	Continually increasing water recycling and reusing.
 	Society	Talent Retention	2020	Mid-term 5 years	Improving employee team-building and reduce employee turnover rate In 2022, a professional competency certification and rewarding system was established to cultivate and sharpen employees' professional skills. In 2021, the internal workplace environment was enhanced to establish employees' internal cohesion and to retain talents through appropriate remuneration system. Policy goal in 2020 : Promoting the accreditation of professional competency certificates to cultivate excellent talents and enhance professional competency.	Continuously strengthening employees' internal cohesion.
	Economy	Supply Chain Management	2019	Long-term 8 years	Adding suppliers from multiple locations due to customers' value on the risk diversification management of raw materials under globalization to prevent from disruption The global automotive industry was firstly affected by the disruption of component production. Then automotive assembly factories were forced to suspend, resulting in deferred delivery time of new vehicles. With the sector disruptions brought by the pandemic, customers are aware of the risk diversification management of raw material resources under globalization and are adding more suppliers from multiple locations to avoid supply chain disruptions. Aleees has already made contact with new customers. It is a new business opportunity brought by the global pandemic's changes in sector development.	Continuously adding more suppliers from multiple locations to avoid supply chain disruptions.
 	Economy	Overseas Market Expansion	2018	Long-term 10 years	Actively expanding the markets in Europe, the U.S., Japan, Korea, Australia, and Southeast Asia to muscle for the markets in global energy storage and lithium ion batteries for vehicle use in replacement of lead-acid batteries From 2022 onwards, the Company has been actively exploring the niche markets in Europe, the U.S., Japan, Korea, Australia, and Southeast Asia. In 2019, we have successfully entered the markets in global energy storage and lithium ion batteries for vehicle use in replacement of lead-acid batteries. Since 2021, overseas subsidiaries have been set up in turn to expand local markets and execute strategic alliance goals.	Reaching international major customers and growing business development
	Environment	Energy Conservation and Carbon Reduction	2018	Mid-term 5 years	1% of annual power-saving 1.05% of power-saving rate in 2022 1.45% of power-saving rate in 2021 1.13% of power-saving rate in 2020	Continually promoting 1% of annual power-saving rate.



Milestone >

2005

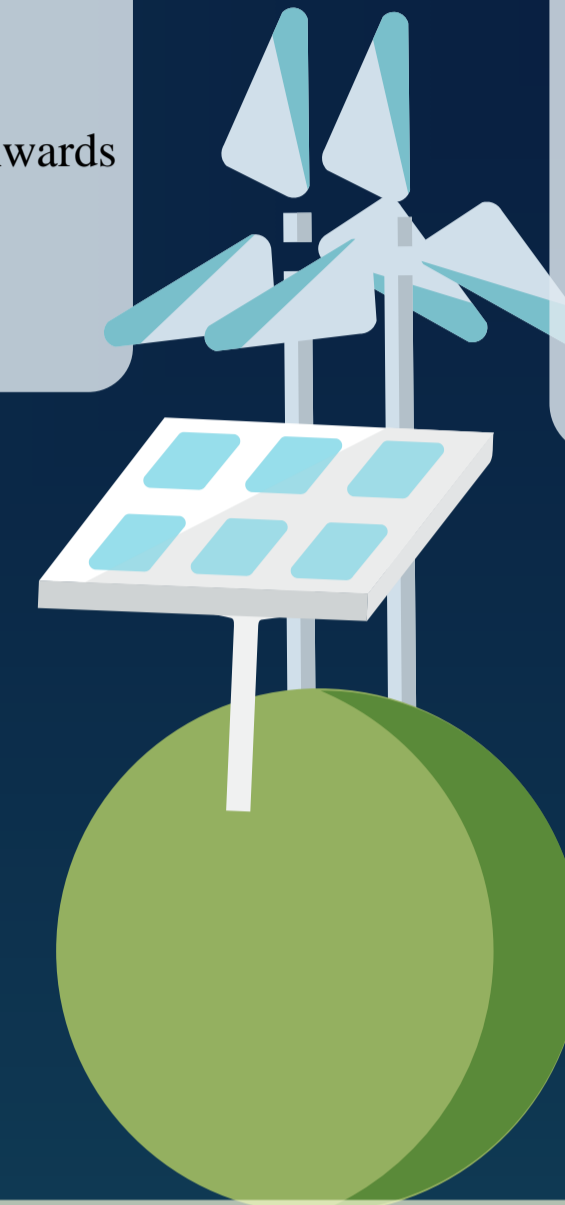
- 2005.04 Established Aleees Taiwan
- 2007.11 Fundraised overseas and established Aleees Cayman
- 2008.11 Official mass production of phosphate battery cathode materials
- 2009.11 Established Aleees Eco Ark Co., Ltd.
- 2010.01 Established Aleees SH, the business location in China
- 2011.07 Completed the patent layout

2012

- 2012.01 Demonstration run of electric bus in Taoyuan
- 2012.08 Unveiling of electric buses in Zhongli, Taipei, and Kinmen
- 2013.10 Received an award at The 10th National Brand Yushan Award
- 2013.11 Received an award at the National Sustainable Development Awards
- 2013.12 Listing of Aleees. Stock code: 5227.

2015

- 2014.11 Received a gold award of “Sustainable Development Report Award among the Top 50 in Taiwan” and the “Innovative Growth Award”
- 2015.03 Aleees’ monthly revenue exceeded 100 million with a 133% of YoY
- 2015.04 Ranked among the top 5% of all TWSE/TPEX listed companies at the first term of Corporate Governance Evaluation System
- 2015.11 Received a gold award of “Sustainable Development Report Award among the Top 50 in Taiwan”  
Obtained the ISO 50001 certification of Energy Management Systems



2018

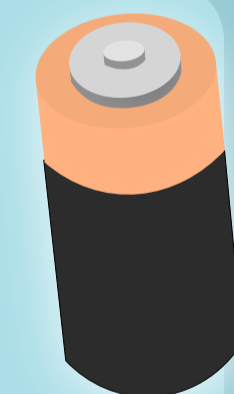
- 2018.04 Ranked among the top 5% of Corporate Governance Evaluation System for the fourth consecutive year
- 2018 The global cumulative shipments of lithium-iron phosphate battery cathode materials exceeded 12,360 tons
- 2017 Transitioned from the electric vehicle battery market in China into the global automotive supply chain and energy storage market  
Completed the lab development phase of NCM cathode materials
- 2017.04 Ranked among the top 5% of Corporate Governance Evaluation System for the third consecutive year

2016

- 2016.04 Ranked among the top 5% of all TWSE/TPEX listed companies at the second term of Corporate Governance Evaluation System.
- 2016.06 Received the Asia Responsible Entrepreneurship Awards 2016 - Green Leadership
- 2016.11 Received a gold award of “Sustainable Development Report Award among the Top 50 in Taiwan” .  
Aleees, FDG Kinetic Limited, and the Administration Committee of Gui’an New Area, Guizhou Province, China, signed a cooperative framework agreement
- 2016.12 Aleees (TW)’s cumulative shipments exceeded 10,000 tons



2023



- 2023.02 Signed a license and service agreement for global production with ICL Group (NYSE: ICL), a US specialty chemicals company.
- 2022.10 Signed a license and service agreement for LFP cathode materials with a European lithium ion battery manufacturer
- 2022.09 Signed a memorandum of understanding with the Northern Territory Government and an Australian corporation, Avenir Ltd.
- 2022.08 Established Aleees UK, Ltd.
- 2022.04 Established Aleees EU SARL
- 2022.03 Established Aleees Texas, LLC

2021

- 2021.09 Established Aleees AU Pty Ltd.
- 2021.04 Ranked among the top 5% of Corporate Governance Evaluation System for the seventh consecutive year  
Established Aleees US, Corp.
- 2020 Obtained an accreditation from a well-known Japanese home energy storage batteries manufacturer
- 2020.04 Ranked among the top 5% of all TWSE/TPEX listed companies at the Corporate Governance Evaluation System for six consecutive years
- 2019.06 Announced two types of lithium iron phosphate cathode materials with double-layered carbon-coating technique  
Aleees (TW) officially signed a business purchase agreement with an international battery manufacturer
- 2019.04 Ranked among the top 5% of Corporate Governance Evaluation System for the fifth consecutive year
- 2019 Becoming a qualified battery supplier in Japan and Korea and rising to the automotive supply chains of Japan, Korea, Europe, and the U.S.





# 1 About Aleees

About Aleees





# 1 About Aleees

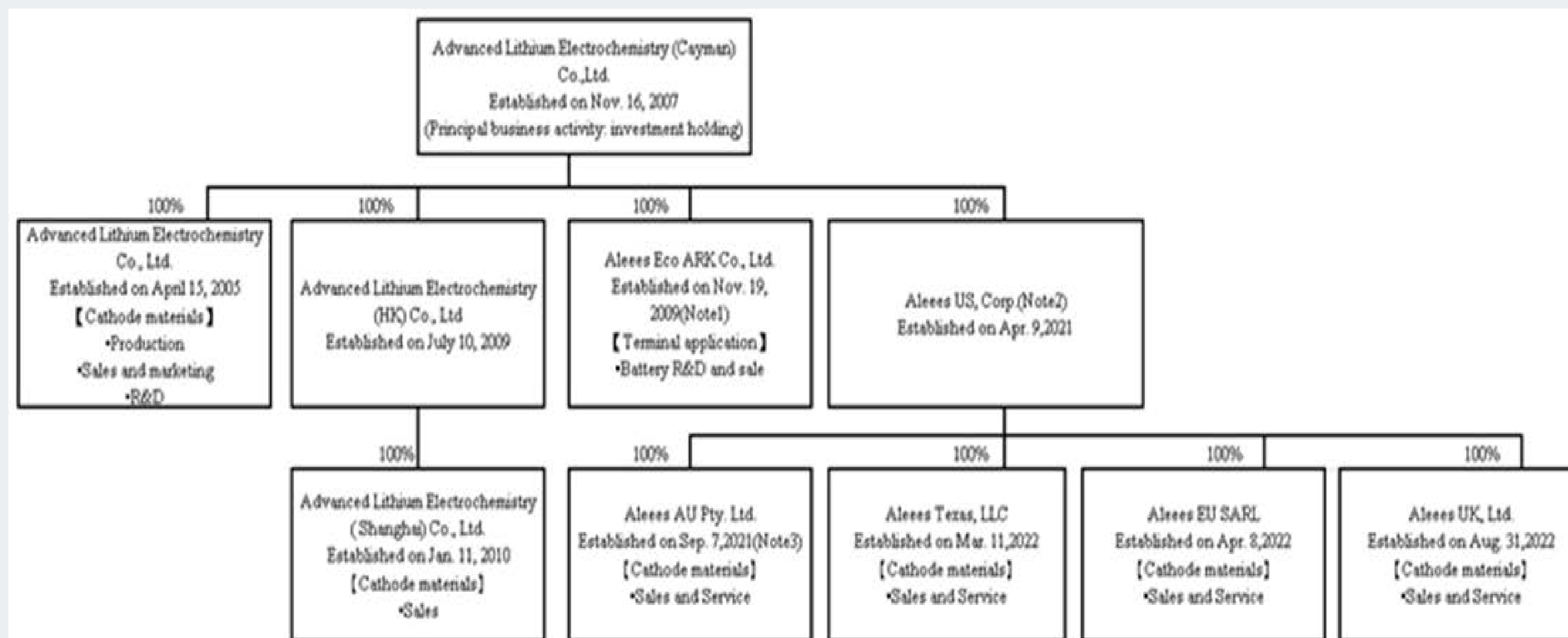
## 1.1 Company Profile >

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. was established as an investment holding company on 16 November 2007. According to the Company's major businesses, the organizational structure is divided into the production, research and development, and sales of phosphate battery cathode materials, which belongs to an emerging industry in the new energy technology.

The Company started off with its foothold in Aleees TW. Since its foundation on 15 April 2005, we have been relentlessly developing olivine-structured cathode materials, which is a crucial driving force in the standing of lithium-ion batteries, and focusing our development on the goals of extending battery life and improving energy density. Our terminal application of the products are mainly electric vehicles and energy storage business. Through our self-developed LFP Nano metal oxide Co-crystalline Olivine (LFP-NCO) patent, substantial manufacturing capabilities, mass production experience, and shipment achievements, we have obtained a leading position in the global market of cathode materials for LFP batteries.

As lithium-iron batteries are favored by the market, the production scale and efficiency have increased year by year. The decreasing production costs and product pricing at a sweet spot accelerate more applications by manufacturers and impel a rising penetration rate of lithium-iron batteries. While the industry is developing in a positive manner, lithium-iron battery materials enters a growth cycle period. As summarized above, the Company's strategic layout in lithium battery material industry is to transform itself into a lithium intellectual property (IP) supplier specializing in the patent and technology licensing of lithium-iron phosphate starting from 2022.

## Group Structure



Note1: This company has been dissolved by resolution in the twentieth meeting of the seventh session of the Board of Directors, and is currently undergoing liquidation.

## Operating Location

<b>Headquarters</b>	<b>Advanced Lithium Electrochemistry (Cayman) Co. Ltd.</b>
<b>Registered Address</b>	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies.
<b>Date of Establishment</b>	16 November 2007
<b>Operating Address</b>	<p><b>Advanced Lithium Electrochemistry Co., Ltd.</b> No. 2-1, Guishan Industrial Park, Xinghua Road, Taoyuan District, Taoyuan City, Taiwan (R.O.C.)</p> <p><b>Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.</b> Room 1201-004, 12F., Building 2, No. 2020, Zhongshan West Road, Xuhui District, Shanghai, People's Republic of China</p> <p><b>Aleees US Corp.</b> 257 Old Churchmans Road, New Castle City, New Castle County, zip code 19720, Delaware, USA.</p> <p><b>Aleees AU Pty. Ltd.</b> 62-64 Burwood RD Burwood NSW 2134</p> <p><b>Aleees Texas, LLC</b> 2245 Texas Drive, Suite 300, Sugar Land, TX, USA 77479</p> <p><b>Aleees EU SARL</b> 28 rue de l'Amiral Hamelin 75116 Paris France</p> <p><b>Aleees UK, Ltd.</b> E 42-46 Station Road Edgware England HA8 7AB</p>
<b>Product and Service</b>	Phosphate battery cathode materials
<b>Total Sales of Product and Service</b>	1,084,909 KG of Phosphate battery cathode materials
<b>Paid-in Capital</b>	NT\$700 million
<b>Consolidated Revenue in 2022</b>	NT\$707,524 thousand
<b>Total Domestic and Overseas Employees of Aleees</b>	160 persons (153 persons in the main operating locations at Aleees TW and Aleees SH)

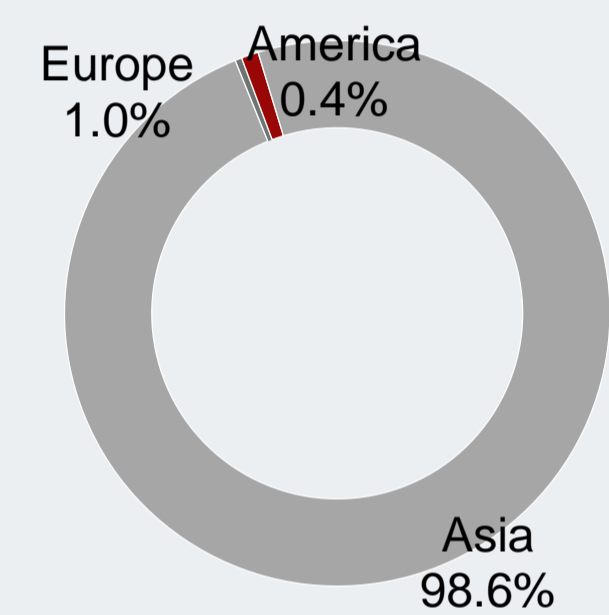
Note: The source of information is from the 2022 Annual Report

There are currently five main operating locations. The major business is the production, research and development, and sales of phosphate battery cathode materials, which belongs to an emerging industry in the new energy technology.

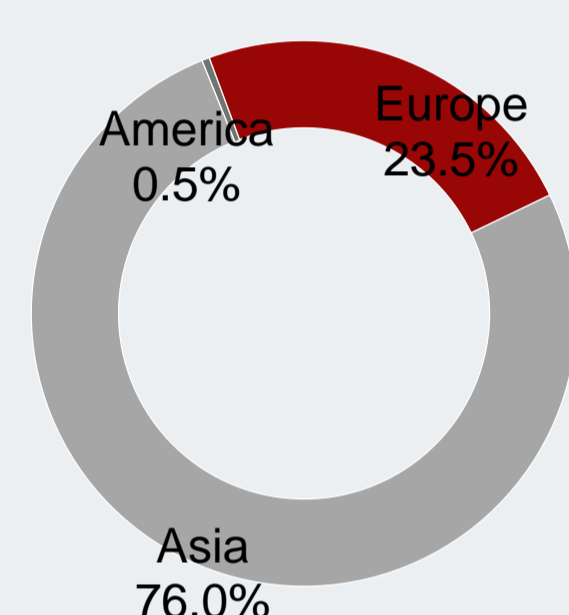
The locations are in Taiwan, China, Texas, the UK, and Australia. According to the business strategic development, Aleees TW is mainly engaged in the production, research and development, and sales of phosphate battery cathode materials. Aleees SH is the sales location of the market in China; and Aleees Texas, Aleees AU, and Aleees UK are the sales locations of parts of the overseas markets.

The Company's revenue used to rely on the contribution of the market in China. Following the impact brought by the decreasing of government subsidy policies, Aleees has adjusted its operating strategy and policies since 2019 to proactively exploring overseas markets and has successfully marched on the global markets of energy storage and lithium iron batteries for automotive use in substitute of lead-acid. The transition results are becoming clearer and gradually achieving a steady growth in revenue. In the future, Aleees will adhere to the promotional outline of green energy policies and continue to extend its market share. In terms of the research and development on materials, the Company will explore new cathode materials of new generation with high cycle life and high energy density to step in the niche market of lithium batteries for automobile use and for energy storage systems. As an IP licensing company, the lithium battery cathode materials and their sales will be used to invest in research and development resources, enhance technical capabilities, optimize products and customer portfolio, expand new niche markets for lithium battery cathode materials, and create the largest niche.

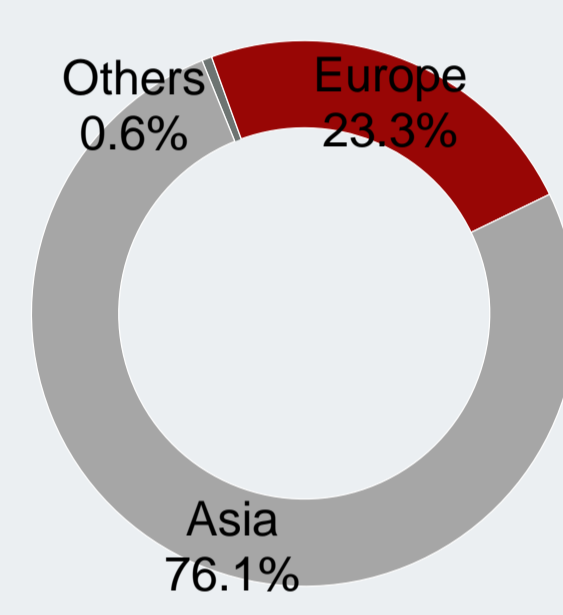




2020 Products Sales Ratio



2021 Products Sales Ratio



2022 Products Sales Ratio

Unit : NT\$ thousand ; %

Region	2020		2021		2022	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Asia	140,671	98.57%	237,879	76.03%	536,537	76.84%
Europe	1,452	1.02%	73,554	23.51%	166,727	23.56%
Others	584	0.41%	1,435	0.46%	4,270	0.60%
<b>Total</b>	<b>142,707</b>	<b>100%</b>	<b>312,868</b>	<b>100%</b>	<b>707,534</b>	<b>100%</b>

Rising to the international market in Europe, the U.S., Japan, and Korea: With more than a decade of experience in the industry of lithium battery cathode materials, Aleees has accumulated years of innovation on research, development, and techniques and witnessed the achievements of unique patented technology. In the days to come, we will delve into research and development to sharpen the technical capabilities with the patented technology and research resources of our own. We will also keep exploring new customers in Europe, the U.S., Japan, and Korea and cooperating with customers to optimize products as well as customer portfolio. By boosting the company's competitive advantage, we are to lay the foundation for the Company's long-term and well development and stay enhanced in the new momentum that drives the steady growth of the Company's revenue. Since 2021, the COVID-19 pandemic has shown a sign of easing and parts of customers have resumed testing and mass production. As a result, the consolidated revenue for 2021 increased approximately 119.24% comparing with that for 2020. Moreover, Aleees has transformed into a lithium IP supplier of LFP patents and technology transfer since 2022. Completing the signing of the license and technology transfer contract with the first customer, the profit has been recognized in the IP licensing income. Therefore, the consolidated revenue for 2022 increased approximately 126.14% comparing with that for 2021.

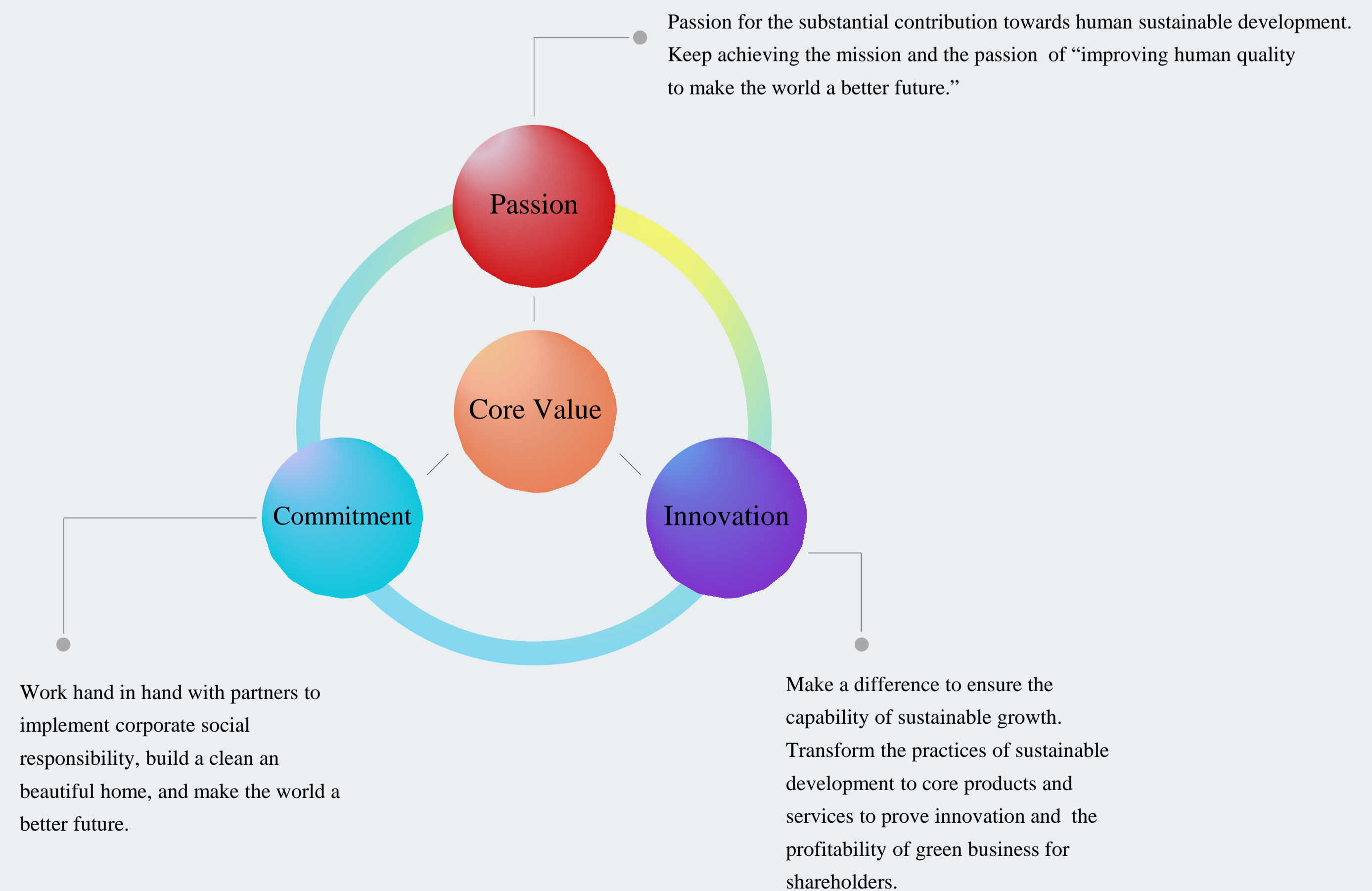
In addition to the continuation of existing lithium iron production, the Company has also entered the field of NCM and NCA cathode materials. The goals in the long run are to reduce the overall production costs through new production planning/manufacturing and economics of scale; and to improve product quality and increase the cycle life and energy density of batteries by polishing product crafts, marching to the global domain of lithium battery materials

## /// Vision and Mission

**Mission :** To improve the quality of people and bring the world to a better future.

**Corporate Vision :** For our and the next generation's common future, Aleees makes products that do not burden the environment with harm by upholding the idea of "Human sustainable living and eco-friendliness". In the meantime, we adhere to the central idea of "altruism" to assist partners in enhancing product efficacy, put ourselves in the shoes of customers, and create for customers our value in use. While sharing the mutual values with customers, we are also giving back shareholders their entitled profits, improving the living quality for employees, and further fulfilling corporate social responsibility to promote corporate sustainable development and to contribute to the human sustainable living and development on Earth.

- Altruism – Manufacturer Enhancing manufacturers' product efficacy
- Altruism – Customer Creating value in use for customers
- Altruism – Shareholder Giving back shareholders their entitled benefits
- Altruism – Employee Improving the living quality for employees
- Altruism – Human Fulfilling corporate citizen responsibility
- Altruism – Environment Building a clean and beautiful home





## Participation in the Operation of Domestic Associations

Aleees devotes itself in green energy business. To maintain close connection and cooperation with various sectors in the society on sustainable development, we participate in several types of organizations in different ways. No significant amount of financial assistance was provided yet. The major purpose is to strengthen the communication and cooperation with each other.

Participation in Associations	Member	Director
LIB Academia-industry Alliance	√	
MIH Alliance	√	
Taiwan Battery Association	√	√
Taiwan Smart City Association	√	

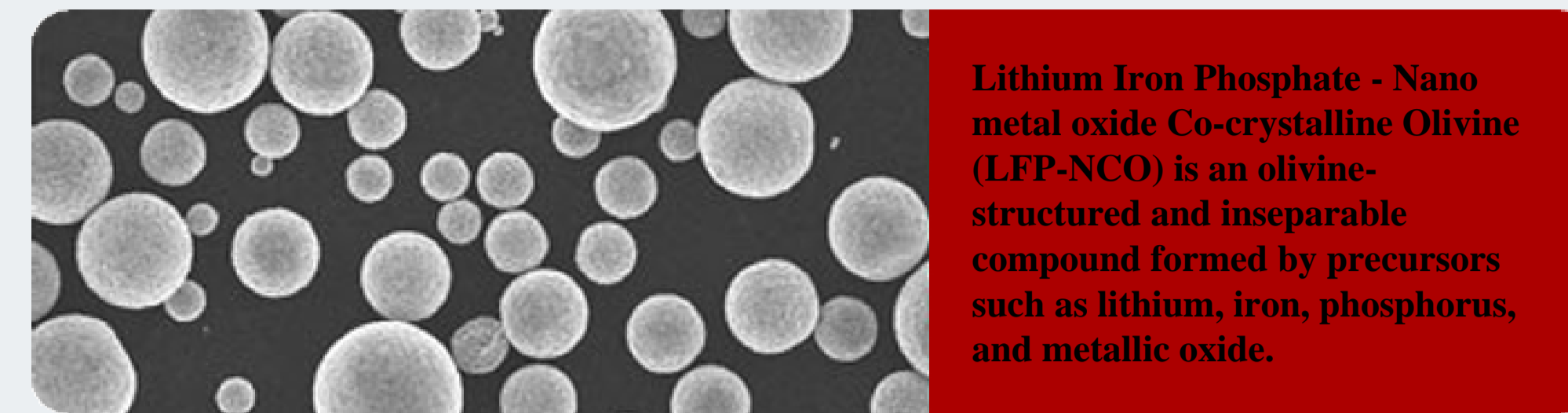
## 1.2 Product and Service >



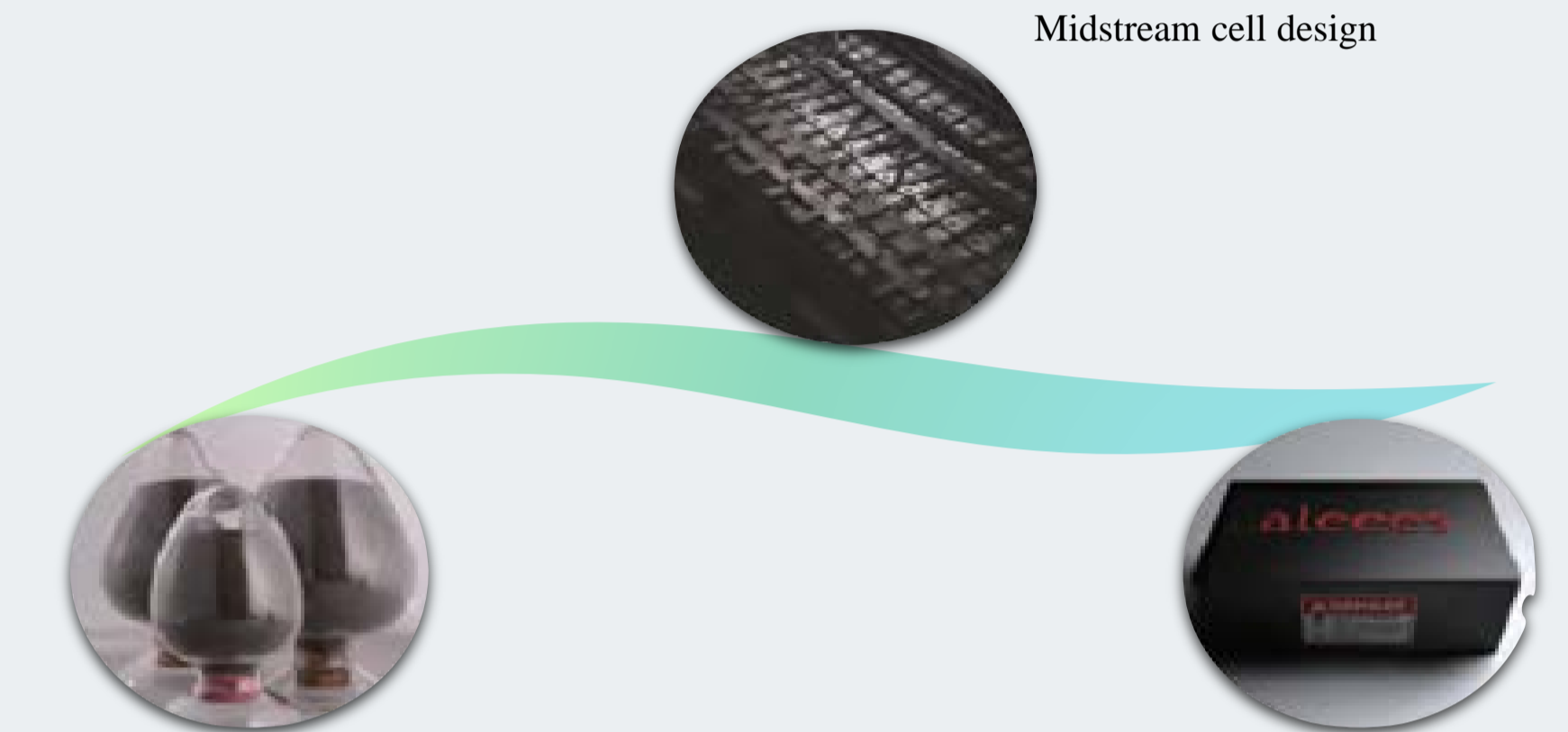
### Major Brand

Red (Passion): Enthusiasm and Focus  
 Aleees (Innovation): Aleees is the key to the solution of LFP-NCO and provides a power energy system affordable by the world.  
 Collaboration (Commitment): Human sustainable living and eco-friendliness

Since the foundation, Aleees has dedicated itself to the development of comprehensive solutions to alternative energy and self-owned development as well as production of phosphoric cathode materials. Owing to the features such as the highest level of safety, high frequency in circular usage, low level of pollution to the environment, and abundant material sources, lithium batteries are ideal to be cathode materials that are applied to the fields of electric vehicles, wind power, and power storage. Aleees' strategy of implementing sustainable development is to start out with our business. With our core competency, Aleees will become part of the virtuous cycle to not only benefit ourselves but also others.



Product: Phosphoric cathode materials



Aleees' phosphoric cathode materials

Downstream terminal batteries

LFP-NCO (Lithium Iron Phosphate Nano Co-crystalline Olivine) is a material mutually crystallized by lithium iron phosphate and metallic oxide in solid solution. Evenly spread in lithium iron phosphate, Metallic oxide effectively enhances one million times of material electrical conductivity and increases the material capacitance to 155mAh/g.

Aleees' phosphoric cathode materials are widely applied in the downstream batteries, electric vehicles, power tools, energy storage systems, start/stop mechanism for stopping vehicle engine during idling, smart grids, un-interrupt power systems, and base-station power energy storage equipment, all of which are the critical energy solutions.



UPS,

Smart Grid,

Renewable Energy,

Effective Energy Storage System



## Product: Material Research and Development

Aleees' major technical development lie in the enhancement of product energy density/capacitance and cycle of life. We focus on the technical development of phosphate and NCM battery cathode materials and continue to explore new nano-powder design and nano-powder post-processing technology to sharpen and optimize product quality and performance and satisfy the needs from various customers by providing high-quality products.

## Product and Service Labeling

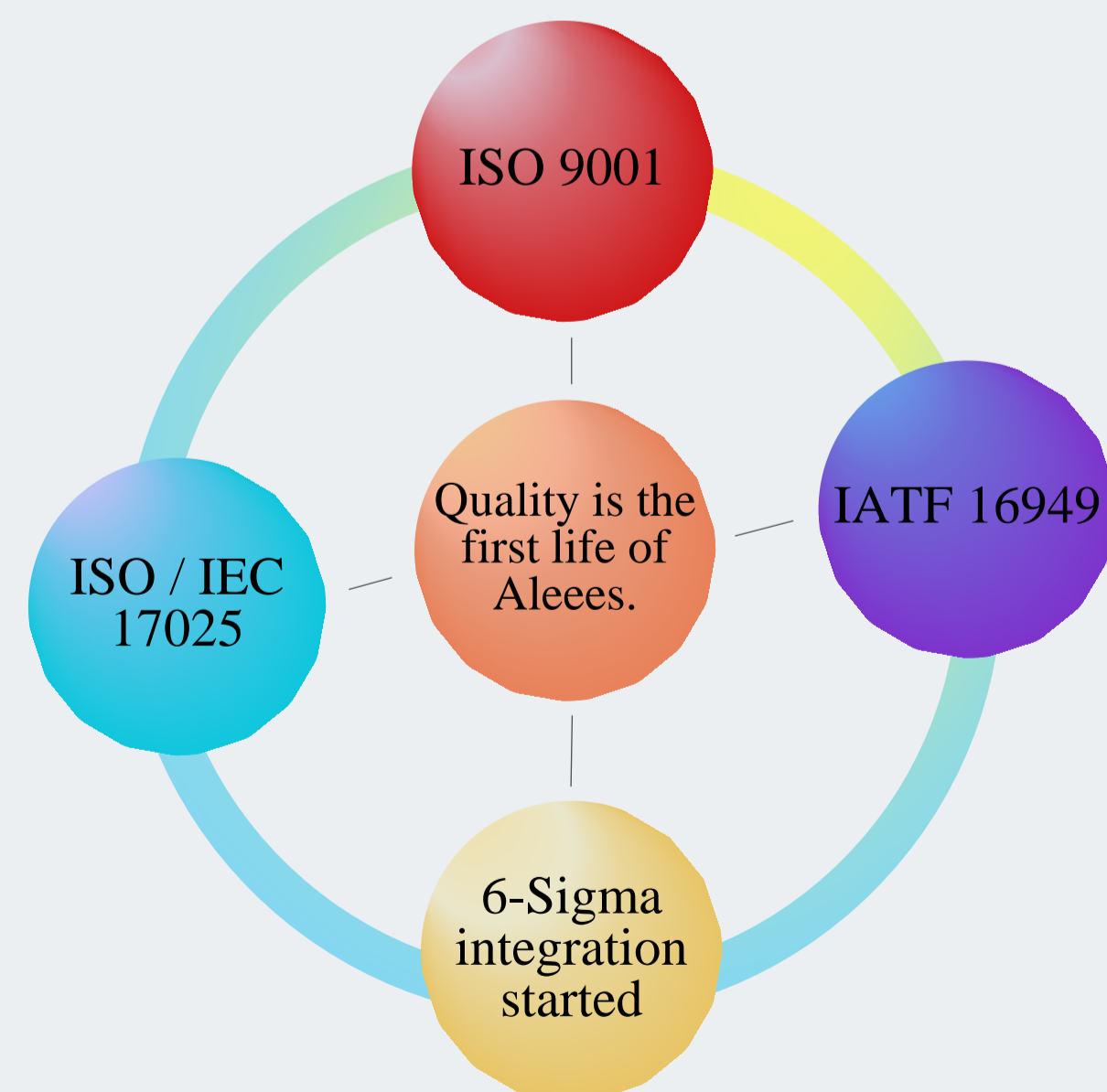
The specifications, performances, and precautions for usage of cathode material products provided by Aleees are listed in the Certificate of Analysis (COA) and Material Safety Data Sheet (MSDS) for customers to understand the safe operating methods of the products. A helpline is also dedicated to assist customers in obtaining necessary information. All product labeling is 100% in compliance with the laws and regulations. There was no violation or fine related to the laws and regulations of product labeling for Aleees during the period of the report. .

## Legal Compliance

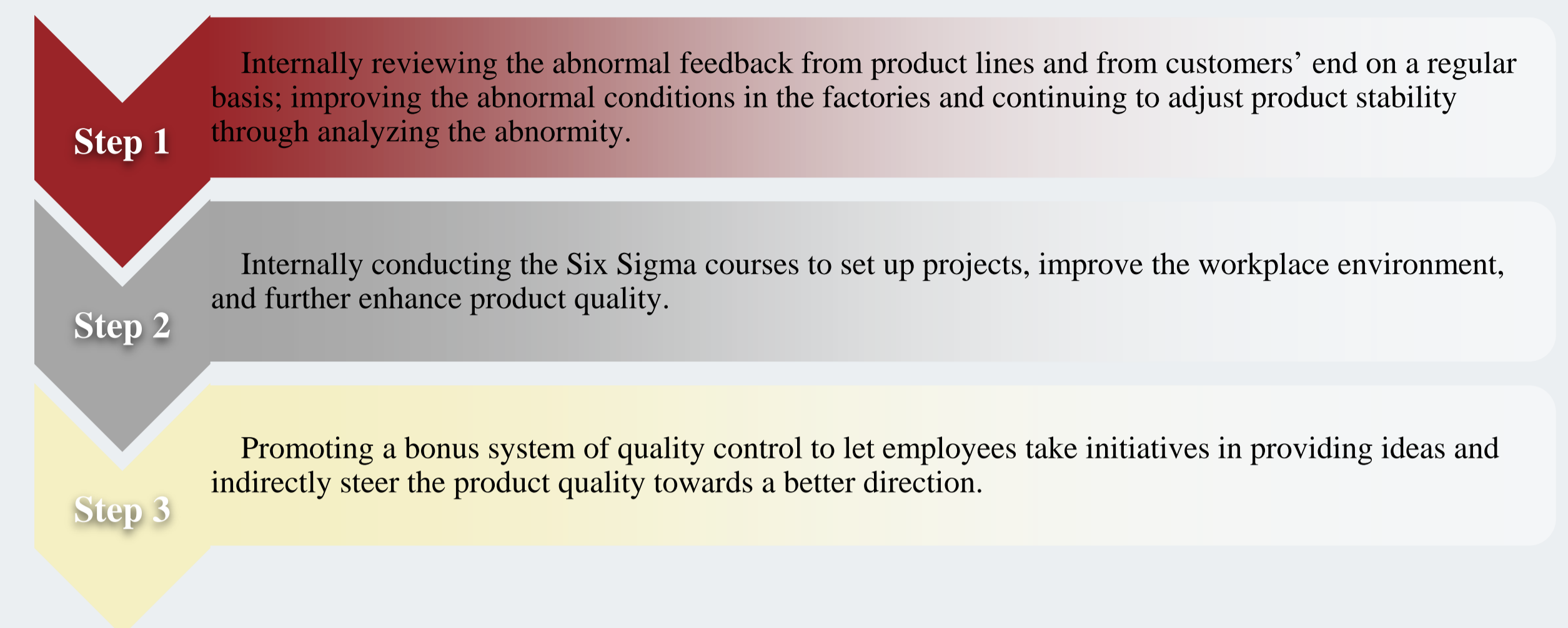
A violation is determined by a mechanism used in occupational safety, human resources (labor laws and regulations), finance and accounting (adjusted according to the regulations governing TWSE/TPEX listed companies), legal affairs (a search system of intellectual property and patents to determine infringement), and quality control (the IATF 16949 system is adjusted in accordance with amendments of laws and regulations). There was no matters of violation in 2022.

## Product Quality

Quality is the first life of Aleees. Discovering initial problems to reach best quality is the top guiding principle of Aleees. The quality management is executed in three dimensions. First, we internally review the abnormal feedback from product lines and from customers' end on a regular basis. Through analyzing the abnormality, we improve the abnormal conditions in the factories and continue to adjust product stability. Secondly, the Six Sigma courses are conducted internally, which are led by professional instructors to assist colleagues in setting up projects, improving the workplace environment, and further enhancing product quality. Thirdly, we promote a bonus system of quality control, allowing employees to take initiatives in providing ideas. It not only reduces the overall costs, but also uplifts data quality as well as quality inspection and indirectly steers the product quality towards a better direction.

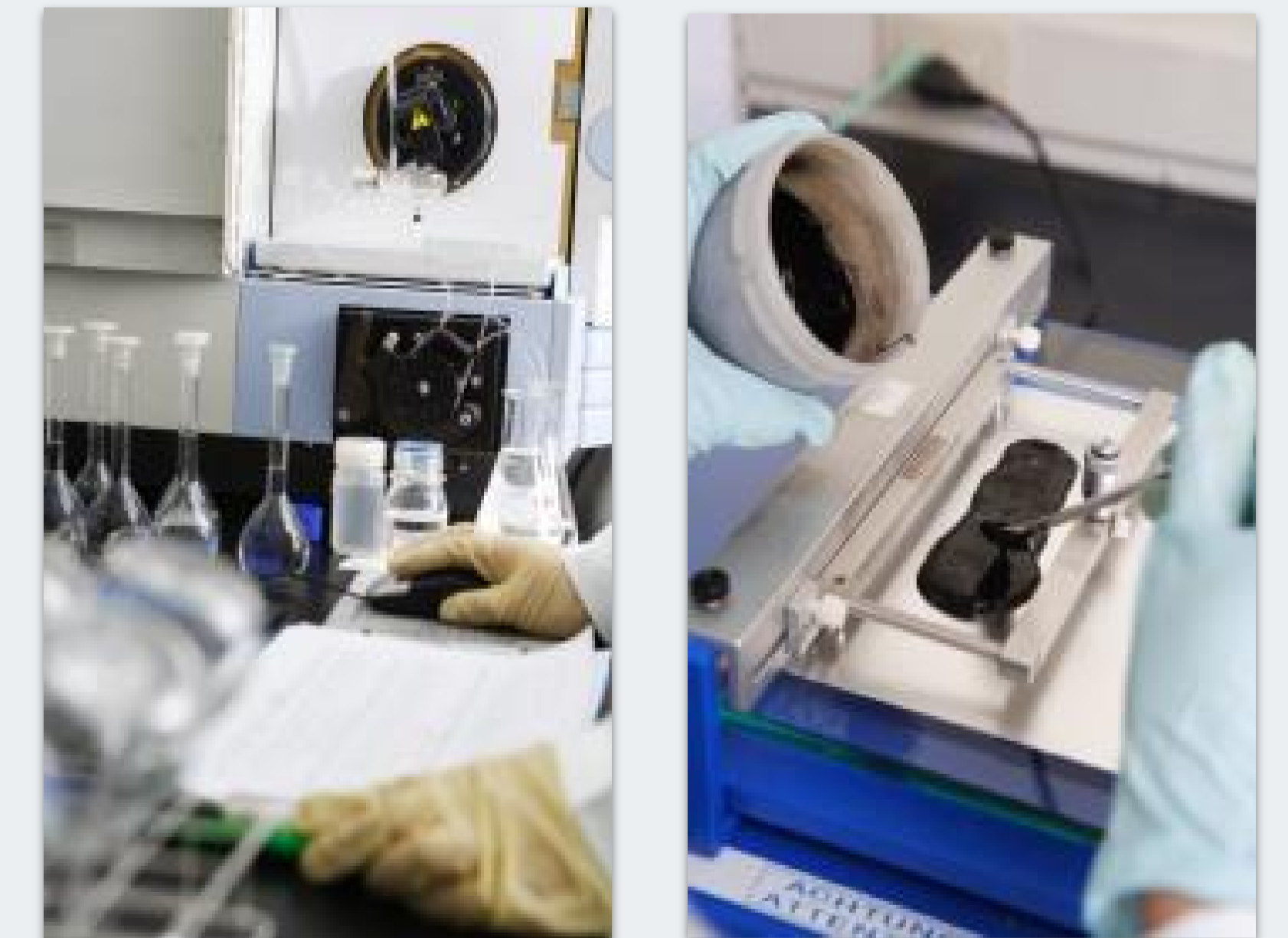
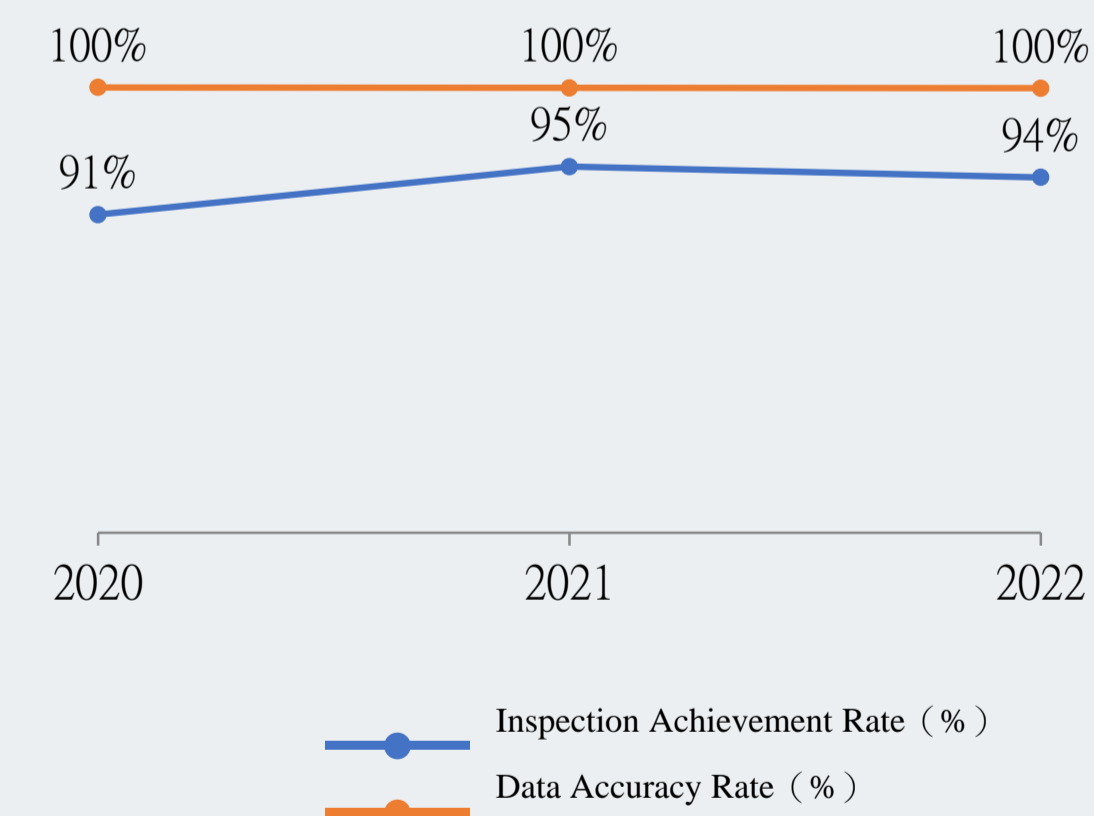


## Quality Improvement and the Three Dimensions of Enhancement



In addition to the monitoring and controlling over the production lines, the product quality also requires a professional analysis laboratory to assist the inspection in order to ensure 100% quality control. To enhance the credibility of laboratories by upgrading their technical capabilities, testing standards, and quality, and to achieve international mutual recognition and international convergence, Aleees 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. The certified items are main ingredient, particle size, moisture, specific surface area, tap density, carbon content, capacitance, and pH.

The accuracy rate of inspected data over the last three years were maintained above 99.90% (99.94% in 2022). It fully demonstrated the assurance of Aleees' inspection on product quality. After the implementation of laboratory certification by the "Inspection Center", the instant inspection achievement rate reached up to 90.0% as projected. In 2020, the instant inspection achievement rate was 91.42% due to a shortfall of inspectors and replacement of old equipment. During 2021 and 2022, we continued to increase inspectors, adjust manpower, and reinforce personnel trainings to strengthen their quality and capability; and to complete the replacement of old equipment. The instant inspection achievement rate then rose up to and maintained at 93.50%.

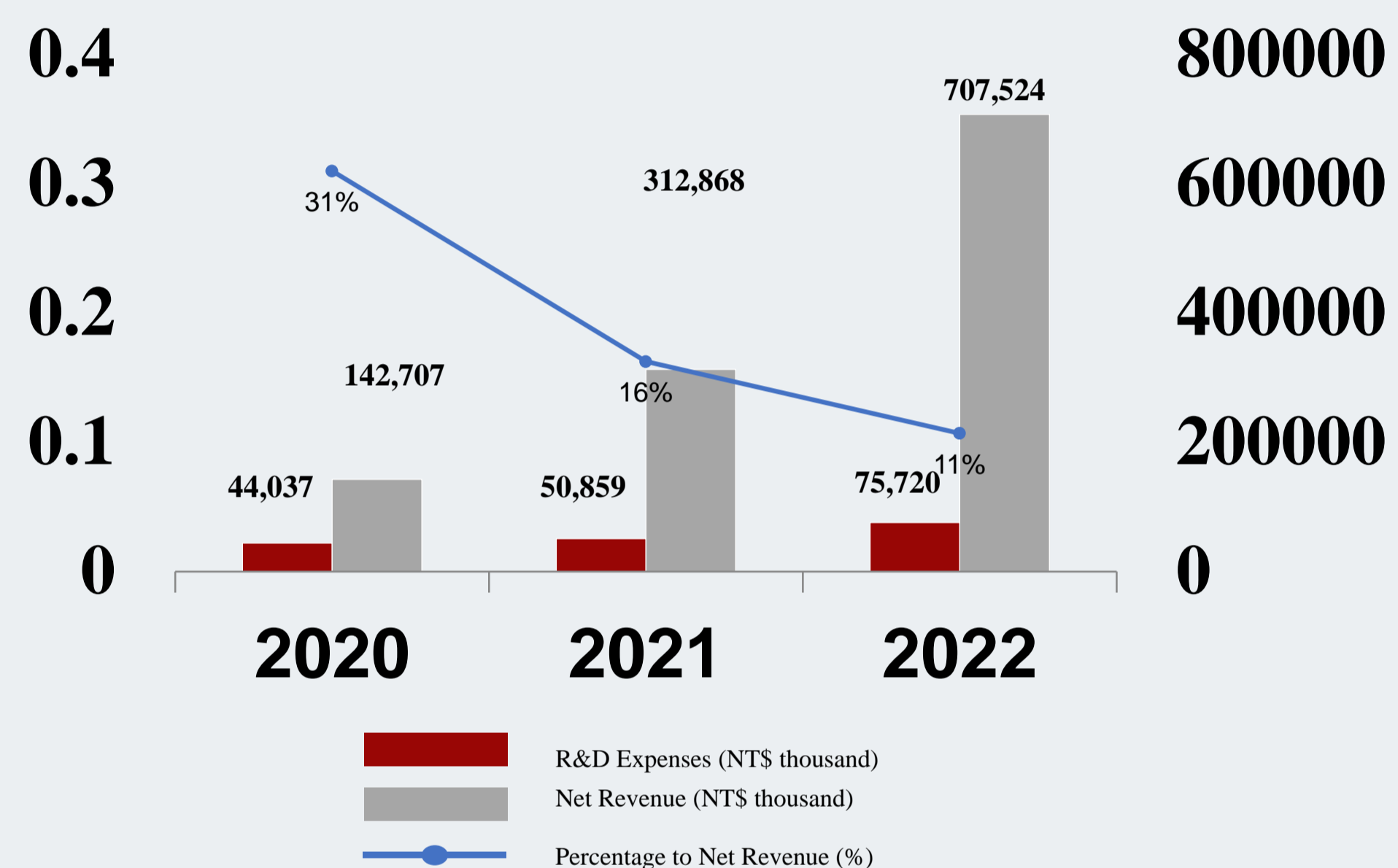




## Technical Research and Development

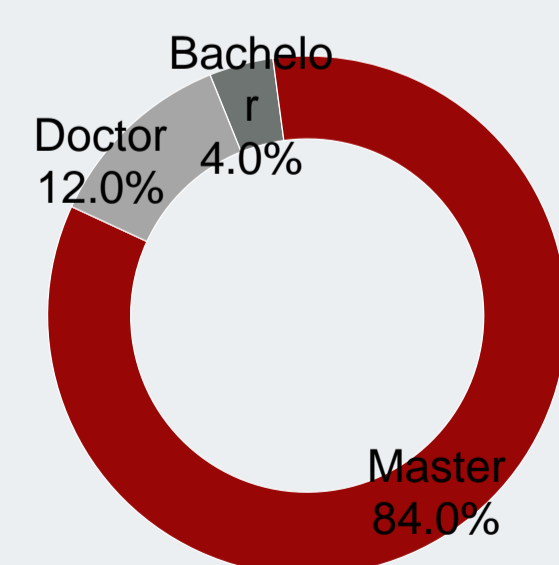
Based on the accumulated research results of cathode materials in the past years, Aleees continuously moves toward the goal of extending battery life, increasing energy density, and developing new products. Our team continuously invests resources in research and development to strengthen the quality and quantity of research staffs, to advance R&D and mass production technologies, and to maintain the industrial leading position and advantages. The talents and R&D resources are more specialized in the R&D of battery materials. In 2020, the COVID-19 pandemic has imposed great impact on the global economy and has led to the Company's decline in revenue. Nonetheless, Aleees still emphasized the research and development layout. Due to the considerable amount invested in research and development, the ratio of R&D expenses increased to 31%. With the gradual easing of the pandemic in 2021, the revenue increased progressively, decreasing the ratio of R&D expenses to 16%. The reason for the 11% of R&D expenses ratio in 2022 was that the revenue had increased, resulting in a decrease in the R&D ratio. Subsequently, Aleees has been increasing the R&D expenses year by year. Talents are valued here in Aleees. We keep developing new products and recruit talents to proactively prepare for the research and development of lithium iron phosphate and NMC cathode materials.

## R&D Expenses and Net Revenue

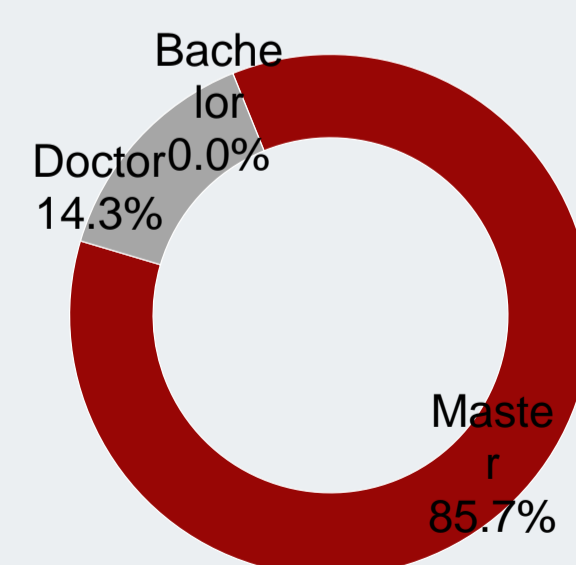


The Company continuously focuses on the R&D of battery cathode materials and the betterment of manufacturing technology. The future R&D status is as follows:

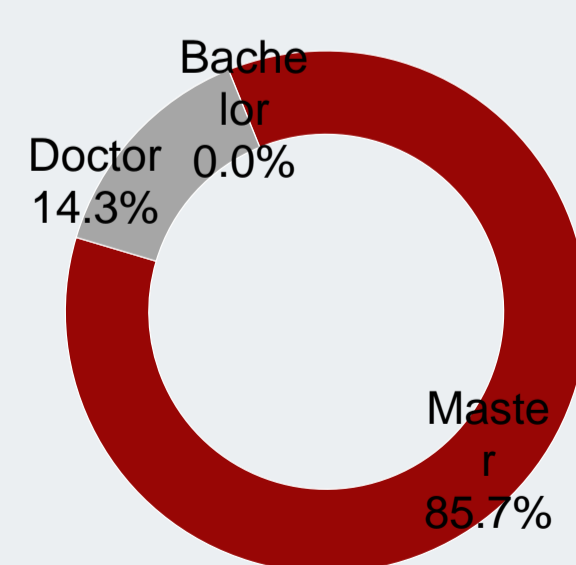
- (I) Actively throwing in the technical D&D on high-voltage lithium battery cathode materials and NCM cathode materials; committing to the commodification of the R&D products.
- (II) Continuously exploring new nano-powder design and nano-powder post-processing technology to sharpen and optimize product quality and performance, satisfy the needs from various customers with high quality products, and promoting product competitiveness in the market.
- (III) Proactively starting out cooperated development plans with domestic and foreign research institutes to increase battery circular life and energy density.



2020 Research Personnel 25 persons



2021 Research Personnel 21 persons



2022 Research Personnel 21 persons

Year	2020	2021	2022
Doctor	12%	14.3%	14.3%
Master	84%	85.7%	85.7%
Bachelor (and below)	4%	0%	0%
Research Personnel	25	21	21

Note: The data of research personnel does not include Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.

## Energy Storage Trends

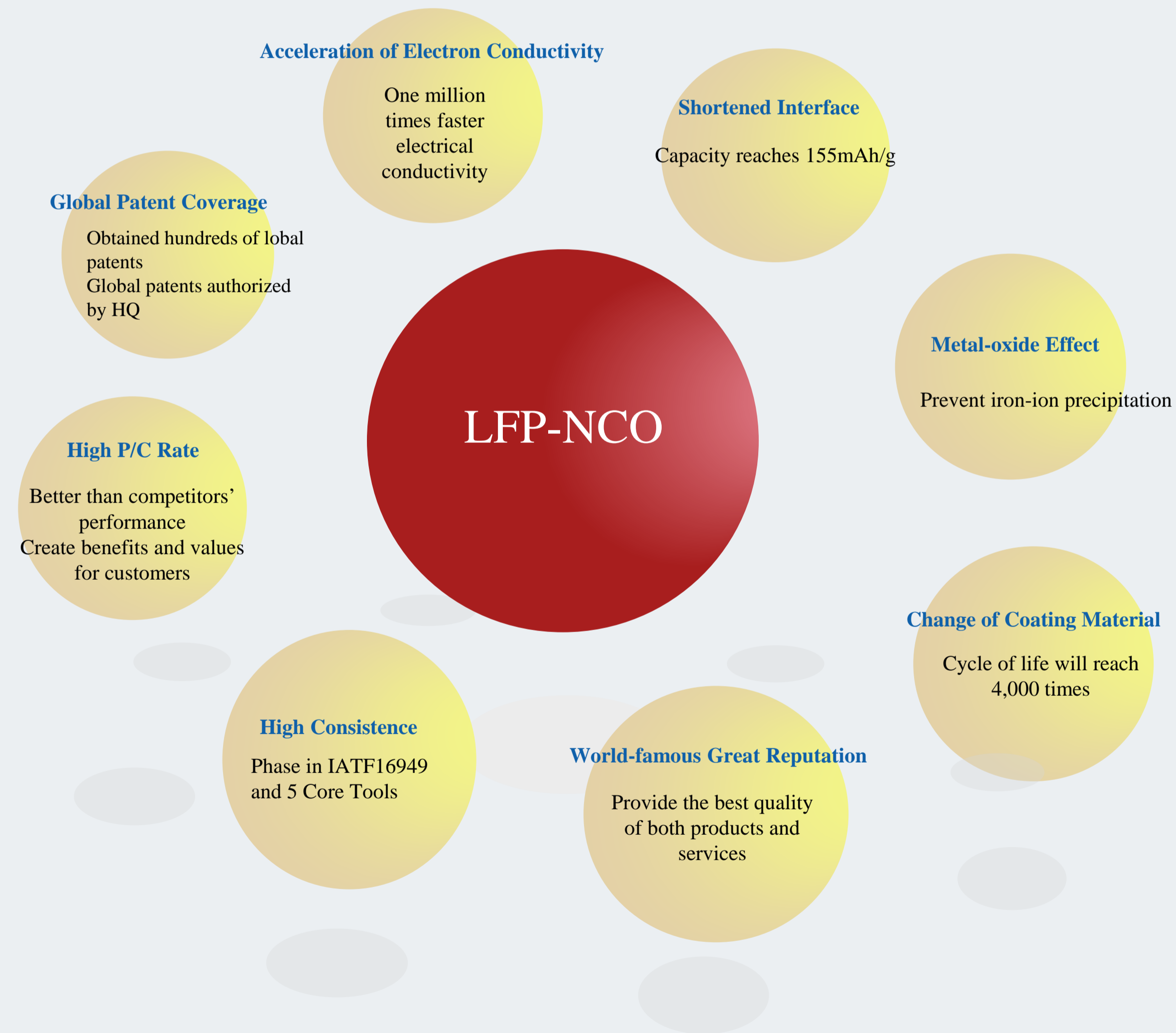
North America	Europe	Asia
<p>It can be divided into three categories, Front-the-Meter Energy Storage (electric power generation and transmission), household energy storage, and industrial energy storage. In accordance with the tax incentives of Investment Tax Credit (ITC) and Modified Accelerated Cost Recovery System (MACRS), the subsidy will range from solar power to energy storage systems with a cost credit between 22% and 30%.</p>	<p>A considerable quantity of renewable-energy-based electricity generation has been built with the purpose of off-peak electricity storage. Regions in recent years, such as Germany, have actively established household energy storage. In the UK, the key is the demand side resource that mainly solves electricity problems at rush hours by combining solar power and energy storage. In the UK bids, the agreed capacity has reached 100MW of market scale in one year.</p>	<p>China is likely to expand the application of energy storage on power grids in the long run while simultaneously increasing the Behind-the-Meter energy storage in the market of energy storage service.</p> <p>From 2009, it has been almost 500,000 household grid-tied solar power systems in Japan. The ten-year premium feed-in tariff has also expired. Japan thus promoted the needs of energy storage application in the modification market.</p>



**Phosphoric Cathode Materials**

Facing global warming, climate change, and gradual depletion of petroleum resources, the alternative energy development and energy preservation have become the core objectives for the global green growth. The commonly-used lead-acid or nickel-cadmium batteries contain heavy metals and cause severe pollution to the environment. Apart from the serious problems of self-discharged attrition, the energy density of nickel-hydrogen batteries can no longer meet the requirement of power and energy storage nowadays. Therefore, they are progressively being replaced by lithium batteries.

Currently, phosphoric battery cathode materials contain the major advantages of lithium cobalt, lithium nickel, and lithium manganese. Not containing precious metals such as cobalt, the material costs are lower. There are abundant resources of phosphate, lithium, and iron on Earth, so supply shortage is not a problem. Large capacitance (170mAh/g), suitable for use of high discharge rate, fast charging, long circular life, powerful feature of energy storage, and stability under high temperature are what makes phosphoric battery better than other cathode materials. These features turn phosphoric battery cathode materials into the mainstream of new-generation cathode materials. Most importantly, they are completely non-toxic, making them true green materials.



As the development of sustainable energy has been considered an important trend of global environmental protection, over 130 countries have approved or announced the goal of net-zero carbon emission by 2050. Under the trend, lead-acid batteries will in turn be replaced with lithium batteries, which will boost energy storage systems as well as automotive ignition batteries to change from lead-acid batteries to lithium iron batteries. Additionally, the global market of electric vehicles is rapidly developed and the capacity of power batteries are showing a quick growth, increasing the demand for battery materials

Aleees is committed to developing more cost-effective products for customers; and proceeding with more precise refinement in manufacturing process to produce products with higher output power and tally with the market development of future electric vehicles and energy storage batteries. We hope to improve the impact of environmental pollution caused by lead-acid batteries.

Aleees' new nano-powder granulation technology drastically improved the operating crafts in the manufacturing process of battery cells. High discharge rate and feature of low temperature are effectively enhanced through nano carbon coating technology modified by high molecules. We introduced a stricter magnetic separating technology to the manufacturing process to effectively control the concentration of metal impurity to be far less than 1ppm.

Aleees dedicates itself to the R&D, production, and sales of phosphoric cathode materials. Olivine-structured cathode materials are chosen to be the development direction is mainly because of their stable structure, strong bonding between molecules, and therefore their provision of high safety and longer circular life. As for phosphoric cathode materials among the currently-commercialized lithium battery materials, their features of the highest safety, up to 4,000 times of circular usage, low pollution to the environment, and abundant resources of raw materials are considered to be an ideal cathode material for lithium batteries for the next generation that are applied to fields of electric carriers and wind/solar power storage.

With the innovative mass production technology, we produce more superior products and significantly increase the existing product functions of discharge rate, low temperature, and circulation. The outstanding features of discharge rate and low temperature will help Aleees' products get the upper hand in the power battery market; whereas the excellent circular feature not only increases the service life of lithium batteries and reduces wasted batteries, but also becomes a more environmental friendly green product.





2

# Corporate Governance





# 2 Corporate Governance

## Vision and Policy

A reliable way of sustainable development for a company is via the guidance of corporate governance. Aleees believes that the robust structure and operation of a board of directors, information transparency, safeguarding of shareholders' equity, and equal treatment to shareholders are the basis of corporate governance. Under the Board of Directors, Aleees has created the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Sustainability Committee to strengthen corporate governance and execute supervising duties. To ensure the implementation of honest business operation, we have established a transparent and open reporting mechanism apart from the stipulation of "Guidelines for Operating in Good Faith".



## Aspect of Corporate Governance

Aleees' value of sustainable development is guided by corporate governance. We value the influence of corporate governance on business operation. We also attach importance to shareholders' equity as well as equal treatment. Through the effective operation of the Board of Directors and a creditable and transparent information disclosure, we shape the governance culture of the Company and increase competitiveness. At the same time, we actively cooperate with the policies of competent authorities to announce the relevant information, reduce information asymmetry between investors, and advance our international image. (TWSE:5227) Aleees-KY has been honored with indicative rankings for seven consecutive years in "Corporate Governance Evaluation". We are the first foreign company among the listed companies that made it to the top 5% for seven consecutive years (2015-2021). Aleees' corporate governance and information transparency have drawn great recognition.



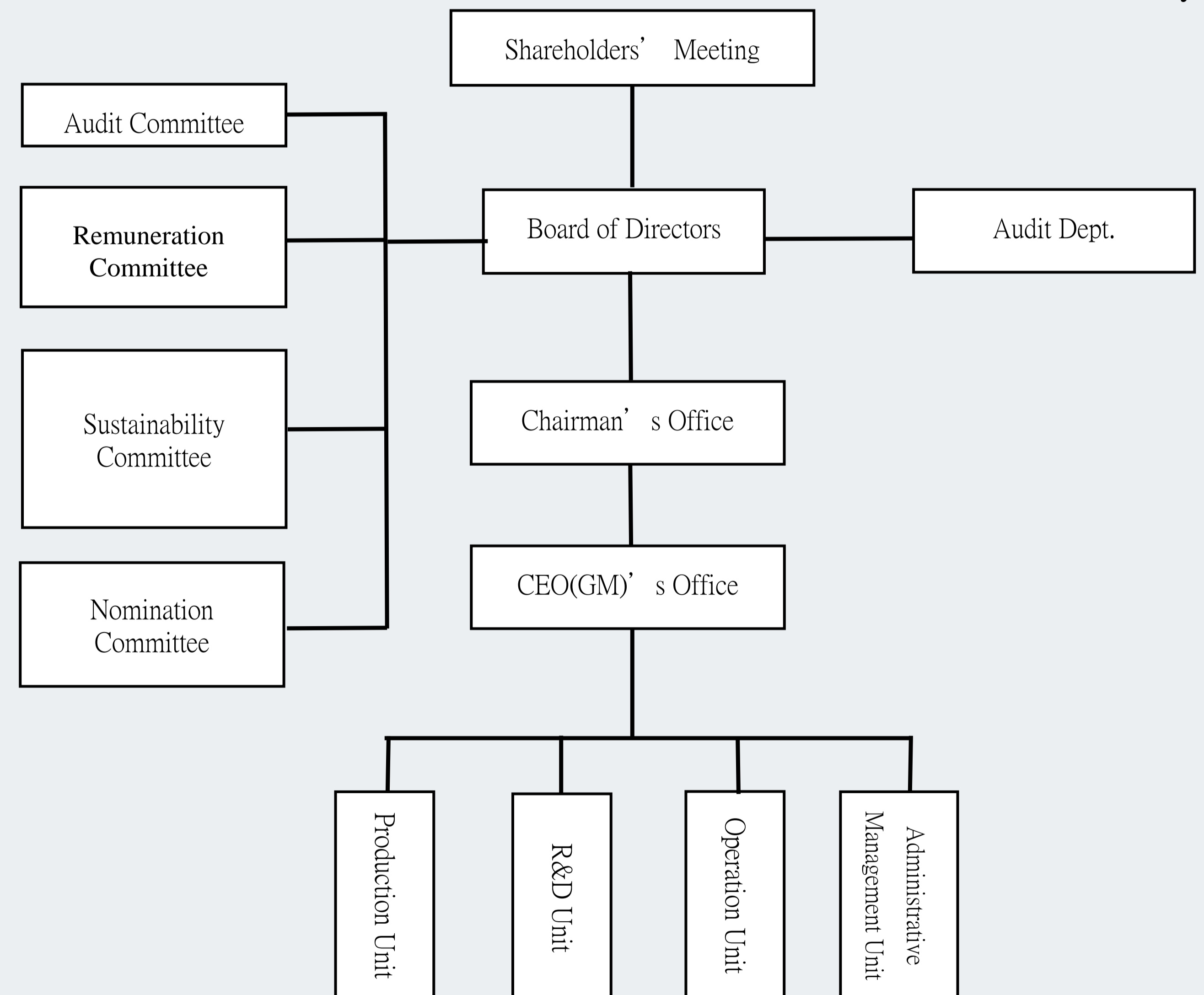
Reference Website : <http://cgc.twse.com.tw/pressReleases/promoteNewsArticleCh/1765>

## 2.1 Governance Organization

Aleees takes integrity as the foundation of its business operations and endeavors to implement corporate sustainable responsibility by enhancing its corporate governance structure. A healthy and efficient board of directors is the basis of corporate governance. Under Aleees' Board of Directors, there are Audit Committee, Remuneration Committee, Sustainability Committee, Nomination Committee, and Audit Department in place whose jobs are assisting the Board in fulfilling the responsibility of supervision. For the purpose of helping investors understand the status of Aleees' governance, our Company has disclosed the status of implementing corporate in the annual reports. The Company has set up a spokesperson system and an official website as the channels for Aleees to convey and communicate information. There is also an investor mail box and dedicated personnel to handle suggestions and problems from shareholders.

## Aleees Corporate Governance Structure

As of May 10, 2023





## Main Operations of Respective Departments

Department Name	Work Scope
Internal Audit Dept.	<ul style="list-style-type: none"> <li>Take charge of the design and revision of the Company's internal control and internal audit systems.</li> <li>Take charge of the drafting and execution of the Company's annual audit plans.</li> <li>Take charge of the improvement proposals as well as the remediation tracking of internal control flaws and the planning as well as implementation of corporate governance.</li> </ul>
CEO(GM)'s Office	<ul style="list-style-type: none"> <li>In charge of the drafting of the Company's operating policies and long/short-term goals according to the comparison of competition products, comparison of internal/external significant benchmarking performance, analysis of product trends, and present/future expectations from customers</li> <li>Grasping the operating policies and achieving the long/short-term goals of the Company to reduce costs, continuously expanding R&amp;D resources, and uplift product positioning; recording operating results for analysis.</li> <li>All types of operational management, operational analysis, and projects; management and planning of environmental safety and health.</li> </ul>
Production Units	<ul style="list-style-type: none"> <li>Manufacturing of phosphoric cathode materials in the most advanced process to achieve high efficiency production.</li> <li>In charge of the maintenance of quality verification system on raw materials and products, product verification, and the formulation as well as the implementation of the quality control system.</li> <li>Establishing an excellent project quality, achieving high efficiency production by the most advanced manufacturing process, reaching a reasonable cost control, and satisfying internal and external demands.</li> </ul>
R&D Units	<ul style="list-style-type: none"> <li>The design, development, and improvement of new products, the testing and verification of the credibility of new production process, and pre-sales as well as after-sales customer technical services.</li> </ul>
Operational Units	<ul style="list-style-type: none"> <li>Sales services, deployment of product lines, activities of the overall marketing and market expansion, customer complaints, product returns, and market intelligence gathering to ensure customer satisfaction.</li> </ul>
Administrative Units	<ul style="list-style-type: none"> <li>Planning and executing of administrative management, human resources, factory affairs, asset management.</li> <li>Procurement plans, inventory control, coordination between departments to full utilization and to grasp production resources.</li> <li>Drafting and promoting the short-, mid-, and long-term plans of information services and computer upgrading.</li> <li>Internal and external legal services such as contracts, trademarks, litigation matters, and intellectual property</li> <li>Accounting cashier affairs, financial cash flow deployment, investment planning, and stock affairs to maintain normal operations of the Company's financial and stock affairs.</li> </ul>

## Corporate Governance Highlights

Diversification Policy (Board of Directors)	<ul style="list-style-type: none"> <li>42.86% of female directors members.</li> <li>28.57% of foreign director members.</li> <li>14.29% of adjunct managerial officers of the Company.</li> <li>Diverse professional fields: Including expertise in finance, accounting, legal, operational management, and sector knowledge of new energy.</li> </ul>
Independence (Board of Directors)	<ul style="list-style-type: none"> <li>57.14% of independent directors</li> <li>Director members do not have spousal relationship or second degree of kinship.</li> <li>The Remuneration Committee and the Nomination Committee consist of two independent directors and are independent of the management.</li> </ul>
Voluntary Establishment of Non-statutory Functional Committees	<ul style="list-style-type: none"> <li>Nomination Committee</li> <li>Sustainability Committee</li> </ul>
Information Disclosure	<ul style="list-style-type: none"> <li>The organizational rules of each functional committee are disclosed on the Company website.</li> </ul>

## Top Governance Unit

### Duties of the Board of Directors

The Board of Directors is the top governance unit and the significant operation decision-making center. Aleees elects and appoints its directors with three-year term of office through fair, just, and open procedures in accordance with "Procedures for Election of Directors". It is also disclosed in the Incorporations that the election of directors shall adopt a candidate nomination mechanism and shall be elected at shareholders' meetings. Aleees' Board of Directors is diverse in composition. Taking the professional level and experience in economy, environment, and human topics into consideration, it consists of directors with different professional background, gender, and occupational fields. Aleees' Board of Directors was re-elected comprehensively in 2017 where the director seats were deducted to seven for meeting efficiency and the independent director seats were added from three to four. This was another first for Aleees for it became the first company with more than half independent directors among the foreign listed companies in Taiwan. Within the seven seats of directors, 3 are female. There are a total of three female director members and two of them are independent directors. The percentage of females to all director members is 42.86% with the average age of 53. The percentage of males to all director members is 57.14 % with the average age of 47.5. Except for Taiwanese directors, there are two directors from Australia and Hong Kong, respectively. We have created a rare case for gender equality and increasing female participation in decision-making.

### Member of the Board of Directors

Title	Name	Academic Qualifications/Experience
Chairman	Sheng-Shih Chang	<ul style="list-style-type: none"> <li>Juris Doctorate, National Taiwan Normal University</li> <li>Asst. Professor, China University of Science and Technology,</li> <li>General Manager of Neso Technology Limited in Greater China, Pou Chen Group</li> </ul>
Director	Jaime Che	<ul style="list-style-type: none"> <li>The Scots College</li> <li>CEO/Chairman's Assistant and Investor Relations Manager, Shougang Fushan Resources Group Limited (SEHK: 0639, now renamed as Shougang Fushan Resources Group Limited)</li> </ul>
Director	Chi-Kei Ching	<ul style="list-style-type: none"> <li>MBA, Bradford University (UK)</li> <li>Bachelor of Business Administration in Accountancy, Hong Kong Polytechnic University</li> <li>ACCA, certified by the Association of Chartered Certified Accountants</li> <li>Member of the Hong Kong Institute of Certified Public Accountants</li> </ul>
Independent Director	Wei-Min Shen (Note1)	<ul style="list-style-type: none"> <li>Ph.D. in Accounting, Purdue University</li> <li>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</li> <li>Chair of the Department of Accounting, Associate Professor of Tunghai University</li> <li>Independent Director of Siliconware Precision Industries Co., Ltd.</li> </ul>
Independent Director	Yie-Yun Chang	<ul style="list-style-type: none"> <li>Doctor Juris, University of Munich (Germany)</li> <li>Dean of the School of Law, Fu Jen Catholic University</li> <li>Member of the Copyright Consultation and Review Committee of the Intellectual Property Office, MOEA</li> <li>Member of the 6th Fair Trade Commission</li> </ul>
Independent Director	Hsuan Wang	<ul style="list-style-type: none"> <li>Ph.D. in Accounting, National Taiwan University</li> <li>Assistant Professor, School of Management, Yuan Ze University</li> <li>Adjunct Lecturer, Department of Accounting, National Taiwan Normal University</li> <li>Assistant Supervisor, Deloitte Accounting Firm</li> </ul>
Independent Director	Chian-Hsiu Lee	<ul style="list-style-type: none"> <li>MAA, Central Queensland University</li> <li>Mandarain Brother international pty ltd. (Sydney) Sales Manager.</li> <li>G.M., Taiwan Hua-Yu Industrial Co., Ltd</li> <li>Technical Director,</li> <li>Technical Director, Boteng (Xiamen) Plastics Co. Ltd.</li> <li>President, Bailin Fluorescent PTY., LTD.</li> </ul>
Independent Director	Jhih-Da Yan (Note2)	<ul style="list-style-type: none"> <li>PhD in Finance from National Chengchi University</li> <li>Associate Professor of Finance and Taxation Department at National Taichung University of Science and Technology</li> <li>Independent Director of Feature Integration Technology Inc.</li> <li>Independent Director of Sinopower Semiconductor Inc.</li> </ul>

Note 1: The resignation of that independent director was effective since April 15, 2022.

Note 2: Jhih-Da Yan was appointed as an independent director on June 30, 2022.

Note 3: Please refer to Aleees' website/Investor Relations/Corporate Governance/Board of Directors for the current positions held at other companies.



■ Current Implementation on the Diversity and Independence of the Directors

Basic composition				Industrial Experience				Professionals			
Title	Name	Sex	Academic Qualifications / Experience	Operational Judgment	Risk assessment ability	Industry Knowledge	Int'l Market Perspective	Accounting	Knowledge of Law	Management	Intellectual property
Chairman	Sheng-Shih Chang	F	Juris Doctorate, National Taiwan Normal University	v	v	v	v	-	v	v	v
Director	Jaime Che	F	The Scots College	v	v	v	v	-	-	v	-
Independent Director	Chi-Kei Ching	M	University of Bradford MBA	v	v	v	v	v	-	v	-
Independent Director	Yie-Yun Chang	M	Doctor Juris, University of Munich (Germany)	-	v	-	v	v	v	-	v
Independent Director	Hsuan Wang	M	Ph.D. in Accounting, National Taiwan University	-	v	-	v	v	-	-	-
Independent Director	Chian-Hsiu Lee	F	Central Queensland University MAA	v	v	-	v	v	-	v	-
Independent Director	Jhieh-Da Yan	F	PhD in Finance from National Chengchi University	-	v	-	v	v	-	-	-

Note: Please refer to the 2022 Annual Report for the professional development course hours of the Board members.

■ Duties of the Board of Directors

Led by the chairman of the top guidance unit, Mr. Sheng-Shih Chang, the management and the Board of Directors maintain a smooth and unhindered communication. The presidential responsibility of the Board of Directors is to supervise and enhance the quality of supervision and decision-making through the individual functional committees established underneath the Board of Directors. An operation business report meeting is held at least once a quarter by Aleees' Board of Directors to understand the problems occurred in actual operations through the dialogues with the management level. Additionally, the operation team will be requested for adjustments if necessary. By concentrating on the business operation and implementing the instructions from the Board, we jointly create the biggest benefit for shareholders.

■ Procedures for Risk Management and Goal-Tracking of the Board of Directors

Implementation status of risk management policies and risk measurement standards: Major operations related to major operational policies, investment cases, endorsement guarantees, capital loans, and bank financing have been evaluated and analyzed by appropriate authority department and implemented pursuant to the resolutions made by the Board of Directors. The Audit Department also draws up its annual auditing plans based on the results of risk evaluation, which shall be implemented exactly to conduct the supervision mechanism and control the implementation of various risk management. There was no material matters communicated with the top governance unit during the period of this report. (In accordance with the definition by GRI that critical concerns include concerns about the organization's potential and actual negative impacts on stakeholders raised through grievance mechanisms and other processes.)

For the year of 2022 and as of May 10, 2023, a total of 13 meetings were held by the eighth term of the Board of Directors. The attendance status of individual director members is as follows:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Chairman	Sheng-Shih Chang	12	1	93%	-
Director	Jaime Che	11	1	85%	-
Director	Chi-Kei Ching	12	-	93%	-
Independent Director	Wei-Min Shen	5	-	100%	The resignation of that independent director was effective since April 15, 2022.
Independent Director	Yie-Yun Chang	13	-	100%	-
Independent Director	Hsuan Wang	13	-	100%	-
Independent Director	Chian-Hsiu Lee	12	-	93%	-
Independent Director	Jhieh-Da Yan	7	-	100%	Jhieh-Da Yan was appointed as an independent director on June 30, 2022.

Note: Source of information is from the 2022 Annual Report.

In order to strengthen the functionality of the Board of Directors, Aleees evaluates the functionality and operating status annually. The goals and implementation status for strengthening the functions of the Board of Directors in 2022 are as follows:

Operation of the Board of Directors	The Company regularly reviews the relevant laws, regulations, or letter orders released by competent authorities and revises parts of the articles stipulated in "Procedures Governing the Performance Evaluation of the Board of Directors", "Regulations Governing the Responsibilities of Independent Directors", and "Guidelines for Operating in Good Faith".
Corporate Governance	The Company has renamed the "Social Responsibility Committee" to the "Sustainability Committee". In addition, the Company expands the Committee's responsibilities to cover the scope of risk management in order to improve corporate governance, control the Company's operations on risk management, and evaluate the concept of sustainable development.
Risk Management	To strengthen corporate governance, Aleees has approved the resolution of "Risk Management Procedures" at the Board of Directors meeting held on November 4, 2020. The implementation status thereof will be annually reported to the directors at the Board meetings.
Director Liability Insurance	Aleees has purchased liability insurance for all directors and annually declared the information thereof on Market Observation Post System.
Director Professional Development Courses	The relevant courses for professional development are duly conveyed to the Board members and arranged to help gain new knowledge and maintain professional predominance.

■ Performance Evaluation on the Board of Director

To implement corporate governance and improve the functionality of Aleees Board of Directors, performance goals are established to improve efficiency in the operations of the Board. The Company has "Procedures Governing the Performance Evaluation of the Board of Directors" in place to evaluate the Board internally once a year and externally at least once every three years. The results of the performance evaluation are regularly submitted to the Board of Directors.

In November 2021, Aleees appointed EY Advisory Services Inc. (hereinafter referred to as EY) to carry out an external performance evaluation of the Board for the year of 2021. The performance evaluation results were submitted to the Board meeting on February 25, 2022. EY's eight criterion are used to assist in identifying key elements to supplement the evaluation of the Company's Board. Those criterion include: the structure and process of the Board, the members of the Board, corporate and organizational structures, roles and authorities, behaviors and cultures, trainings and developments of directors, the supervision of risk control, and the supervision of declaration, disclosure, and performance. Based on the performance evaluation of the Board, EY believes that Aleees Cayman has a healthy and good interactive culture, which is one of the basic elements of a high-performance Board of Directors. On top of the good basis, it is expected that EY's observations and suggestions offered during this evaluation in terms of Board members, operating practices, risk management, and performance supervision can assist the Company and its directors in keep optimizing and improving and eventually becoming the benchmark of industry for corporate governance and performance of Board of Directors. The results of the internal performance evaluation on the Board for the year 2022 was submitted to the Board of Directors on March 10, 2023 with the all scores above 99, indicating a sound operating status. Currently, the performance evaluation of the top guidance unit has not yet been included in the performance of supervising organizations in managing the related impact of economy, environment, and society.



■ Nomination and Election of the Board of Directors

The nomination and election methods of Board members are initially proposed to be integrated with our ESG reports and to focus on their capabilities of solving issues of our concern.

<b>Step 1 Nomination and Election</b>	When nominating and electing Board members, we will pay special attention to whether the backgrounds and abilities of candidates align with the issues we would like to solve. In the ESG cases, we will consider candidates' professional backgrounds, experience, and expertise to ensure their proactive response on behalf of the Company.
<b>Step 2 Strengthening Collective Intelligence</b>	Once a Board member is elected, one will have to go through trainings and courses to strengthen one's understanding as well as cognition regarding ESG materiality and to better respond to the ESG issues the Company faces. We believe that the polishing from relevant courses on corporate governance will help Board members gain a better understanding towards the complexity of the issues and propose more advantageous solutions.
<b>Step 3 Problem-solving and Evaluation</b>	Through the abilities of Board members from diverse backgrounds, we are able to play a part in the 13 materiality of the Company' concern. With the reviewing capability, we assist Board members in acquiring the necessary knowledge and techniques while addressing these issues.
<b>Step 4 Performance Evaluation</b>	Understanding the management results of Board members while facing ESG issues helps measure the Company's performance in sustainability goals. By reviewing the rationality of materiality matrices at all time and strengthening the communication methods with stakeholders, we are to collect more opinions from stakeholders as the basis of reinforced communication and to propose sustainable development strategies.

With the procedures above, we will not only understand the Board members' related abilities during the phase of nomination and election but also keep them advance with the times through education and training while addressing the impact of ESG topics on Aleees. This will be of benefit to the Company in promoting the development and progress in the field of sustainability. Currently the Board members have not made a clear commitment regarding sustainability issues. They are mainly focused on participating in the internal training courses of the Company, engaging in strategical decision-making, and sharing professional knowledge. In this phase, the Board of Directors emphasizes on the overall operating and developing direction to ensure a long-term and stable business of the organization.

		Chairman	Director			Independent Director		
		Sheng-Shih Chang	Jaime Che	Chi-Kei Ching	Yie-Yun Chang	Hsuan Wang	Chian-Hsiu Lee	Jhih-Da Yan
<b>Stakeholder</b>	Investor/Shareholder	V	V					
	Customer							
	Supplier							
	Government							
	Employees							
	Community							
<b>Materiality</b>	Corporate Governance	V	V	V	V	V	V	V
	Product Quality and Technical R&D	V					V	
	Customer Service	V	V	V			V	
	Supply Chain Management	V	V	V			V	
	Communication with Stakeholders	V	V	V	V	V	V	V
	Financial Performance	V	V	V		V	V	V
	Risk Management	V	V	V	V	V	V	V
	Sustainable Development Strategy	V	V	V	V	V	V	V
	Training and Education	V	V	V	V	V	V	V
	Ethics and Integrity	V	V	V	V	V	V	V
	Talent Inviting and Retaining	V	V					
	Energy Management	V	V					
Product and Service	V	V				V		

■ Collective Intelligence of the Board of Directors

To improve the collective intelligence, skills, and experience of the Board of Directors in the field of sustainable development, we have put a series of measures into practice. The Board members have proactively partaking in a series of professional training courses related to sustainable development issues. These courses include sustainability strategic planning, green technology application, risk evaluation, and cross-domain coordination. With these courses, Board members can better understand and respond to the sustainability challenges that have grown more complicated day by day and to further ensure the Company's performance and excellency in sustainable development.

	Date of Course	Organizer	Name of Course	Corresponding Materiality
Sheng-Shih Chang	2022/09/24	Taipei Exchange	"Corporate Governance 3.0 – Sustainable Development Roadmap" Summit	Sustainable Development Strategy, Corporate Governance
	2022/10/28	Taiwan Institute of Directors	2020 Annual Forum of TWIOD: A Turning Year of Strategy	Corporate Governance
	2022/07/14	Securities and Future Institute	Corporate governance 3.0 – from the Prosecution's Perspective	Corporate Governance
Chian-Hsiu Lee	2022/07/14	Securities and Future Institute	The Perception of Global Risks: the Opportunities and Challenges in the Next Decade.	Sustainable Development Strategy, Risk Management
	2022/11/24	Accounting Research and Development Foundation	Cases of False Financial Reports and How to See Key Information in Financial Reports	Ethics and Integrity
	2022/11/25	Accounting Research and Development Foundation	Cases of Tracking and Related Legal Responsibilities of "Capital Flows" in False Financial Reports	Ethics and Integrity
Yie-Yun Chang	2022/10/19	Taiwan Corporate Governance Association	Corporate Governance Summit XVIII – Improve the Functions of Directors	Corporate Governance
	2022/08/27	Securities and Future Institute	5G Key Technology and Application Business Opportunities	-
	2022/09/18	Taiwan Corporate Governance Association	The Role of Institutional Investors in Improving Corporate Governance	Corporate Governance
Hsuan Wang	2022/04/26	Taiwan Corporate Governance Association	Labor-Management Dispute Prevention and Corporate Governance	Communication with Stakeholders
	2022/06/28	Taiwan Corporate Governance Association	Quick Interpretation and Preparation of the ESG Disclosure Requirements of Corporate Governance 3.0	Sustainable Development Strategy, Corporate Governance
	2022/06/16	Accounting Research and Development Foundation	Common Corporate Governance Deficiencies in Enterprises and Analysis of Related Laws and Regulations	Corporate Governance
Wei-Min Shen	2022/07/17	Accounting Research and Development Foundation	Cases of Tracking and Related Legal Responsibilities of "Capital Flows" in False Financial Reports	Ethics and Integrity
	2022/05/16	Taiwan Corporate Governance Association	Corporate Governance and Security Law & Audit Committee Operational Practices	Corporate Governance
	2022/08/19	Taiwan Corporate Governance Association	Fraud Risk Management and Ethical Corporate Management	Risk Management, Ethics and Integrity
Jhih-Da Yan	2022/11/12	Taiwan Corporate Governance Association	EESG Economy Trends and Capital Markets	Sustainable Development Strategy
	2022/11/12	Taiwan Corporate Governance Association	Watch out for the Concerted Action	Ethics and Integrity
Chi-Kei Ching	2022/03/29	Securities and Future Institute	Directors and Supervisors' Breach of Fiduciary Duty	Ethics and Integrity
	2022/09/23	Taiwan Corporate Governance Association	Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains	-
	2022/10/28	Hong Kong Institute of Certified Public Accountants (HKICPA)	How to Identify and Detect Financial Statement...	Risk Management
	2022/11/03	Hong Kong Institute of Certified Public Accountants (HKICPA)	Corporate Governance, Risk Management and Internal Controls	Corporate Governance, Risk Management
	2022/11/18	Hong Kong Institute of Certified Public Accountants (HKICPA)	The rise of ESG in Asia and HK	Sustainable Development Strategy, Corporate Governance
	2022/11/21	Hong Kong Institute of Certified Public Accountants (HKICPA)	Options for young accountants	Risk Management
	2022/12/11	Hong Kong Institute of Certified Public Accountants (HKICPA)	Accounting and Financial Reporting Series for COVID-19	Financial Performance
	2022/02/17	Accounting Research and Development Foundation	ESG Sustainable Finance Trend Wave and Corresponding Strategies	Sustainable Development Strategy
	2022/02/18	Accounting Research and Development Foundation	The Latest " Commercial Case Adjudication Act " Related Legal Responsibilities and Cases	Ethics and Integrity
	Jaime Che	2022/05/13	Taiwan Corporate Governance Association	Prevention of Insider Trading
2022/08/18		Securities and Future Institute	The Value of information Security in the Post-epidemic Era and the Sino-US Trade War	Risk Management




## /// Avoid Conflict of Interest


Aleees has established “Rules Governing Code of Ethics” to guide directors, managerial officers, and all employees to comply with ethical standards and recusal of interest when performing duties. Aleees’ “Regulations Governing Management of Board of Directors Meeting” include 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 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, such director shall not be present during the discussion and voting nor allowed to vote on behalf of other directors. As disclosed in Aleees’ 2022 Annual Report, a total of 13 meetings were held by the eighth term of the Board of Directors, with a total of 4 meetings of which the resolution items involved the recusal of conflict of interest. Directors and managerial officers all take the initiative to make the recusal in the discussing and voting that are related to themselves. Furthermore, by setting professional 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.

Note: i. Positions held in other Boards of Directors (Please refer to Page 11 in the Annual Report). ii. Status of cross shareholding in suppliers or other stakeholders (Please refer to Page 150-153 in the Annual Report). iii. Existence of shareholders with controlling power (Please refer to Page 10, 11, and 58 in the Annual Report). iv. Interested parties and their relationships, transactions, and outstanding balances (Please refer to Page 150-153 in the Annual Report).

### Avoid Conflict of Interest



**Policies and Systems**  
Rules Governing Code of Ethics  
Regulations Governing Management of Board of Director Meeting



**Complaint Channels**  
Complaint Tel : ( 03 ) 3646655  
Sunshine/Complaint Email : speak-up@alechem.com

## /// Functional Committee

Under the Board of Directors, Aleees has created the Audit Committee, the Nomination Committee, and the Remuneration Committee to strengthen the managing mechanism of the Board of Directors and improve the functions of corporate governance. To ensure the implementation of sustainability strategies, Aleees established “Social Responsibility Committee” in 2014 and renamed it to “Sustainability Committee” in 2022. The Company also set up Sustainability Groups to actively make a difference in the aspects of environment, society, and corporate governance.

### ➔ 1. Audit Committee

Aleees’ Audit Committee comprises 4 independent directors, of which the expertise, work of experience, independence, and the number of companies concurrently served in are in compliance with “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, The Audit Committee is to assist the Board of Directors to supervise and to ensure the quality and faithfulness of the Company in financial reporting procedures, internal auditing, and legal compliance.

#### The Major Authority of the Audit Committee is Supervision:

- Fair presentation of financial reports
- Dismissal, appointment, independence, and performance evaluation of CPA
- The Company’s Compliance with the relevant laws
- Execution of the Company’s internal control system goals

The meetings of the Audit Committee are held at least once a quarter. The certified public accountant of the Company also attends the Audit Committee meetings regularly and are in well and effective communications with the Audit Committee.

From the year of 2022 and as of May 10, 2023, a total of 12 meetings were held by the Audit Committee. The attendance of all Committee members is as follows:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Committee member	Wei-Min Shen	5	-	100%	The resignation of that independent director was effective since April 15, 2022.
Committee member	Yie-Yun Chang	12	-	100%	-
Committee member	Hsuan Wang	12	-	100%	-
Committee member	Chian-Hsiu Lee	10	2	83%	-
Committee member	Jhieh-Da Yan	6	-	100%	Jhieh-Da Yan was appointed as an independent director on June 30, 2022.

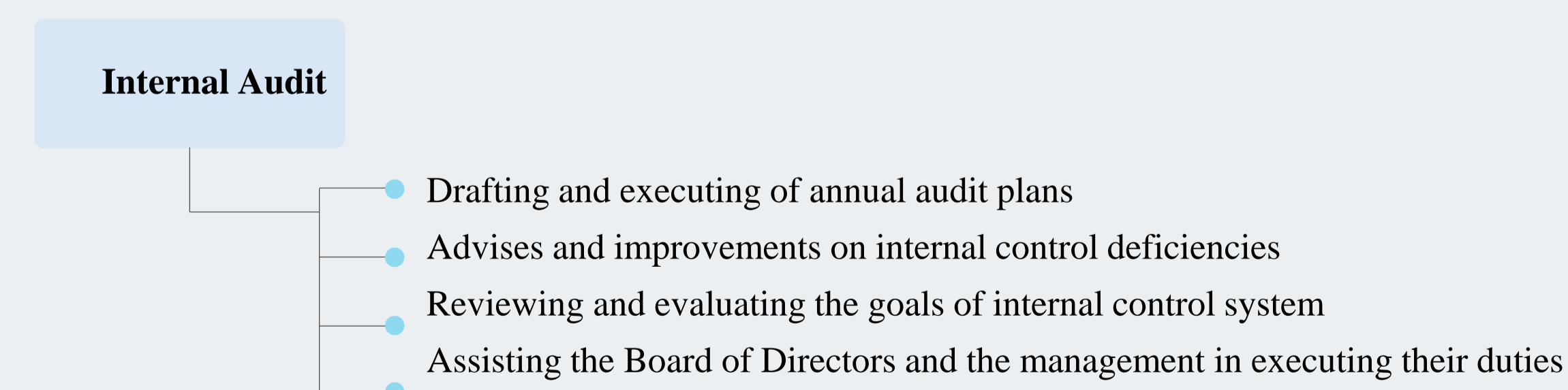
## Internal Audit

The Audit Department is subordinate to the Board of Directors and assists the Board of Directors and the management in ensuring the efficacy and efficiency of operations, the reliability of financial reporting, and compliance with laws and regulations by reviewing and auditing the Company's internal control system. It also provides timely recommendations for improvement to ensure the effective implementation of the internal control system. In addition to reporting to the Audit Committee on a regular basis, the Head of Audit Department also attends the Board of Directors' meetings.

### Purpose of Internal Audit

- 
Efficacy and efficiency of operations
- 
Reliability, timeliness, transparency, and legality of reporting
- 
Compliance with laws and regulations

The Audit Department prepares the Company's annual audit plans based on risk assessment. The risk assessment takes Aleees’ overall operating environment, controlling environment, and transaction patterns into consideration, assesses the degree of impact from various potential risks, and conducts regular and irregular audits of the Company's internal control system. The results of the audits are reported to the Audit Committee and the Board of Directors in order to implement the internal control and auditing system and to assist the Board of Directors and the management in ensuring the achieving of goals.





## 2. Remuneration Committee

Aleees established the Remuneration Committee in 2021 to assist the Board of Directors in executing and evaluating the Company's overall remuneration and welfare policies as well as the remuneration for directors and managerial officers. Currently the Remuneration Committee comprises the independent directors, Ms. Yie-Yun Chang and Ms. Hsuan Wang, and the external member, Mr. Miao-Lung Hsieh. The Committee members' term of office is three years and are eligible for re-election.

### Responsibilities of the Remuneration Committee

The Remuneration Committee shall perform the duties listed below with the duty of care and integrity. Recommendations made in the Committee shall be submitted to the Board of Directors for discussion:

- Determine and regularly review the performance of directors and managers in addition to the policies, systems, benchmarks and structure of their remuneration.
- Regularly assess and determine the salary compensation of directors and managers.

2022 attendance of the Committee members

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)
Convener	Yie-Yun Chang	3	-	100%
Committee member	Hsuan Wang	3	-	100%
Committee member	Miao-Lung Hsieh	3	-	100%

### Remuneration of Directors (including independent directors) in 2022

Unit: NT\$ thousand

Title	Name	Wages		Pension		Bonus and Special Disbursement, etc.		Employee Remuneration	
		This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports
Chairman cum CEO	Sheng-Shih Chang	-	-	-	-	-	-	-	-
Director	Jaime Che	720	720	-	-	-	-	22.5	22.5
Director	Chi-Kei Ching	720	720	-	-	-	-	25	25
Independent Director	Wei-Min Shen	280	280	-	-	-	-	32.5	32.5
Independent Director	Yie-Yun Chang	900	900	-	-	-	-	85	85
Independent Director	Hsuan Wang	840	840	-	-	-	-	85	85
Independent Director	Chian-Hsiu Lee	780	780	-	-	-	-	25	25
Independent Director	Jhieh-Da Yan	422	422	-	-	-	-	10	10

Note: The current remuneration policy of the Board of Directors and the management

is not relevant to the goal management performance of the organization's environmental and social impact.

### The Principle of Interest Recusal for the Chairman Concurrently Serving As the General Manager and the Remuneration for General Manager in 2022

Mr. Sheng-Shih Chang is the founder of Aleees. Based on his enthusiasm and thorough understanding toward the Company, it is the best interest of the Company to appoint Mr. Sheng-Shih Chang to be the Chairman and the General Manager, so that resources can be better integrated, efficiency enhanced, and responses quickened to adapt market changes. To mitigate the potential conflict of interest, the "Regulations Governing Management of Board of Directors Meeting" stipulates that any director who may have the interest related to meeting 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, such director shall not be present during the discussion and voting nor allowed to vote on behalf of other directors. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter. We promise to constantly improve corporate governance, ensure the transparency and compliance of the Company's operations, adhere to the highest standards of ethics and morality, create long-term values, and respect all stakeholders' equity.

To safeguard shareholders' equity, Aleees stipulated that any procurement reaching NT\$1 million shall be submitted to the "Procurement Management Meeting", where the chief of each unit shall mutually oversee all material procurement, capital expenditure, and expenses based on the procurement evaluation reports provided. Finally, the Chairman shall make a resolution to ensure the impartiality and the rationality. Should any procurement exceeding NT\$6,000, it shall be handled pursuant to the stipulation in the "Regulations to Acquire or Dispose of Assets".

Unit: NT\$ thousand

Title	Name	Wages		Pension		Bonus and Special Disbursement, etc.	
		This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports
Chairman cum CEO	Sheng-Shih Chang	-	2,400	-	-	-	-

## 3. Nomination Committee

To strengthen the functionality of the Board of Directors and fortify the management system, Aleees established the Nomination Committee in 2016. In accordance with the Regulations Governing Organizational Rules and Management over the Nomination Committee, the Committee members shall consist of at least three directors elected by the Board of Directors, of which more than half of the independent directors shall participate. Aleees' third term of Nomination Committee comprises two independent directors, Mr. Wei-Min Shen and Ms. Yie-Yun Chang, and the Chairman, Sheng-Shih Chang. The independent director, Mr. Wei-Min Shen, resigned on April 15, 2022. The Independent director, Mr. Jhieh-Da Yan, was elected and appointed on June 10, 2022.

### Responsibilities of the Nomination Committee

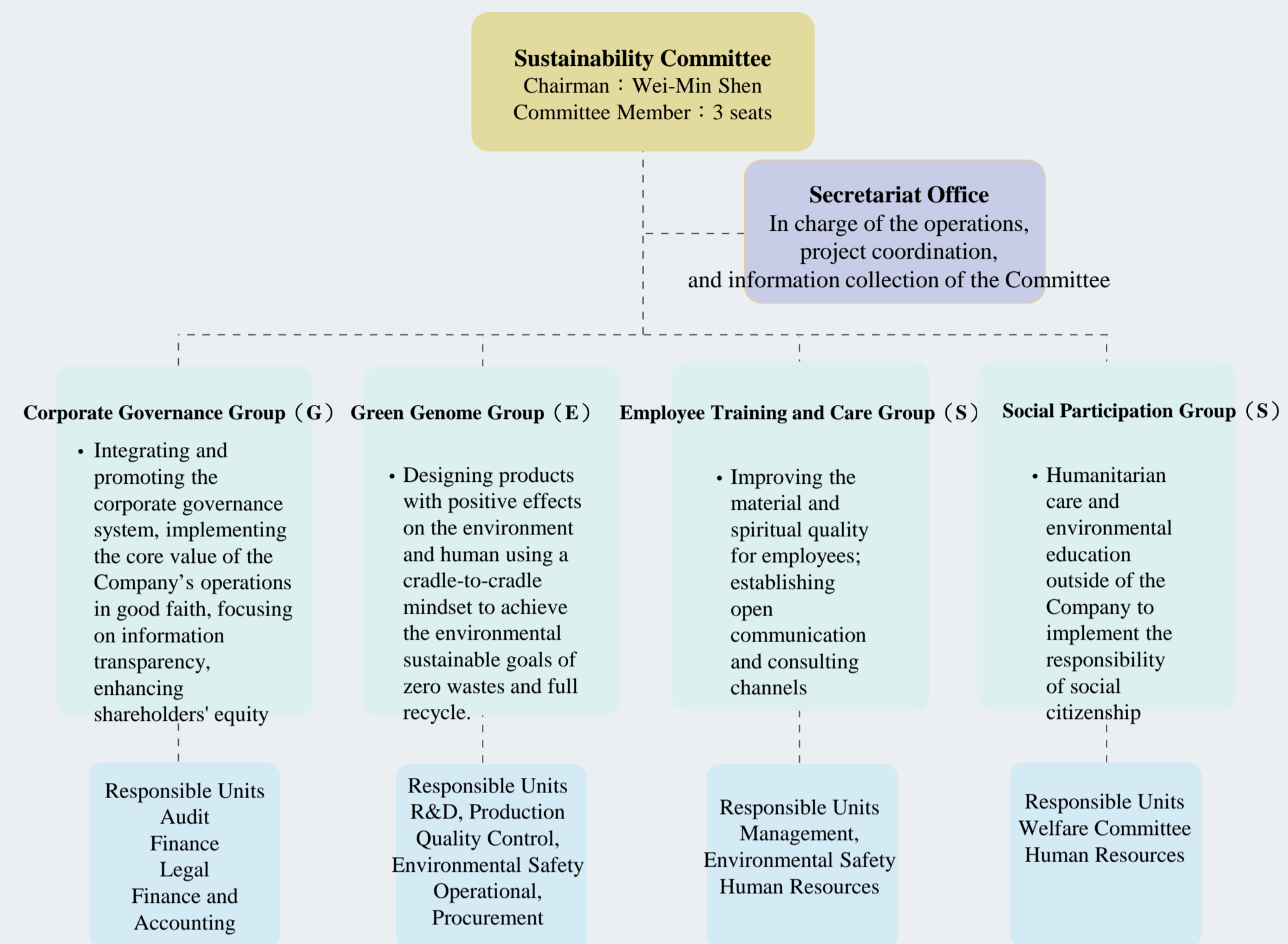
- Formulate the standards for the diverse background and independence that required by the Board members and senior managers such as professional knowledge, technology, experience, gender, and so on.
- Review and nominate the candidates for directors, supervisors and senior managers.
- Construct and develop the organizational structure of the Board of Directors and the committees; conduct the performance evaluations of the Board of Directors, the committees, the directors and the senior managers; and evaluate the independence situation of the independent directors
- Formulate and regularly review the director's training plan as well as the succession plan of the directors and senior managers.
- Formulate the corporate governance principle of the Company

### 2022 attendance of the Nomination Committee

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Convener	Yie-Yun Chang	3	-	100%	-
Committee member	Sheng-Shih Chang	3	-	100%	-
Committee member	Wei-Min Shen	1	-	100%	The resignation of that independent director was effective since April 15, 2022.
Committee member	Jhieh-Da Yan	2	-	100%	Jhieh-Da Yan was appointed as an independent director on June 30, 2022



## 4. Sustainability Committee



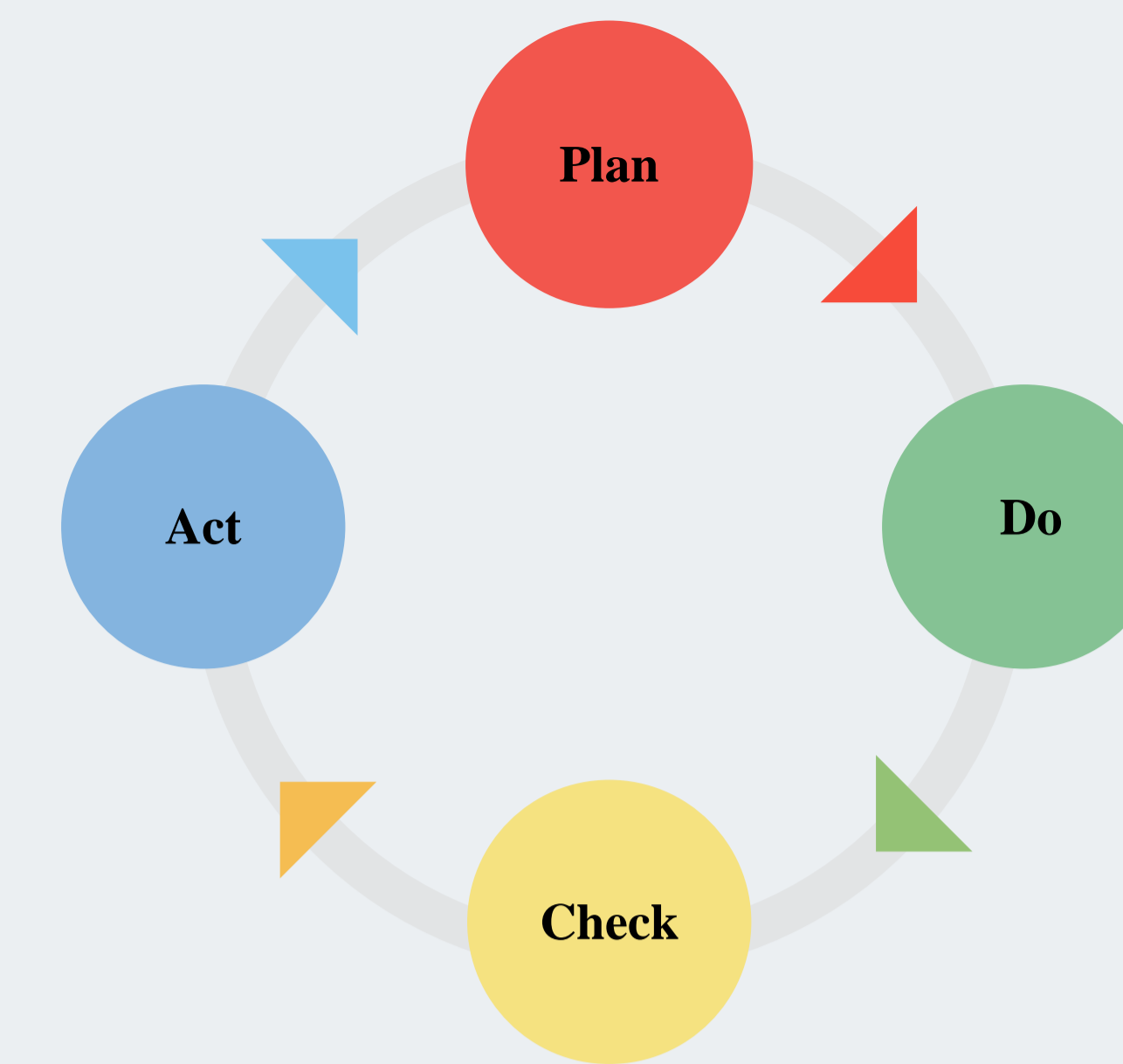
To ensure the implementation of sustainable strategies, Aleees established the Social Responsibility Committee under the Board of Directors in 2014. In 2022, it was renamed to “Sustainability Committee” in order to integrate the organizational resources and improve efficiency. The Sustainability Committee is the highest-level internal sustainable development organization. In compliance with the “Corporate Governance Best-Practice Principles” and the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, it is committed to creating a corporate governance system, drafting Aleees’ sustainable development strategies, and implementing sustainable development. Currently, those who involve in the negotiation with the highest governance unit are investors and shareholders, which has not extended to all stakeholders. Shareholders’ advices will be taken into consideration at the annual Shareholders’ Meetings and will be discussed at the Board of Directors.

In accordance with Aleees’ “Measures for the Establishment of the Sustainable Development Committee”, the Sustainability Committee has a secretariat office that deals with miscellaneous affairs for the Committee including its operations, project coordination, and data collection. To elaborate Aleees’ proactive implementation in ESG, the Sustainability Committee has established four functional groups, including the Green Genome Group(E), the Employee Training and Care Group (S), the Social Participation Group (S), and the Corporate Governance Group(G) according to the three dimensions of Environment (E), Social (S), and Governance (G). The Groups are composed of the heads of the business units and related departments that involve in the decision-making of the Company. Cross-departmental integration and action plans will be made targeting different issues. The individual Groups convene meetings on a regular basis to discuss the latest ESG issues and track and review the implementation of the relevant action plans.

The Sustainability Committee reports the promotional plans and the implementation results of corporate governance, economy, environment, and society to the Board of Directors on an annual basis.

### Management of Operating Mode

The Sustainability Committee operates following the “P-D-C-A” (Plan-Do-Check-Act) method of management. Each functional group regularly identifies stakeholders and collect/review the issues of their concern. Along with the drafted goal projects, information will be submitted at annual meetings to ensure all materiality is covered. With the confirmation from the Committee, action plans are then launched, of which the progress and effectiveness related to various corporate sustainable development are to be reported to the Chair of Committee regularly. After reviewing the effectiveness of each functional group, the Chair of Committee reports the performance of sustainable development to the Board of Directors every year. The Board of Directors identifies and reviews the performance on economic, environmental, and social issues to propose strategic planning and take measures according to performance evaluation. The implementation results and execution planning of short-, mid-, and long-term future goals of Aleees’ corporate sustainable development.



The Secretariat Office of the Sustainability Committee is the major responsible unit for the preparation of Aleees’ “Sustainability Report”. It adheres to the reporting principles, standards disclosure, and practice manuals of the GRI Sustainability Reporting Standards (GRI Standards) by Global Reporting Initiative (GRI) in order to respond to the issues of concern and communicate our effort in economy, society, and environment.

### Risk Assessment Strategy

In accordance with the material principles of sustainable development, the Sustainability Committee annually reviews the risks and opportunities faced by the three dimensions of environment, society, and economy/corporate governance and conducts related risk evaluation of materiality. With a thorough risk management and appropriate crisis handling, we hope to take precautions and grasp opportunities that improve the operating mode. Based on the risks after various materiality assessment for the current year, the risk management strategies were stipulated as follows:

Dimension	Risk Assessment Item	Risk Assessment Strategy
Environment	Environmental Sustainability	Implementing green factories. We promote a clean production process, reinforce internal self-deployed efficiency on energy and resources, enhance equipment efficacy, reduce pollutant resources, replacing materials, recycle wastes.
Society	Occupational Safety	We arrange occupational safety and health for every employee to strengthen his/her awareness on fire-fighting and disaster prevention and to avoid accidents in unexpected fires or other disasters. A fire safety and response team is also set up to conduct regular fire drills.
	Legal Compliance	Complying with the local laws and regulations as well as international standards; and actively cooperating with the policies by competent authorities.
Corporate Governance	Society Care	Constantly caring for the locals and supporting the underprivileged. Holding charity activities annually and encouraging employee participation. Purchasing social/enterprise products to give back to the society in practice.
	Reinforcement of director functionality and implementation of director responsibility	Arranging professional development courses for directors and annual performance evaluation on the Board to enhance director functionality and Board efficacy.
	Communication with Stakeholders	Following the “P-D-C-A” (Plan-Do-Check-Act) method of management. Each functional group regularly identifies stakeholders and collect/review the issues of their concern to identify materiality, draft goal projects, and submit such at annual meetings.



## Progress in Aleees' Corporate Sustainable Development

2021	Honored with the Top 5% of Corporate Governance Evaluation for the seventh consecutive year.
2020	Honored with the Top 5% of Corporate Governance Evaluation for the sixth consecutive year.
2019	Honored with the Top 5% of Corporate Governance Evaluation for the fifth consecutive year.
2018	Honored with the Top 5% of Corporate Governance Evaluation for the fourth consecutive year.
2017	Honored with the Top 5% of Corporate Governance Evaluation for the third consecutive year. Issued the third CSR Report of Aleees and was accredited by a third-party independent institute.
2016	Honored with the "Gold Award" of Taiwan's Top 50 Corporate Sustainability Reporting Awards. Honored with the Green Leadership Award of Asia Responsible Enterprise. Issued the second CSR Report of Aleees and was accredited by a third-party independent institute.
2015	Honored with the "Gold Award" of Taiwan's Top 50 Corporate Sustainability Reporting Awards. Stipulated "Corporate Sustainable Development Best Practice Principles". Stipulated "Measures for the Establishment of the Sustainable Development Committee". Established CSR Committee (Subordinate to the Board of Directors).
2014	Issued the first CSR Report of Aleees and was accredited by a third-party independent institute. Honored with the "Gold Award" and "Innovation Award" of Taiwan's Top 50 Corporate Sustainability Reporting Awards.

## 2.2 Ethics and Integrity >

### Adherence to Ethics and Integrity

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.

#### Honest, transparent, and accountable business operation concept

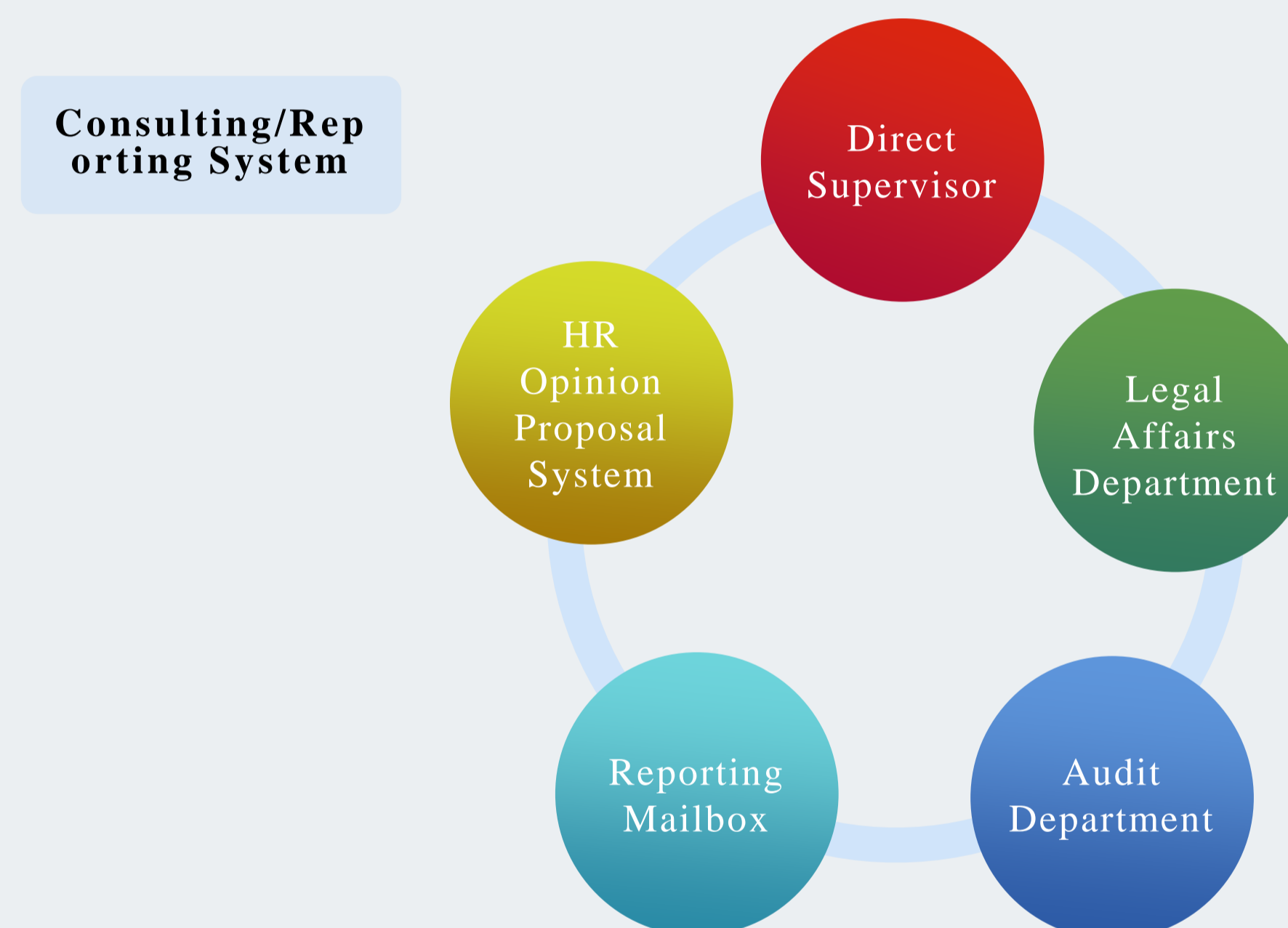
- Bribery offering and acceptance are not allowed.
- Illegal political donation is not allowed.
- Improper charitable donation or contribution is not allowed.
- Offering or accepting unreasonable gifts, hospitality or other improper benefits are not allowed.
- Directly or indirectly providing, promising, requesting or accepting any improper benefits, or any behavior violating honest, illegal or violating the delegated duty, is not allowed.
- Intentionally gaining personal benefits 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.

To promote and advocate ethical administration behavior, Aleees conducts training courses on anti-corruption and honest business operations for all employees annually. Aside from posting the relevant regulations on the internal website of the Company for employees' inquiry, we also continue to advocate the related issues of administration and ethical behavior such as defending trade secret, intellectual property protection, and prevention of insider trading.

Aleees has various consulting and communication channels in place. Apart from relating to his/her direct supervisors, any employee with any opinions can also submit in anonymity or nicknames through the internal reporting system or express any opinion or suggestion during weekly, monthly, and quarterly meetings.



Externally, a "sunshine / appeal (speak-up@alechem.com)" mailbox is set on the official website of Aleees to receive anonymous letters. Any illegal event or behavior can be directly reported to the Company. Events will be investigated by the legal department and an independent audit unit and appropriate legal actions will be taken accordingly. Internally, an internal audit unit was formed by Aleees directly under the Board of Directors. Through scheduled and unscheduled audit on the Company's internal control system, it implements internal control and audit system. Aleees is famous for its transparency. In 2022, there was zero cases of related appeals and whistleblowing. With a thorough education from top to bottom, we maintain the excellent example of ethics as always.

Corporate Sustainable Development Mailbox  
ESG@alechem.com

Sunshine/Appeal Mailbox  
speak-up@alechem.com



## 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 and English. 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.

Aleees continues to put its focus on the manufacture, sales, and R&D of phosphoric battery cathode materials. In order to breakaway from the constriction of the subsidy policies by the China Government, Aleees has adjusted its operating strategies and policies since 2019 to actively explore in regions outside of China such as Europe, the USA, Japan, and Korea. Additionally, it has successfully marched on the global markets of energy storage and lithium iron batteries for automotive use in substitute of lead-acid. The transition results are becoming clearer and gradually achieving a steady growth in revenue. However, the COVID-19 pandemic during 2020 has imposed great impact on the global economy and has led to the Company's decline in revenue. With the gradual easing of the pandemic in 2021, customers' demand for cathode materials increased. It signed a licensing contract with the first customer in 2022, of which the profit was recognized in the IP licensing income. Therefore, the revenue for 2022 increased NT\$395 million comparing with that for the previous year.

### Actively Exploring the Overseas Markets to Enhance the New Momentum of Operational Growth

The rapid development of the global electric vehicles market and the gradual maturing of electric vehicle industry drive various car brands to throw themselves into the global electric vehicles market, creating a significantly growing trend for the demand of electric vehicles. The fact that lithium-iron batteries are favored by the market accelerates more applications by manufacturers, impels a rising penetration rate of lithium-iron batteries, and allows the industry to develop in a positive manner. Additionally, an energy-storing environment starts to bud with the rising international demand for energy-saving and carbon-reducing. Energy storage equipment can make stable power supply reachable and extends the business opportunities to residence, industry, and electric vehicles. As a result of green environmental protection and safety, energy storage system batteries have commenced the adaptation of lithium iron batteries with better environmental protection, energy-saving, and safety. Thus, it boosts the demand for lithium iron batteries.

Aleees' important strategy lies in the development of lithium iron battery cathode materials. We are committed to developing more cost-effective products, proceeding with more precise refinement in manufacturing process to produce products with higher output power, and tallying with the market development of future electric vehicles (including hybrid electric vehicles) and energy storage batteries. We also actively explore the oversea customers in Europe, the USA, Japan, and Korea, step into the global markets of energy storage and lithium iron batteries for automotive use in substitute of lead-acid, optimize products and customer portfolio, and increase global competitiveness to enhance the momentum in the revenue growth.

## Table of Business Operation

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. In 2019, Aleees adjusted its operational strategies and policies to actively expand the niche markets in Europe, the USA, Japan, and Korea. Last year, we have successfully entered and commenced shipping in the global markets of energy storage and lithium iron batteries for automotive use in substitute of lead-acid. Impacted by the supply chain disruption under the global pandemic in 2020, the Company could only be conservative and adopt a prudent sales strategy. With the easing of COVID-19 in 2021 and the resumption of testing and manufacturing by customers, the consolidated revenue increased approximately 119% comparing with that in 2020. The Company transformed into a IP licensing company in 2022 and completed its signing of a licensing contract with the first European customer in the fourth quarter of 2022, making a growth in revenue. The consolidated revenue in 2022 was NT\$707,524 thousand with an increase of NT\$394,656 thousand and a growth rate of 126% comparing with the NT\$312,868 thousand consolidated revenue in 2021.

Unit : NT\$ thousand

Item	2021	2022
Operating Revenue	312,868	707,524
Gross Operating Profit	-72,390	18,149
Operating Loss	-558,686	-379,716
Non-operating Revenue and Expenditure	-286,302	-18,383
Net Loss Before Tax	-558,686	-398,099
Net Loss for the Current Period	-558,686	-398,099
Employee Salary and Benefit	135,708	235,669

Driven by the green energy sector and the rising of oil prices, countries develop energy storage and power batteries at the national strategy level with a solid support in funds and policies. High safety, high capacitance, high cycle of life, and more environmental friendly of phosphate batteries have made itself a mainstream in the development of power and energy storage batteries. Looking into the future, Aleees will adhere to the promotional outline of green energy policies and continue to extend its market share. In terms of the research and development on materials, the Company will explore new cathode materials of new generation with high cycle life and high energy density to apply on batteries and energy storage system, enter the terminal application markets of other products with the combination of various international resources, and make a transition in exploring the new momentum in operational growth.

Item	2021	2022
Return on Total Assets (%)	-43.75	-32.29
Return on Equity (%)	-72.46	-65.76
Profitability Pre-tax Net Profit to Paid-in Capital Ratio (%)	-93.11	-56.87
Net Profit Margin (%)	-178.57	-56.27
Earnings per Share (NT\$)	-9.31	-6.00



➤ **Phosphate Battery Cathode Material**

1. Continuously improve and enhance the functionality of existing products to create product competitiveness in the market.
2. Developing new nano-powder design and post-processing technology of cathode materials to meet various customer demands.
3. Introducing the latest type of spray drying granulation technology to elevate our processing functionality for customers. High-power new products have passed the testing manufacture phase and are being tested by customers at the moment.
4. Developing high voltage olivine-structured cathode materials to effectively increase its energy density.
5. Actively seeking out foreign and domestic research institutes to start out on joint development projects.

➤ **Nickel-cobalt-manganese Battery Cathode Material**

1. Developing diversified manufacturing techniques using the production experiences gained in phosphoric cathode materials.
2. Self-developing the precursor of nickel-cobalt-manganese materials. Developing substance modification techniques from raw materials and improving from the foundation.
3. Based on the accumulated technology in nano-powder processing cathode material, we develop dry doping and surface coating technologies and improve material safety by the modification of nano-powder post processing.
4. Developing nano-powder wet surface coating technology. Reaching effects of even and complete surface by evenly spreading the nano-powder in solution and coating materials.

Financial Subsidy from Government

As of 2022, Aleees did not obtain any items of deduction or exemption in Taiwan and was not entitled to tax incentives. There is no financial subsidy policies from China at the moment.

2.4 Risk and Opportunity >

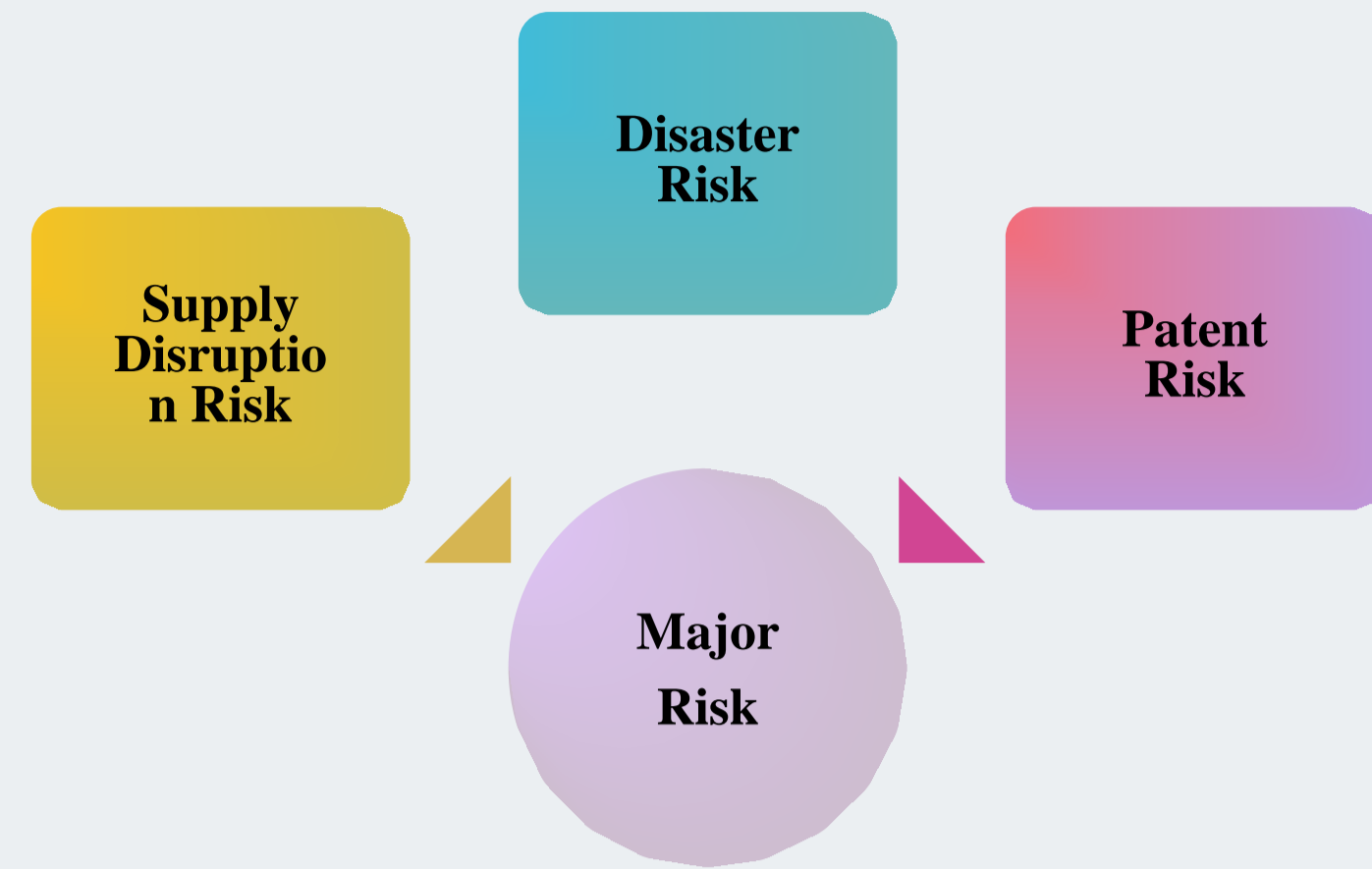
Aleees is actively reviewing the risks and opportunities that we face. Through a complete risk management and proper risk handling, it is able to capture the momentum of prevention in advance and the improvement of operation mode. Meanwhile, it can achieve the long term risk management by bearing the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

Dimension	Topic	Potential Risk	Impact	Potential Opportunity	Impact
Climate	Direct Impact from Climate Change (Supply Disruption)	<ul style="list-style-type: none"> <li>Reduction or interruption in production capacity due to supply disruption</li> <li>Reconstruction costs</li> </ul>	High	<ul style="list-style-type: none"> <li>Accelerating the development of innovative products and substitute materials</li> </ul>	High
	Direct Impact from Climate Change (Disaster)	<ul style="list-style-type: none"> <li>Frequency in natural disasters and seriousness</li> <li>Impacted the water usage of production capacity due to drought</li> <li>Increase in operating costs</li> </ul>	High	<ul style="list-style-type: none"> <li>Increased market demand for the production capacity of highly adapted factories</li> </ul>	Low-Medium
	Compulsory Declaration of Carbon Emissions	<ul style="list-style-type: none"> <li>Increase in operating costs</li> </ul>	Low-Medium	<ul style="list-style-type: none"> <li>Voluntary agreements</li> <li>Voluntarily reducing projects to lower operating costs</li> </ul>	Low-Medium
	International Agreements	<ul style="list-style-type: none"> <li>Commitment and policy on carbon reduction</li> </ul>	Low	<ul style="list-style-type: none"> <li>Low-carbon production and green products</li> </ul>	High
	Cap and Trade on Greenhouse Gases Emissions	<ul style="list-style-type: none"> <li>Restriction on production capacity and factory expansion</li> <li>Increase in operating costs</li> </ul>	Low-Medium	<ul style="list-style-type: none"> <li>Reducing the number of new factories</li> <li>Lowering competitiveness</li> </ul>	Low-Medium
Market	Product Patents and Licensing	<ul style="list-style-type: none"> <li>Increase in litigation costs</li> </ul>	High	<ul style="list-style-type: none"> <li>Increasing customers' willingness to place orders</li> </ul>	High
	Company Image and Reputation	<ul style="list-style-type: none"> <li>Damage in reputation</li> <li>Fallen shares</li> </ul>	Low-Medium	<ul style="list-style-type: none"> <li>Actively putting into practice and delving into carbon reduction as well as adjustment to gain a good reputation.</li> </ul>	Low-Medium
	Digitalized Transition	<ul style="list-style-type: none"> <li>Information security risks</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Providing secure data storage plans due to increased information security risks</li> </ul>	Medium
Product	Green Products Regulations and Certification Items	<ul style="list-style-type: none"> <li>Supply chain adjustment, production changes, and increase in raw materials and R&amp;D costs, resulting in an increase in the overall operating costs</li> </ul>	Low-Medium	<ul style="list-style-type: none"> <li>Green sector becoming the mainstream, and introducing green design to strengthen product advantages</li> </ul>	Medium-High
	Product Efficacy Standards	<ul style="list-style-type: none"> <li>Reduction in the demand for low-efficient products due to non-compliance with carbon emission standards</li> </ul>	Low-Medium	<ul style="list-style-type: none"> <li>Increase in the demand and market of high-efficient phosphate cathode materials</li> </ul>	High
Finance	Financial Exchange Rates Interest Rates Effectiveness of Capital Deployment Credit Risks	<ul style="list-style-type: none"> <li>Increase in capital costs</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Mastering the trends in the foreign exchange rates market, setting a precautionary system, enhancing the efficiency in capital deployment</li> </ul>	Medium
Supply Chain	Risk Diversification Management of Raw Material Resources	<ul style="list-style-type: none"> <li>Disruption in components and raw materials production</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Adding more suppliers in multiple places to prevent from supply disruption</li> </ul>	Medium
Employee	Impact from Pandemic and Diseases	<ul style="list-style-type: none"> <li>Health problems or work suspension</li> </ul>	Medium	<ul style="list-style-type: none"> <li>No issues of disrupted shipments. Increasing the stability of battery materials to gain confidence from customers</li> </ul>	Medium

The global automotive industry was firstly affected by the disruption of component production. Then automotive assembly factories were forced to suspend, resulting in deferred delivery time of new vehicles. With the sector disruptions brought by the pandemic, customers are aware of the risk diversification management of raw material resources under globalization and are adding more suppliers from multiple locations to avoid supply chain disruptions. Aleees has already made contact with new customers. It is a new business opportunity brought by the global pandemic's changes in sector development.

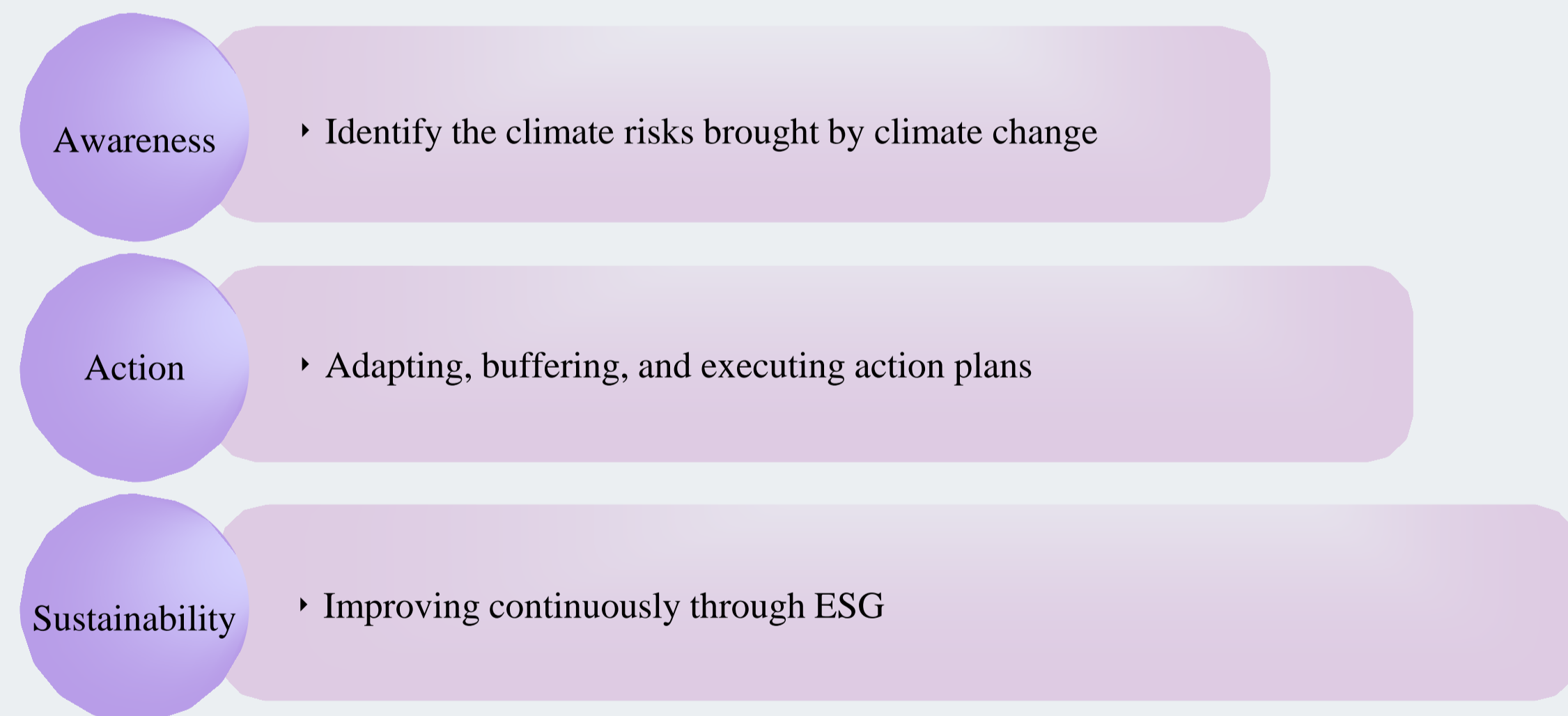


**Major Risks Faced by Aleees**



**Risk Management of Climate Change**

Aleees is highly concerned about the issue created by climate change. Hence, aiming at climate change, the action plan constructed by the Sustainability Committee is divided into three steps: Awareness, Action, and Sustainability. Awareness is to identify the climate risks brought by climate change. Risks caused by climate change that an enterprise faces include the risks of supply disruption and disasters. The actions adopted by Aleees include adaptation and buffering. Also, we established the assessment tools to identify the related risks and opportunities, including: the survey of adaptation ability, the assessment of past climate impact, the assessment of future climate impact, the planning of adaptation measures, and the assessment of opportunities. Through the issuance of the Sustainability Reports, the Company constantly communicates with stakeholders and simultaneously reviews the developmental progress of its own to achieve the goal of sustainability.



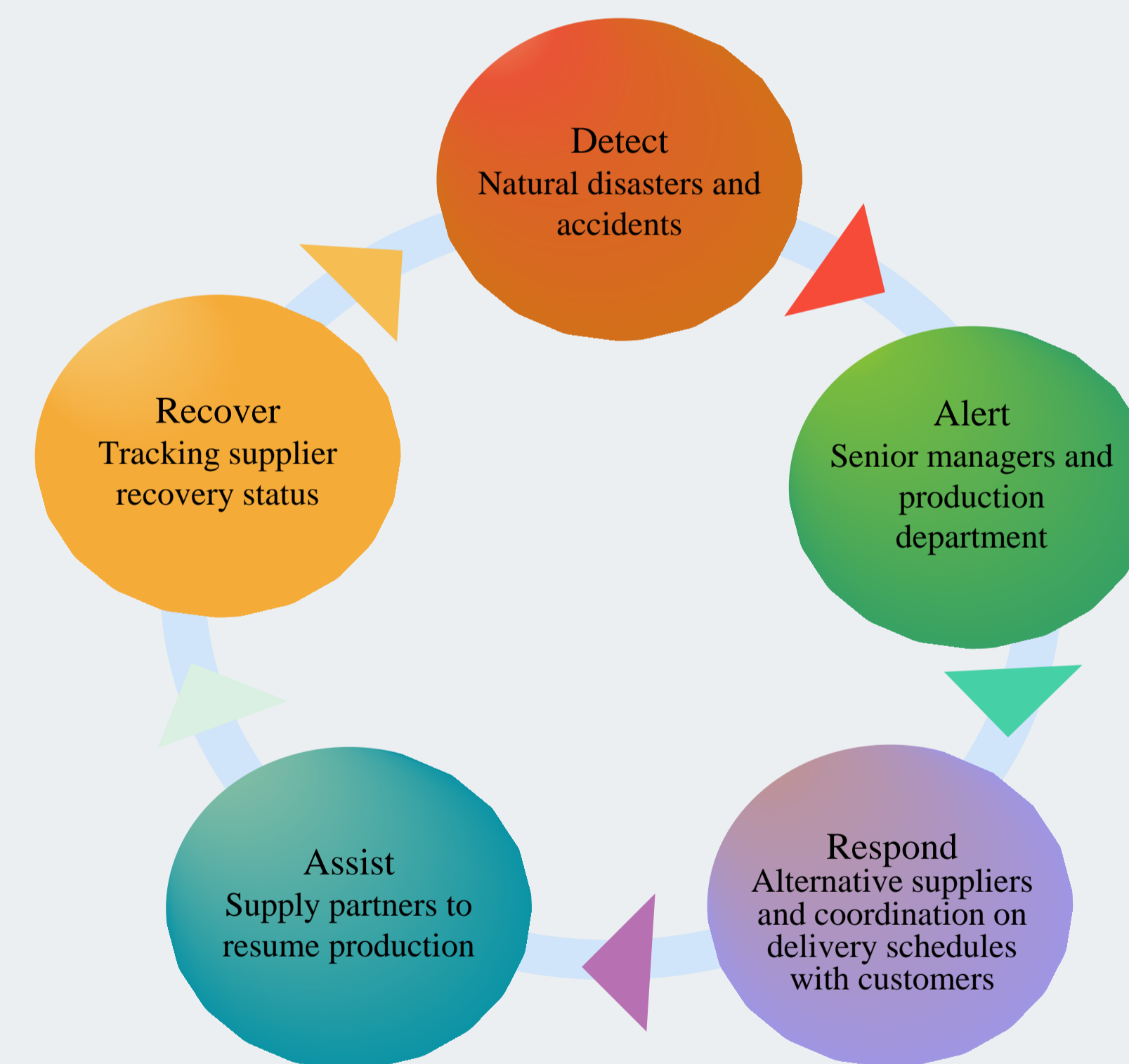
**Risk Management of Supply Disruption**

Aleees actively builds partnership with suppliers. We also closely watch the impact to the supply chain caused by significant natural disasters and incidents. As an IATF 16949 certified organization, Aleees not only included the index of product delivery into the performance appraisal, but also considers the risk factors of supply disruption caused by abnormal material delivery. In light of such, the procurement unit closely monitors the supply-demand changes in the upper/down streams and market information to determine supply disruption risks of raw materials. It also pays close attention to the safe inventory index and review the inventory and the subsequent import schedules at the weekly production-marketing meetings. Moreover, with the weekly supply-demand status report of main materials, we are able to understand the time and numbers of shortage and promptly initiate the responding procedures to prevent from the occurrence of work suspension and waiting for supplies. Facing the risk diversification management of raw materials under globalization, we have added more suppliers from multiple places to avoid supply chain disruption

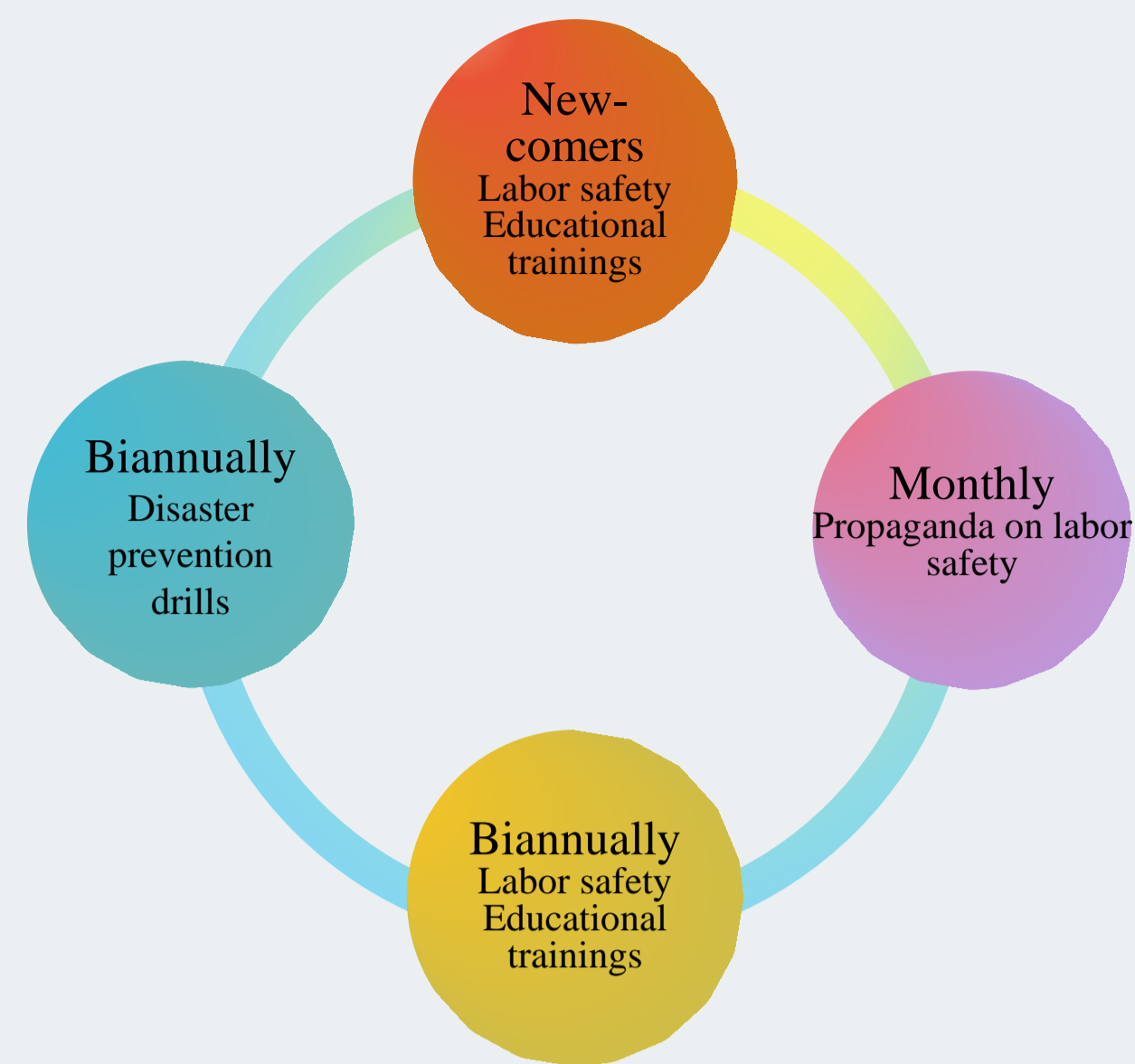
In response to the stipulation of IATF 16949 where supply disruption belongs to one of the material risk factors and impact items, Aleees conducts unscheduled drills on "Emergency Response Plan\_Shortage in Materials", combining with the relevant units to simulate possible situations of material shortage crisis, carry out on-site practices, increase crisis awareness, and nip it in the bud.

**Risk Management of Disasters**

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 the active participation in various drills held by government authorities, Aleees conducts unscheduled disaster prevention and rescue drills. The annual fire drills are not only participated by all employees, but also commanded by the supervisor of Occupational Safety Department to reinforce the employees' ability of emergency response and fulfill the purpose of accident control and hazard elimination.



2022 Image of Fire Drill

## Risk Management of Patents

Since foundation, Aleees has focused on the development of lithium battery cathode material technology and delved into the related products and manufacturing process of the new generation. We have established a protection umbrella of patents and successfully transformed into an IP supplier in lithium ferrous phosphate. Aleees added five certified patents to the major markets worldwide with an accumulation of more than 128 patents globally, and the number is still growing. Through the implementation of the complete global patent layout, the power of Aleees as an IP provider is strengthened and the doubts of infringement by a third-party is effectively blocked. Apart from the self-developed capability enhanced and invested in patents, Aleees actively works with excellent external academic institutions, such as Industrial Technology Research Institute, National Taiwan University, National Taiwan University of Science and Technology, and National University of Tainan, in the form of industry-academia collaboration. With the aid of the professional and thorough R&D theoretical abilities from the academia, the Company is able to optimize and sharpen product quality, performance, and technology to the next level and establish a foundation of successful business operations.

## Risk Management of the Pandemic

Since the outbreak of the COVID-19 pandemic in early 2020, the virus variants have resulted in a more severe situation day by day. To reduce the risks of cluster infection and impact on everyday operations and to take care of employee health, the epidemic prevention measures taken by Aleees include: unpaid family care leave, alternative work shifts, body temperature measurement, quarantine during meals. The major contents are as follows:

1. A body temperature monitoring and facial recognition clock-in system is set up to daily measure and record employees body temperatures. Those who have a temperature of more than 37 degrees shall take a sick leave and stay resting at home.
2. Entrances and exits of Building A Lobby and offices are open and without access control to keep ventilation
3. All employees and non-employees entering the premises of the factory shall wear facial masks, record body temperatures, and strictly refrain from talking with masks removed in order to avoid droplet infection.
4. Meals shall be had uniformly at the employee cafeteria on the 2<sup>nd</sup> floor of Building C where partitions are installed and conversations are prohibited during the period.
5. One person at a time in the smoking areas.
6. Manufacturers' visits shall be minimized (make good use of video conferences). Should an entry be necessary, masks shall be worn and attention shall be given to whether the visitors have symptoms of cold and fever.
7. The entry of constructors shall be granted when a proof of negative rapid test within 3 days is provided. (Rapid tests shall clearly demonstrate the date and the name.)
8. The UV sterilization light in the A Section office premises and the C Section R&D labs shall commence sterilization from 22:00 to 22:30 daily.

Due to the drastic changes in the pandemic, please be sure to confirm the attendance with supervisors in case of a confirmed case or home quarantine during the period of the pandemic. The updated attendance rules are explained as follows and shall be adjusted according to the situation:

Number	Type of Leave/Paid or Unpaid	Applicable Circumstances
1	Work from Home During Pandemic (Paid)	<ul style="list-style-type: none"> <li>In response to the continuous outbreak of the pandemic and in light of the disease precautions, any employee having a 12 (inclusive) year-old child, whom is to perform online learning at home or is being cared for due to school disclosures, shall be granted.</li> <li>Other events where approved by supervisors.</li> </ul> The above employees shall remain on call, confirm with supervisors regarding the remote work contents, and stay connected to perform duties.
2	Home Quarantine (Unpaid) or Annual Leave	An employee, whose family members living in the same residence are the confirmed cases, is ordered a home quarantine by the Health Bureau for his/her. (where the employee is in close contact with the said family members)
3	Sick Leave (1/2 Paid) or Annual Leave	An employee who is a confirmed case.
4	Quarantine Leave (Paid)	An employee who is a confirmed case due to business trips in quarantine period or performing duties.
5	Annual Leave or Personal Leave	An employee who would like to reduce risks by self-initiated quarantine due to personal reasons.



## II. Precautions for meal time during epidemic prevention

1. Currently, the natural ventilation has been reinforced as much as possible in the premises of offices and break rooms. Additionally, the place for having meals is on the second floor of C Building. Partitions have been installed and the meal timings have been set to take turns to avoid conversations between employees. Please refrain from conversing while having meals and drinking waters to prevent infection risks among employees.



Epidemic Prevention at the Cafeteria



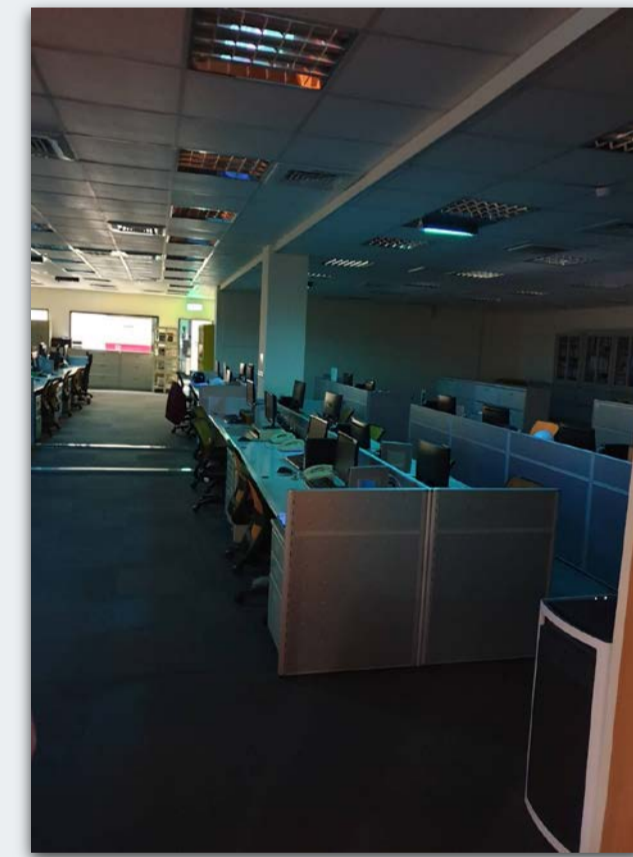
Replaced with pedal faucet and sensor faucet

## III. Wearing masks at all times when entering/exiting the factory premises, meeting rooms, or when conversing with people.

1. Wearing masks at all times is required to enter or exit the factory premises due to high chances of contact.
2. Wearing masks at all times is required to commence meetings or conversations.



Vehicle sterilization before entering the factory premises



Installation of UV sterilization light which is turned on for 1 hour every Saturday for disinfection

## III. Emergency Response Drills on Transmissible Diseases

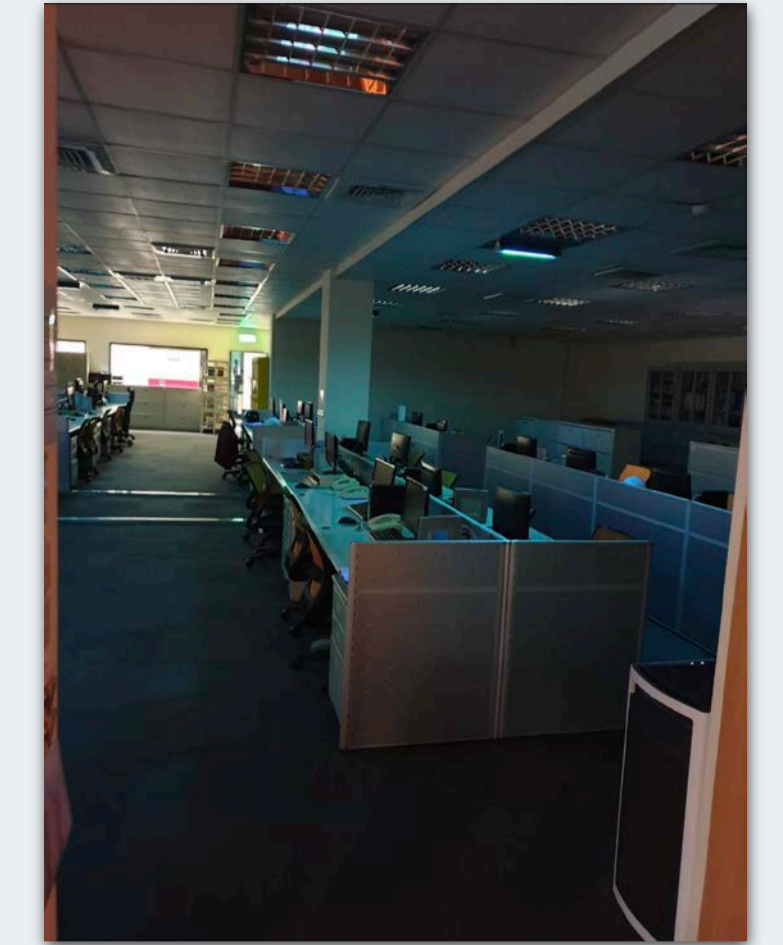
### Images for the drills and verification



Measuring body temperature at clock-in and clock-out to control personnel access



Placing a disinfecting rug at entrances and exits to disinfect shoe bottoms.



Conducting weekly UV sterilization in the offices



Reinforcing the propaganda of wearing masks



Installing auto-sensing faucets to avoid contact infection



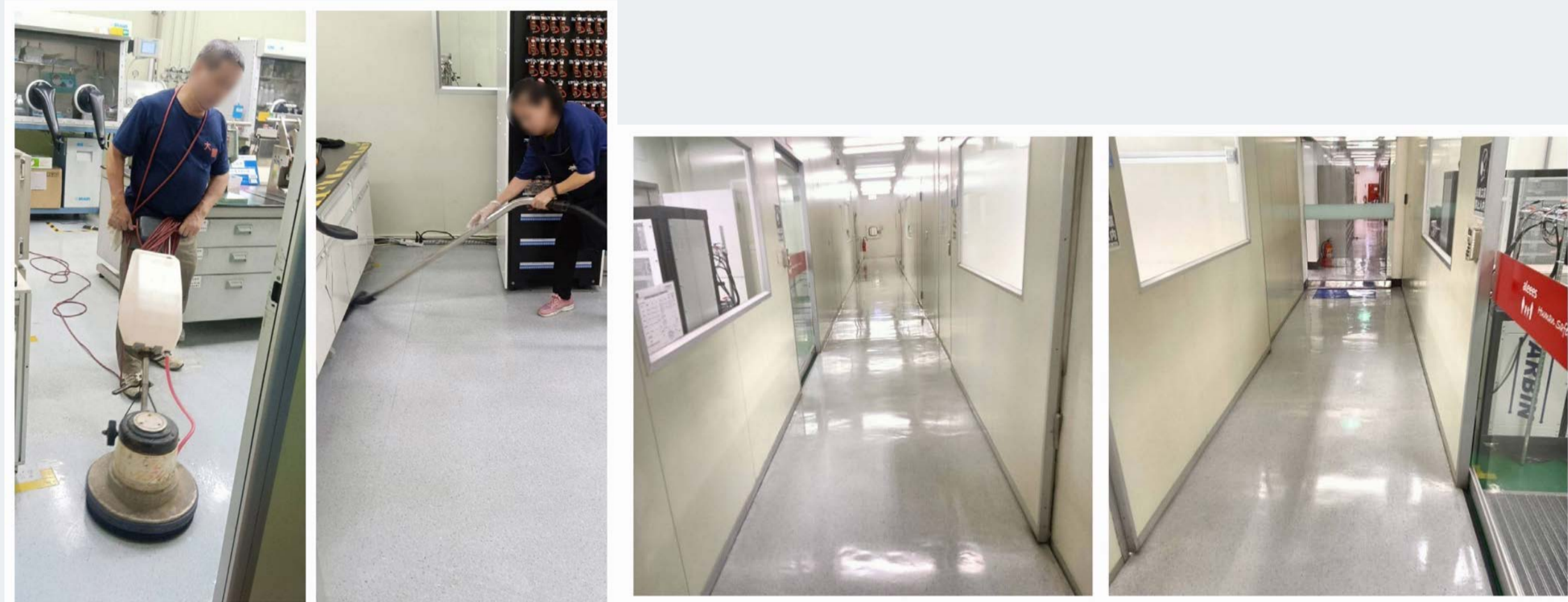
UV dish dryer for disinfection to prevent infection from serving tableware



#### IV. Cleaning of Factory Environment

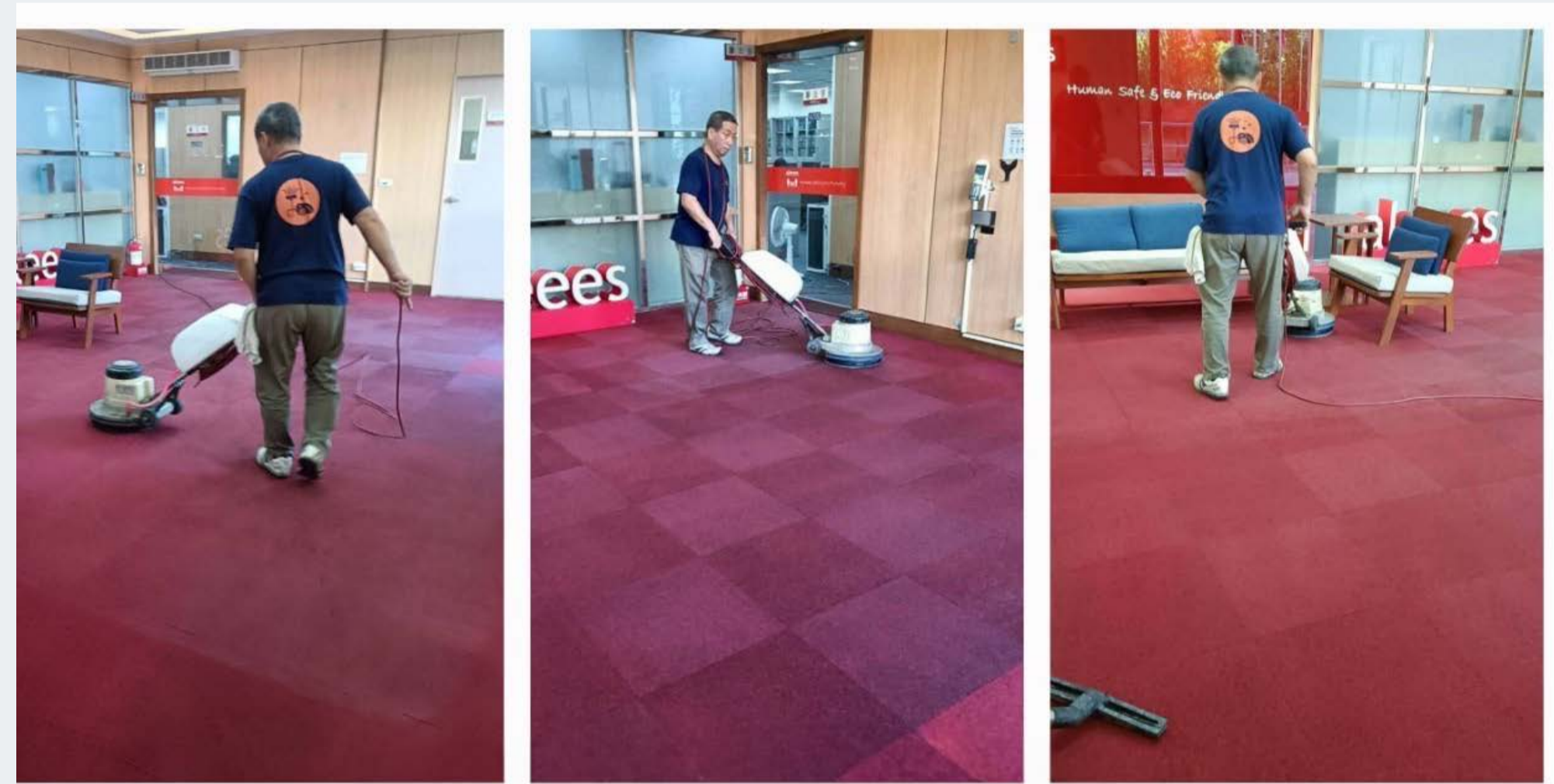
##### Conducting a 6S cleaning monthly

6S is a management method used to ensure a clean, safe, and organized work environment. It consists of six steps: Sorting, Setting in order, Shining, Standardizing, Sustaining and Security. Monthly 6S cleaning means that an overall cleaning and organizing process is carried out once a month to ensure a clean, safe, and organized environment. It helps to improve efficiency, reduce waste and pollutants, and create a fine work environment. Monthly 6S cleaning is also one of the most important measures to maintain hygiene and prevent the spread of viruses during the epidemics.



Cleaning and waxing the drying room

Cleaning and waxing the aisles of RD/QA labs



Cleaning the lobby carpets





**3 Sustainability  
Issue  
Management**



# 3 Sustainability Issue Management

## 3.1 Implementation of Sustainable Issue Strategy

### Aleees' Sustainability Strategies (ESG)

#### E : Environment

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 public.

#### S : 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.

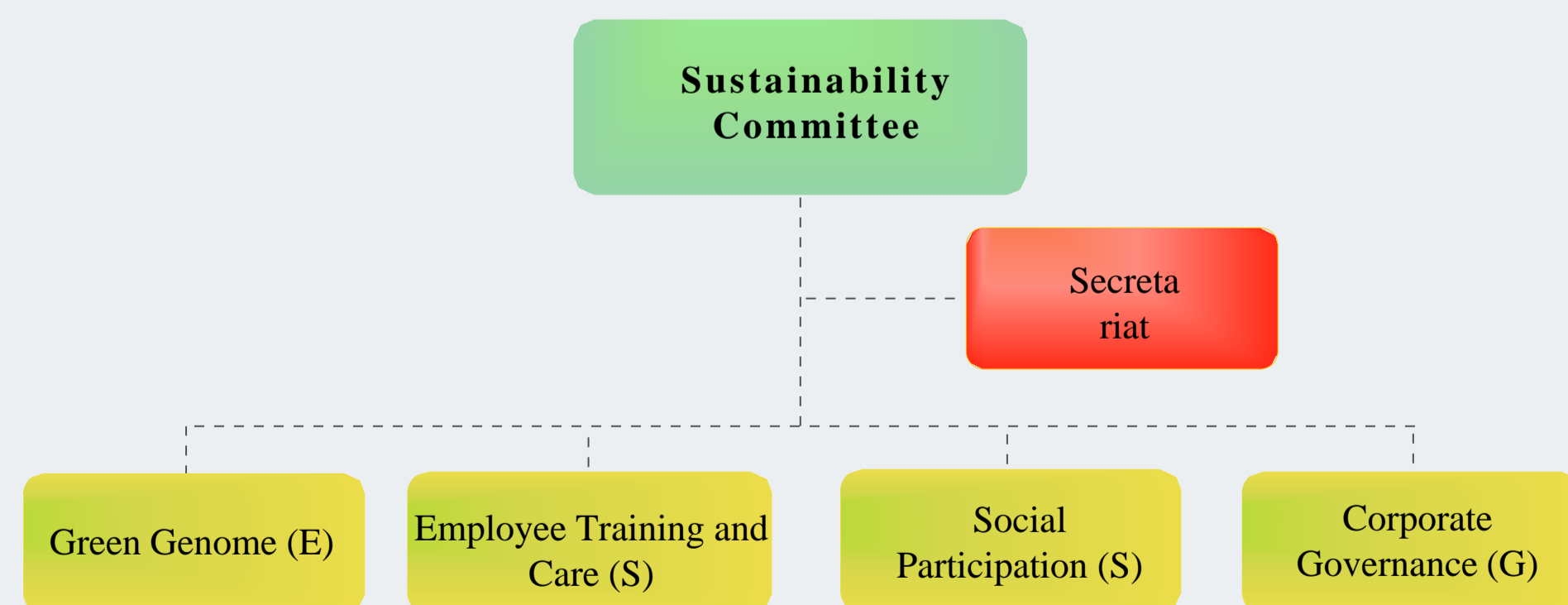
#### G : Governance

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

To ensure the implementation of sustainability strategies, the Sustainability Committee of Aleees manages the drafting of sustainable development goals and the regular reviews on the performance and achievement.

### Sustainability Committee

Aleees established the Sustainability Committee under the Board of Directors in 2014 to ensure the implementation of sustainability strategies, integrate organization resources, and enhance the efficiency. The Sustainability Committee is the top internal organization in charge of corporate sustainable development, which is led by the chairman. Under the Sustainability Committee, there is a secretariat office serving as its administrative unit, in charge of the reviewing and approval on ESG action plans and the relevant reports, such as sustainability reports, TCFD, and SASB. The Sustainability Committee has established four functional groups, which are individually composed of the heads of the business units and related departments. In compliance with the "Corporate Governance Best-Practice Principles" and the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", the Committee strives to construct a corporate governance system, proposing the sustainable development strategies for Aleees, and fulfill corporate sustainable development.

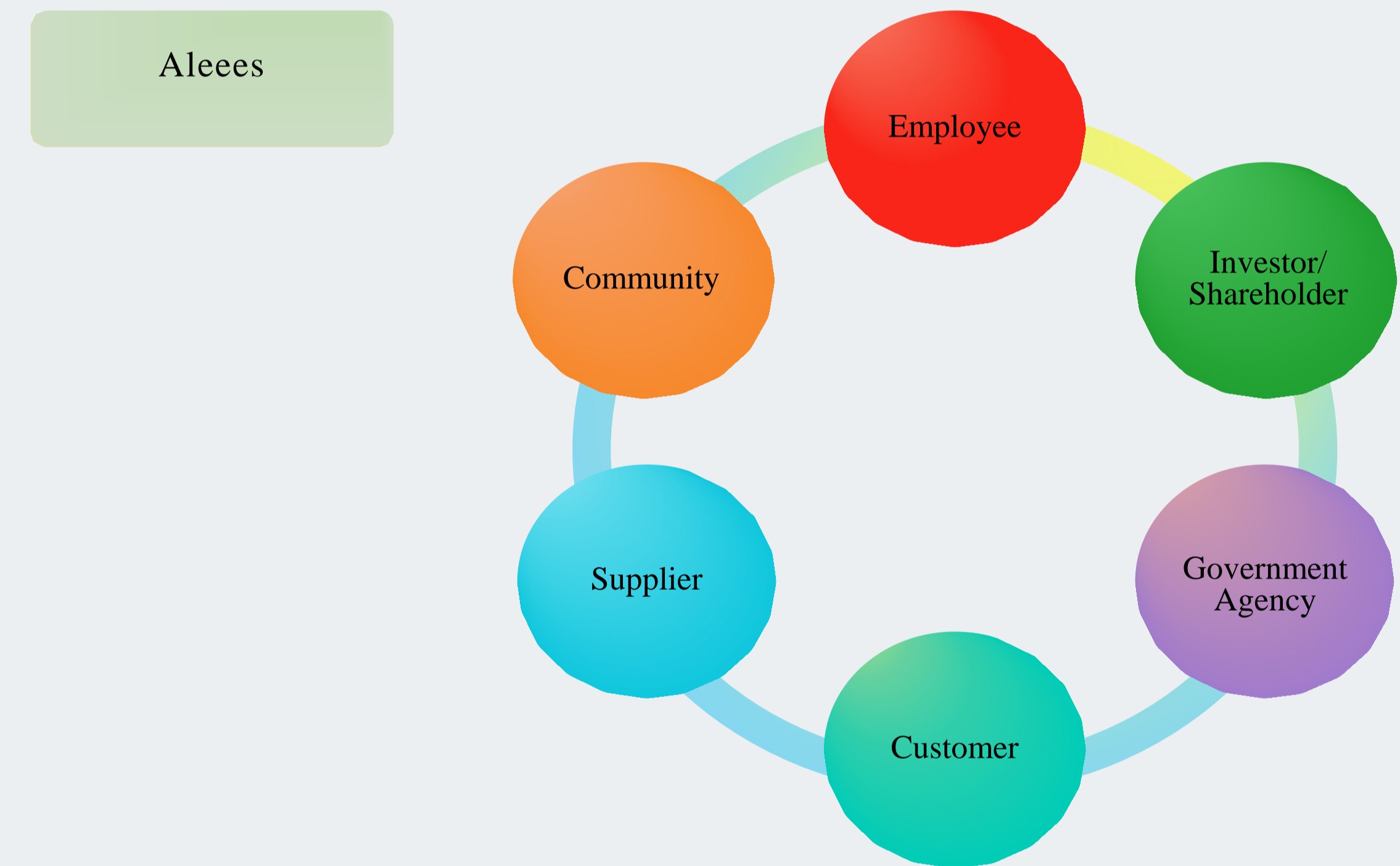


## 3.2 Investigation and Response to Sustainability Issues

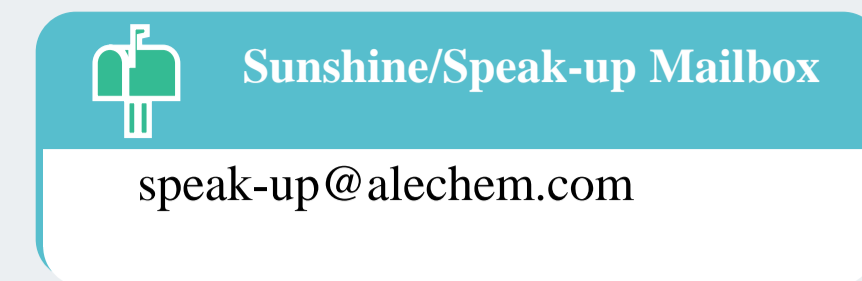
This report uses the process of materiality analysis to identify the sustainability issues concerned by stakeholders and the issues of the impact on the stakeholders who are affected by the operational activities of the Company. As the reference basis for Aleees' information disclosure, we are able to achieve the goal of effective communication.

### Identifying the Stakeholders

Aleees' defines a stakeholder as an individual, a group, or an organization who may or may be affected by Aleees. Our stakeholders include employees, investors/shareholders, government agencies, customers, suppliers, and communities. Stakeholders are an important factor for Aleees when drafting governance strategies and managing sustainability issues. In addition to the daily business, we also interact with our stakeholders through other channels including telephone communication, meetings, satisfaction surveys, on-site visits and participation in associations. With respect to the topics concerned by the stakeholders, the Company has responded to the identified topics considered to be significant in this report.







Aleees evaluates global sustainability trends and operational development goals and analyze the major issues in terms of governance, environment, and society to integrate internal resources. Based on the principles of materiality and responsiveness, the Company establishes a communication process with stakeholders to identify stakeholders and to engage in dialogues in depth. Aleees also reports to the Board of Directors annually regarding the issues of concern and the communication status of the major stakeholders. The communication status with stakeholders for the current year was reported to the Board of Directors on December 23, 2022.

**The issues of Concern and the Communication Status of Aleees' Major Stakeholders in 2022 are summarized as follows:**

Stakeholder	Issues of Concern	Communication Platform and Frequency	Communication Status with Stakeholders
Investor/Shareholder	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Honest business operation</li> <li>Sustainable development and strategy</li> <li>Financial performance</li> <li>Products and services</li> <li>Risk management</li> </ul>	<ol style="list-style-type: none"> <li>Convening of Shareholders' Meetings (every year)</li> <li>Organizing/participating in investors' conference (non-scheduled)</li> <li>Company website (every month)</li> <li>Market Observation Post System (every month)</li> <li>Telephone/email feedback</li> <li>Sustainability Reports (every year)</li> </ol>	<ul style="list-style-type: none"> <li><b>Purpose: To facilitate communication with shareholders at business level.</b></li> <li>Convened a Shareholders' Regular Meeting and a Shareholders' Special Meeting in 2022.</li> <li>Participated in an investors' conference in 2022.</li> <li>Timely updates on related information of financial, business, and sustainable development on Company website.</li> <li>Announced monthly the significant business information such as revenues, loaning of funds, endorsement and guarantee, and derivative instruments.</li> <li>Announced quarterly the financial reports.</li> <li>Set up a spokesperson system and an IR mailbox to timely respond to questions from investors or shareholders.</li> <li>Issued annually the Sustainability Reports.</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Customer service</li> <li>Products and services</li> <li>Product responsibility</li> <li>Product quality and technology R&amp;D</li> </ul>	<ol style="list-style-type: none"> <li>Customer satisfaction survey (once or twice a year)</li> <li>Customer visits (regularly or non-scheduled)</li> <li>Telephone/email feedback</li> <li>Company website/ESG/Stakeholder Questionnaire</li> </ol>	<ul style="list-style-type: none"> <li><b>Purpose: To strengthen product marketing to customers.</b></li> <li>Conducted a customer satisfaction survey in 2022 with a score of 88.22.</li> <li>Visiting customers at least once a year.</li> <li>Sufficing for customer expectations and increasing satisfaction through constant quality management and problem-solving.</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Legal compliance with environmental regulations</li> <li>Company operational strategy</li> <li>Financial performance</li> <li>Legal compliance</li> <li>Occupational safety and health</li> </ul>	<ol style="list-style-type: none"> <li>Supplier performance evaluation/audits (every year)</li> <li>Contracting projects</li> <li>Company visiting/company website (non-scheduled)</li> <li>Telephone/email feedback</li> <li>Company website/ESG/Stakeholder Questionnaire</li> </ol>	<ul style="list-style-type: none"> <li><b>Purpose: To fortify supply chain tenacity and to manage supply chains.</b></li> <li>Conducted supplier quality and ESG audits on a total of 8 suppliers in 2022.</li> <li>Continuously improving the supplier chain management system to fulfill corporate sustainable development hand in hand with suppliers.</li> <li>Evaluating suppliers regularly on items including environmental management, occupational safety and health, and regulations governing human rights.</li> </ul>
Government Agency	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Ethics and integrity</li> <li>Legal compliance</li> <li>Legal compliance with environmental regulations</li> <li>Occupational safety and health</li> <li>Corporate sustainable development</li> </ul>	<ol style="list-style-type: none"> <li>Official documents and letters (non-scheduled)</li> <li>Explanatory meetings and propaganda meetings (non-scheduled)</li> <li>Various evaluation (every year)</li> <li>Visits/audits (non-scheduled)</li> <li>Company website</li> <li>Market Observation Post System</li> </ol>	<ul style="list-style-type: none"> <li><b>Purpose: To comply with the relevant laws of the government</b></li> <li>Participated in at least 3 public hearings or briefings on laws/regulations and corporate governance in 2022.</li> <li>Regularly reviewing the adequacy of environmental protection policies and occupational safety protection; and duly declare information related to environmental protection and occupational safety.</li> <li>Arranged a drill on occupational accidents and fire prevention in 2022.</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Salary conditions/benefits</li> <li>Financial performance</li> <li>Training and education</li> <li>Labor-management relations</li> <li>Occupational safety and health</li> <li>Ethics and integrity</li> <li>Human rights and anti-discrimination</li> </ul>	<ol style="list-style-type: none"> <li>Performance review interviews (every half year)</li> <li>Communication meetings (regular and occasional)</li> <li>Department meetings (every week)</li> <li>Educational trainings (non-scheduled)</li> <li>Labor-employment meetings (every quarter)</li> <li>Employee suggestion box</li> <li>Company website/Corporate sustainable development mailbox : ESG@alechem.com</li> <li>Company website/Sunshine/Appeal Mailbox : <a href="mailto:speak-up@alechem.com">speak-up@alechem.com</a></li> </ol>	<ul style="list-style-type: none"> <li><b>Purpose : To strengthen employee training, enhance development in overseas markets, and protect employee rights and interests.</b></li> <li>Explicitly announced the protection of human rights in "Employee Work Regulations" and the "Procedures for Preventing and Managing Sexual Harassment". In 2022, there was neither appeal or legal case of human rights nor hiring of child labors.</li> <li>Provided various educational training courses on a regular basis to sharpen professional skills. In 2022, the average training hours reached 37 hour/person.</li> </ul>
Community	<ul style="list-style-type: none"> <li>Water resources</li> <li>Pollutants (Air/Water/Wastes) emissions</li> <li>Expenditures and investments for environmental protection</li> <li>Greenhouse gasses emissions</li> <li>Social welfare</li> <li>Ecological conservation</li> </ul>	<ol style="list-style-type: none"> <li>Voluntary services and charity activities(every year)</li> <li>Promotion of green education (non-scheduled)</li> <li>Courtesy calls with local groups (non-scheduled)</li> <li>Company website</li> <li>Sustainability Reports (every year)</li> <li>Telephone calls (non-scheduled)</li> </ol>	<ul style="list-style-type: none"> <li><b>Purpose: To comply with the relevant laws of the government</b></li> <li>Provided various educational training courses on a regular basis to sharpen professional skills. In 2022, the average training hours reached 37 hour/person.</li> </ul>

**3.3 Identifying Material Aspects and Boundaries >**

Environmental	Economic	Social
<ol style="list-style-type: none"> <li>Conformaty with the environmental protection regulations</li> <li>Prodducts and services</li> <li>Energy management</li> <li>Greenhouse gases emissions</li> <li>Expenditures and investments in environmental protection</li> <li>Pollutants emissions (air/water/waste)</li> <li>Green products</li> <li>Climate change</li> <li>Toxic substances management</li> <li>Sustainable development strategies</li> <li>Water resources</li> </ol>	<ol style="list-style-type: none"> <li>Financial performance</li> <li>Risk management</li> <li>Product quality and technique development</li> </ol>	<ol style="list-style-type: none"> <li>Corporate governance</li> <li>Ethics and integrity</li> <li>Brand image</li> <li>Customer satisfaction</li> <li>Legal compliance</li> <li>Occupational safety and health</li> <li>Labor-management relations</li> <li>Employee benefits, rights and interests</li> <li>Training and education</li> <li>Talent attraction and retention</li> <li>Social welfare</li> <li>Industry-academia collaboration</li> <li>Human rights and anti-discrimination</li> <li>Customer service</li> <li>Supply chain management</li> <li>Communication with stakeholders</li> </ol>

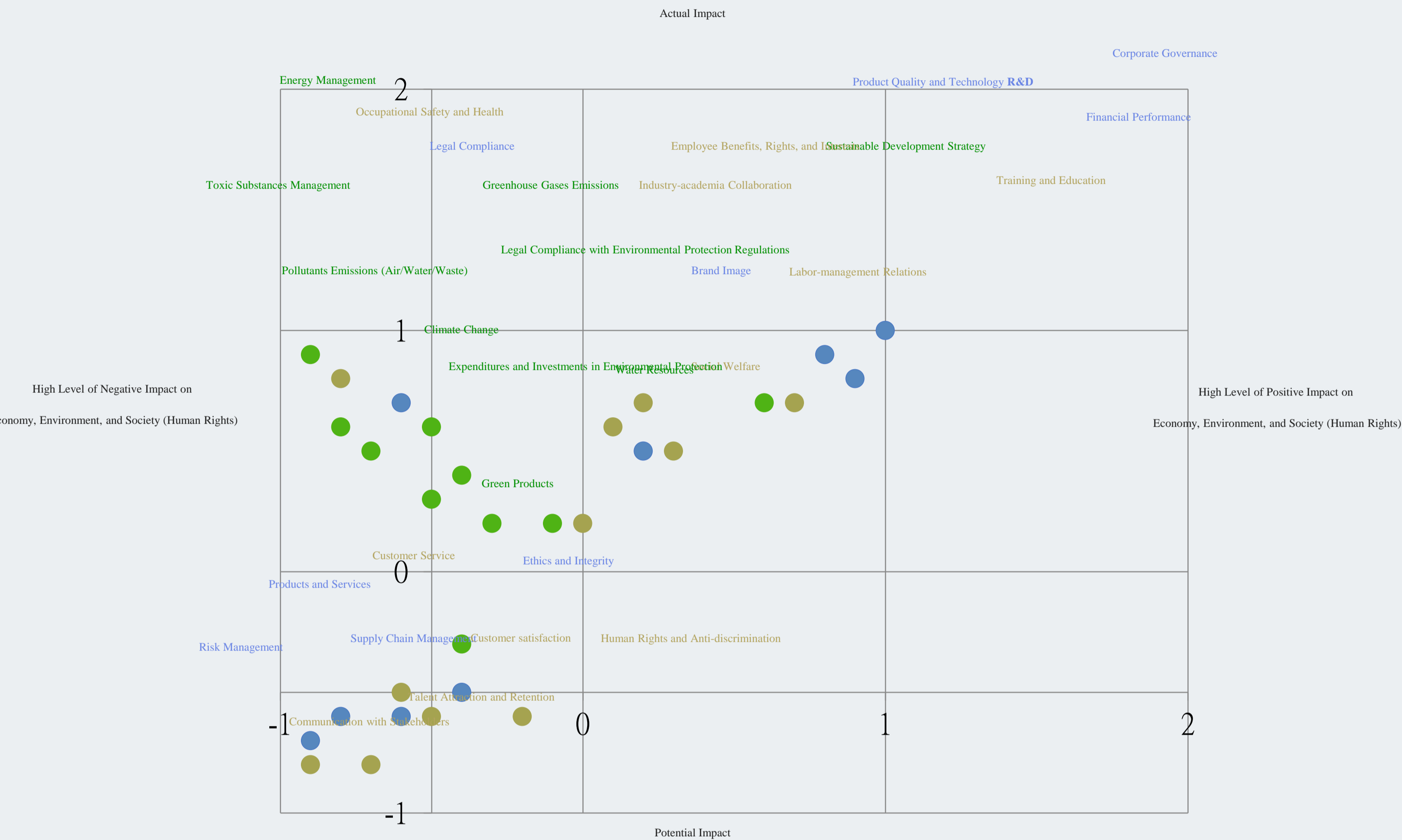
**Materiality Distinguishing Process**

<b>Step 1 Collecting data</b>	We collect the issues concerned by stakeholders according to the interaction status between Aleees and its stakeholders and take the materiality from foreign and domestic competitors and the trends of international sustainable development (e.g. the SDGs of The UN) as references.
<b>Step 2 Identifying various issues</b>	In accordance with the international regulations (e.g. GRI Standards, TCFD, and SASB), the information on international benchmarking companies, and sector development, we consider the attaining status of short-term, mid-term, and long-term sustainable development goals and conduct identification in various aspects of sustainable development issues.
<b>Step 3 Prioritizing impact imposed by issues</b>	<p>We invite various types of stakeholders for interviews via channels of online talks, emails, visits, and meetings to understand their opinions and feedback. The results of the surveys are analyzed according to internal considerations, sector practices, and benchmarking analysis as well as discussions.</p> <p>Drawing of Materiality Matrix Diagram: Identifying the impact caused on the economy, environment, and society during Aleees' operating process, we discuss the issues inside and outside the organization and the degree of concern by stakeholders. By making a matrix diagram of material topics, we evaluate the level of practical/potential and positive/negative impacts.</p> <p>Conducted by the senior management and specialists in the form of opinion discussion and communication, we proceed with assessment according to the materiality matrix and prioritize the material topics so as to formulate appropriate corresponding strategies. In 2022, there were 13 material topics being emphasized. Items that are considered materiality by the senior management may also be added.</p>
<b>Step 4 Confirming results</b>	The results, that are submitted to and reviewed by the Sustainability Committee and adjusted according to the opinions from the senior management, are concluded as the material topics. 13 items were concluded to be the material topics of the disclosing highlights of this report in which the detailed explanation of the corresponding strategy and result performance were included.
<b>Step 5 Review</b>	We observe the reasonableness of the materiality matrix and strengthen the communication methods with stakeholders at all times to collect more opinions as the basis of fortifying stakeholder communication and plan on sustainable development strategies.



## Materiality Matrix

The matrix was prepared in accordance with the material topics to precisely evaluate the impact of each materiality on Aleees' economy, environment, and society and the level of impact on stakeholders. We assessed 30 material issues following their impact level as well as the practical/potential impact on the economy, environment, and society inside and outside the organization, of which the corresponding positions were marked in the matrix.



### Material Topic Added in 2022: Supply Chain Management

In terms of the supply chain management, the negative and potential impact from the past may have come from the suppliers themselves, such as suppliers' quality problems, delayed delivery, or disruption in supply chains. The negative risks at logistic level may include damaged, lost, and delayed goods or increased transportation costs, which may result in a shortage of product supply, a suspended production, or a dwindling of customer satisfaction. Looking at the legal aspect, suppliers have to meet various regulatory and compliant requirements. Non-compliance may lead to risks of penalties, legal actions, or damaged reputation. For example, changes in the laws and regulations governing environmental protection, labors, or trade may cause negative impact on supply chains. Nonetheless, Aleees has transformed to an IP provider and its pricing manner has shifted to licensing and technology transferring. Therefore, the negative and potential impact from supply chains will gradually be abated so that the Company is able to assist the allies in Europe and the U.S. in establishing a supply chain of lithium batteries.

## Comprehensive Disclosure of Managing Policy and Performance Index for Materiality of This Report















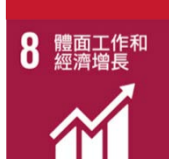

Based on the operation direction of the Company, we assessed the economic, environmental, and social impact (positive/negative and practical/potential) of 30 material issues by discussing with stakeholders and the senior management and mapped the issues to a Materiality Matrix when evaluating the materiality for the year of 2022. In 2022 we focused on the 13 material topics and included them into the core strategies and categorized 13 material issues to secondary factors. "Talents Attraction and Retention" was a crucial issue for the market expansion in Europe and the U.S. in 2021. However, we shifted our focus to "Product and Service" in 2022 and endeavored to becoming a supplier of LFP patent and technology licensing. In the meantime, "Product Quality and Technology R&D" has displayed its dominance and been ranked first.

Materiality in 2022				
Material Issue	Secondary Issue	General Issue		
1 Corporate Governance	14 Legal Compliance	25 Brand Image		
2 Product Quality and Technology R&D	15 Green Products	26 Expenditures and Investments in Environmental Protection		
3 Customer Service	16 Greenhouse Gases Emissions	27 Industry-academia Collaboration		
4 Supply Chain Management	17 Legal Compliance with Environmental Laws	28 Social Welfare		
5 Communication with Stakeholders	18 Labor-management Relations	29 Water Resources		
6 Financial Performance	19 Customer Satisfaction	30 Human Rights and Anti-discrimination		
7 Risk Management	20 Pollutants Emissions (Air/Water/Waste)			
8 Sustainable Development Strategy	21 Employee Benefits, rights, and interests.			
9 Training and Education	22 Occupational Safety and Health			
10 Ethics and Integrity	23 Toxic Substances Management			
11 Talent Attraction and Retention	24 Climate Change			
12 Energy Management				
13 Products and Services				



Based on the analysis on materiality, the following table summarizes the comparison of the material topics and the corresponding GRI particular topics, management policies, impact on the internal/external boundary, and sustainable development goals of GRI.

★ Materiality to cause direct impact  
▲ Materiality to contribute impact  
● Materiality to cause impact through business relationships

Sustainable Development Goals (SDGs)	Material Topics	Type of Impact	Description of Impact	Corresponding GRI Topic Standards		Corresponding Chapter of Management Policies	Impact Boundary								
							Employee	Shareholder	Supply Chain	Customers	Community	Government			
       	Economy	Corporate Governance	Actual Positive	The establishment of the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Sustainability Committee strengthens corporate governance and increases transparency as well as credibility. It benefits the Company in enhancing Company credibility and investor confidence. The potential negative impact lies in the possible conflict of interest among the Board members, which requires a reinforced supervision system and continuous communication with stakeholders.	Anti-corruption	205	2.1 Organization of Governance	★	▲	▲				★	
		Financial Performance	Actual Positive	Achieving operational management, operating analysis, and goals can reduce costs and increase Company business as well as profits. Strengthening financial risk management is required to assure steady operations and continuous growth.	Economic Performance	201-1	2.3 Financial Performance		★	●	▲				
		Product Quality and Technology R&D	Actual Positive	We obtain the independent laboratory certification benefits the improvement of product quality and credibility. Meanwhile, the specifications, performances, and precautions for usage of products are provided for customers to increase customer satisfaction. The potential negative impact is that constant R&D on technology is required in order to dominate the market and avoid outdated products.	Marketing and Labeling	417-1 417-2	1.2 Products and Services		▲			★			
		Sustainable Development Strategy	Actual Positive	By complying with laws and international standards and protecting stakeholders' equity, we create a fine company culture. It requires our constant proposing of sustainable development strategies in order to adapt to risks and opportunities.	Statement of Decision-maker	Customized Topics	3.1 Implementation of Sustainability Strategy	▲	▲						
		Ethics and Integrity	Potential Negative	The Company emphasizes honest operations and ethical behaviors. With the risks of breach of good faith and ethics, it requires all employees to adhere to the rules governing code of ethics in order to safeguard the Company reputation.	Anti-corruption Legal Compliance of Socioeconomics	205 419	2.2 Ethics and Integrity	★	★	●					★
		Supply Chain Management	Potential Negative	Building a solid partnership in supply chains helps reduce risks and enhance efficiency. Regular monitoring on supply-demand changes and risks is required in order to respond to supply-demand problems in advance.	Procurement Practices Supplier Social Assessment	204 414	4.1 Supplier Chain Management		▲		★				
		Communication with Stakeholders	Potential Negative	The P-D-C-A management model is used to timely identify and respond stakeholders' needs. However, ensuring risk management and crisis handling is a crucial part in protecting company image.	Policy in Communication with Stakeholders	Customized Topics	2.2 Ethics and Integrity 3.2 Investigation and Response to Sustainability	▲	★	★	★	★			
		Risk Management	Potential Negative	Managing risks and building crisis handling system help to prevent accidents and improve operating mode. Constant promotion on energy saving and carbon reduction is required in order to respond to the challenges of climate change.	Key Impact Risks and Opportunities	Customized Topics	2.4 Risks and Opportunities	▲	★	●	▲				
		Talent Attraction and Retention	Potential Negative	Providing trainings and development opportunities attracts and retains excellent talents. Combining Company and employee goals is required to maintain employee involvement and prevent the brain drain of professional knowledge.	Diversity and Equal Opportunity	405	5.2 Employee Benefits	★	▲	★	★				
		Products and Services	Potential Negative	The strengthening of quality management can improve customer satisfaction and market competitiveness. Continuous R&D of innovative products is required to meet market demands and stay ahead of competitors.	Diversity and Equal Opportunity	416	1.2 Products and Services 4.2 Customer Service		▲	★	★				
   	Environment	Energy Management	Actual Negative	Easing environmental loading and upgrading corporate social responsibility are achieved by energy-saving and carbon reduction. Constant promotion on energy saving and carbon reduction is required in order to respond to the challenges of climate change.	Energy	302	6.2 Energy Conservation and Carbon Reduction		▲					★	
   	Society	Training and Education	Actual Positive	Providing various trainings and development opportunities helps to sharpen employee' skills and management ability and to attract excellent talents. Constant talent cultivation is required in order to prevent the brain drain of professional knowledge.	Training and Education	404	5.3 Educational Trainings	▲	▲						
		Customer Services	Potential Negative	Providing detailed specifications and precautions for usage of the products can increase customer satisfactory. However, continuous R&D on products, that are safe and are aligned with market demands, is required to satisfy the ever-changing needs from customers.	Customer Health and Safety Customer Privacy	416 418	4.2 Customer Service	▲	▲			★			



## Aleees Chain of Values



Material Obtaining	Manufacturing	Distribution Sales	Usage	Wastes Recycling
<p><b>Green Design</b></p> <p>R&amp;D on extending the number of life and uses of lithium batteries to significantly increase the purity of phosphate cathode materials and to improve the effective use of resources.</p>	<p><b>Green Factory</b></p> <p>Promoting green factory, energy saving, carbon reduction, inspecting water usage and energy consumption, and proposing practical plans for water and energy conservation.</p>	<p><b>Green Transportation</b></p> <p>Providing green cathode materials with high quality and long life for the application of the lithium batteries used in automobiles and energy-saving systems; and integrating the cooperating partners from up, mid, and down streams to effectively reduce carbon emissions.</p>	<p><b>Best Efficacy</b></p> <p>Implementing the five-year energy-saving projects with 1% of annual power-saving rate.</p>	<p><b>Green Cycle and Reuse</b></p> <p>Moving towards the goal of wastes reduction and reclamation in hope of jointly creating a recycle system with the supply chains; and implementing the environment management to diminish environmental footprints.</p>

On the path of sustainable development, Aleees upholds the belief of "Human Sustainable Living and Eco-friendliness". We produce products that do not burden the environment and solve environmental challenges faced by mankind. Simultaneously, we establish the foundation of sustainable development with a altruistic mindset. In recent years, we have started to center on the Sustainable Development Goals (SDGs) of the United Nations. From 2016 onwards, a comprehensive review on the connections between Aleees' sustainable strategies and the SDGs has been made in order to incorporate such into the decision-making process of corporate sustainability and further to gradually implement sustainable development.



SDGs	Aleees' Corresponding Strategies and Measures
1.1 1.5	<ul style="list-style-type: none"> <li>Mission of Aleees: To improve the quality of people and expand the global market to make the world a better future.</li> <li>Increasing revenues, committing to the equal pay for equal work for employees, and providing job opportunities for young people and the disabled.</li> <li>Sharpening the tenacity and the ability of post-disaster recovery of the public and reducing the possibility of suffering from the impact and disasters by climate change by providing increased electric storage capacity.</li> </ul>
4.4 4.5 4.7	<ul style="list-style-type: none"> <li>Cultivating the skills and increasing the job opportunities for young people through industry-academia collaboration.</li> <li>Increasing educational trainings for employees and providing diversified courses.</li> <li>Hoping that employees value their physical and mental health while working. We regularly organize employee health lectures to facilitate the physical and mental health of employees and create a friendly workplace.</li> </ul>
5.1 5.5	<ul style="list-style-type: none"> <li>Aleees' "Employee Work Regulations" and the "Procedures for Preventing and Managing Sexual Harassment" state that the employer is prohibited from discriminating against or treating differently any job applicant or employee on the basis of race, religion, political party, gender, age, marital status, appearance, and disability.</li> </ul>
6.3 6.4 6.5 6.a	<ul style="list-style-type: none"> <li>Improving the usage of global energy and minimizing the relation between economic growth and environmental degradation.</li> <li>Aleees' policy in managing environmental sustainability is to lower environmental impact, implement environment management, develop green products, fulfill the responsibilities of environmental protection, popularize awareness on environmental protection, and make efforts in reducing environmental footprints caused by operations.</li> <li>Performing waste water treatment and water resources recycling in the factories of Aleees.</li> </ul>
7.1 7.2 7.3 7.a	<ul style="list-style-type: none"> <li>Core Value of Aleees: To provide an affordable power energy system for the world.</li> <li>Enhancing the sharing of renewable energy and the efficiency of clean energy.</li> <li>Improving the usage of global energy and minimizing the relation between economic growth and environmental degradation.</li> <li>Developing and launching new products to help customers reduce energy usage and greenhouse gas emissions.</li> <li>Aleees' self-developed and self-produced phosphate cathode materials, with the features of highest safety, high frequency in circular usage, low pollution to the environment, and abundant resources of raw materials, are considered ideal for lithium batteries on the applications of electric vehicles, wind power and energy storage.</li> <li>Developing and launching new products with international customers to help reduce energy usage and greenhouse gas emissions and enhance the sharing of renewable energy and the efficiency of clean energy.</li> </ul>
8.2 8.5 8.6 8.8	<ul style="list-style-type: none"> <li>Increasing revenues, committing to the equal pay for equal work for employees, and providing job opportunities for young people and the disabled.</li> <li>Realizing a higher level of economic productivity through Aleees' technical upgrades and innovation.</li> <li>Propagandizing the importance of traffic safety to reduce traffic accidents of employees during commuting.</li> </ul>
9.1 9.4 9.5 9.b 9.c	<ul style="list-style-type: none"> <li>Aleees' phosphoric cathode materials are widely applied in the downstream batteries, electric vehicles, power tools, energy storage systems, start/stop mechanism for stopping vehicle engine during idling, smart grids, un-interrupt power systems, and base-station power energy storage equipment, all of which are the critical energy solutions.</li> <li>Improving the usage of global energy and minimizing the relation between economic growth and environmental degradation.</li> </ul>
10.2 10.3 10.4	<ul style="list-style-type: none"> <li>Aleees' "Employee Work Regulations" and the "Procedures for Preventing and Managing Sexual Harassment" state that the employer is prohibited from discriminating against or treating differently any job applicant or employee on the basis of race, religion, political party, gender, age, marital status, appearance, and disability.</li> <li>Increasing revenues, committing to the equal pay for equal work for employees, and providing job opportunities for young people and the disabled.</li> </ul>
11.3 11.6	<ul style="list-style-type: none"> <li>Vision of Aleees : To produce products that do not burden the environment with the belief of "Human Sustainable Living and Eco-friendliness".</li> <li>Core Value of Aleees: To provide an affordable power energy system for the world.</li> <li>Aleees' phosphoric cathode materials are widely applied in the downstream batteries, electric vehicles, power tools, energy storage systems, start/stop mechanism for stopping vehicle engine during idling, smart grids, un-interrupt power systems, and base-station power energy storage equipment, all of which are the critical energy solutions.</li> </ul>
12.2 12.4 12.5 12.6 12.7 12.8 12.a	<ul style="list-style-type: none"> <li>Core Value of Aleees: To provide an affordable power energy system for the world.</li> <li>Being a "key lithium battery material manufacturer" in the upstream of the industry chain, Aleees builds a green and livable lifestyle with low-carbon transportation; and is gradually realizing the concept of human sustainable living and environmental friendliness.</li> <li>Aleees' strategy of implementing sustainable development is to start out with our business; and with our core competency, to become part of the virtuous cycle to not only benefit ourselves but also others.</li> <li>Ensuring that people everywhere attain the relevant information and awareness of sustainable development as well as the lifestyle in harmony with the nature.</li> <li>Aleees' policy in managing environmental sustainability is to lower environmental impact, implement environment management, develop green products, fulfill the responsibilities of environmental protection, popularize awareness on environmental protection, and make efforts in reducing environmental footprints caused by operations.</li> </ul>
16.6 16.7	<ul style="list-style-type: none"> <li>The Company's "Guidelines for Operating in Good Faith" clearly state that employees are prohibited from the direct or indirect acceptance of gifts, special treatment and any other forms of profiteering. Through the establishment of these principles and systems, the Company has provided complete behavioral guidelines for the employees.</li> <li>Aleees provides a "Sunshine/Appeal Mailbox (<a href="mailto:speak-up@alechem.com">speak-up@alechem.com</a>)" for anonymous whistle-blowing on its official website. Any unlawful behavior can directly be reported to the Company.</li> <li>Sustainability Strategy of Aleees: To be hand in hand with global green partners and set out from the cooperation with government policies, so as to achieve the goals of continuous fulfillment of the corporate citizen responsibility and to respond to the expectations from the citizens of the Earth and next generations.</li> <li>Formulated the "Procedures for Suppliers Corporate Social Responsibility" in 2016; renamed it to "Procedures for Management of Suppliers Sustainable Development" in 2022 and extensively called for suppliers' participation in the facilitation of social responsibility.</li> </ul>



Material Topic	How to Manage	Purpose of Managing Policy	Relevant Policy	Appeal Mechanism
Corporate Governance	Under the Board of Directors, Aleees has created the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Sustainability Committee to strengthen corporate governance and execute supervising duties. <b>Actual Positive Impact:</b> A comprehensive and sound structure of the Board of Directors fortifies corporate governance and increases transparency as well as credibility.	Aleees believes that the solid structure and operation of the board of directors, information transparency, safeguarding of shareholders' equity, and equal treatment to shareholders are the basis of corporate governance.	Details are in the policies on the Company website: Regulations Governing Organizational Rules & Management of the Audit Committee, the Remuneration Committee, and the Nomination Committee; and Sustainable Development Best Practice Principles	
Financial Performance	The Company achieves various operational management, operating analysis, long-term and short-term goals in order to decrease costs, keep expanding R&D resources, and elevate product positioning. The Company has also formulated the regulations governing the non-compete clause as well as the managing procedures for trade secrets and business-related confidential information. <b>Actual Positive Impact:</b> By improving operating efficiency, costs are decreased and Company profits and gains are increased.	To defend the Company's advantage of competitiveness in innovative technology and to ensure the interest of all stakeholders, Aleees quite values the protection and restraint of intellectual property and trade secret information and ensures strict protection over customer information.	The Company has formulated the regulations governing the non-compete clause as well as the managing procedures for trade secrets and business-related confidential information.	
Product Quality and Technology R&D	Aleees established an "Inspection Center" in 2013, which also passed the certification of the independent IECQ Laboratory. In terms of labeling, the specifications, performances, and precautions for usage of cathode material products provided by Aleees are listed in the Certificate of Analysis (COA) and Material Safety Data Sheet (MSDS) for customers to understand the safe operating methods of the products. A helpline is also dedicated to assist customers in obtaining necessary information. <b>Actual Positive Impact:</b> The obtaining of IECQ certification on independent laboratory benefits the improvement of product quality and credibility	To guarantee product quality and stability, apart from online monitoring over the quality control, the Company established an ISO/IEC 17025 certified "Inspection Center" to upgrade the technology in the laboratory and test the levels and quality to fortify credibility. Also, we provide a full understanding of safe precautions with complete labeling for customers.	Inspection Center established in accordance with ISO/IEC 17025.	
Sustainable Development Strategy	The Company complies with local laws and international standards and proactively cooperate with the policies of the competent authorities. <b>Actual Positive Impact:</b> The Company protects stakeholders equity and create a fine company culture by adhering to local laws and international standards.	Safeguarding the stakeholders' equity and ensuring the compliance with social or economic regulations are the important responsibilities and legal adherence of all directors, managerial officers, and employees.	"Guidelines for Operating in Good Faith" "Rules Governing Code of Ethics"	
Ethics and Integrity	Aleees has formulated the "Guidelines for Operating in Good Faith" and the "Rules Governing Code of Ethics" to regulate the responsibilities and compliance that shall be carried with by all directors, managerial officers, and employees. <b>Potential Negative Impact:</b> With the risks of breach of good faith and ethics, we emphasize honest operations and ethical behaviors and require all employees to adhere to the rules governing code of ethics in order to safeguard the Company reputation.	Honest business operation is the foundation of Aleees' company culture to strengthen the work ethics and professional competence of all employees.	"Guidelines for Operating in Good Faith" "Rules Governing Code of Ethics"	
Supply Chain Management	The procurement unit monitors closely the supply-demand changes and market information in the upper/down streams to determine supply disruption risks of raw materials. It also pays close attention to the safe inventory index and review the inventory and the subsequent import schedules at the weekly production-marketing meetings. By understanding the time and numbers of shortage in advance, we then promptly initiate responding procedures. Suppliers will be assessed according to their quality, prices, environment, safety, and sanitation. Those who pass the assessment and are approved shall be listed as qualified suppliers, to which the management operation shall be implemented afterwards. <b>Potential Negative Impact:</b> Regular monitoring on supply-demand changes and risks is required in order to take control and respond to supply-demand problems in advance.	We build partnerships with suppliers and keep tabs on the impact on suppliers caused by serious natural disasters and accidents. We continue to put into practices the actions that may help counteract global warming, minimize petroleum dependence, reduce environmental loading, and lowering occupational safety and health risks through the supply chain. By seeking good strategic partners, the supply chain will be equipped with sufficient abilities to co-develop the technologies necessary for the next generations and more efficient in providing excellent products to customers for the cost-effective purpose.	Details are in the policies on the Company website: "Regulations Governing the Management of Suppliers' Sustainable Development" and "Guidelines for Operating in Good Faith"	
Communication with Stakeholders	Following the "P-D-C-A" (Plan-Do-Check-Act) management mode, each functional group regularly identifies stakeholders and collect/review the issues of their concern. Along with the drafted goal projects, information will be submitted at annual meetings. <b>Potential Negative Impact:</b> To ensure the risk management and crisis handling of the Company and to protect the Company image.	The Sustainability Committee of Aleees actively reviews the risks and opportunities faced by the Company and with a thorough risk management and appropriate crisis handling to take precautions as well as grasp opportunities that improve the operating mode. Simultaneously, the Company is able to achieve long-term risk management through the implementation of corporate sustainable development.	Annual convening of the Sustainability Committee for the discussion of stakeholders issues	Complaint Tel: (03) 3646655 #81152 · #81300  Sunshine/Appeal Mailbox (speak-up@alechem.com)
Risk Management	The Audit Department prepares the Company's annual audit plans based on risk assessment. The risk assessment takes Aleees' overall operating environment, controlling environment, and transaction patterns into consideration, assesses the degree of impact from various potential risks, and conducts regular and irregular audits of the Company's internal control system. The results of the audits are reported to the Audit Committee and the Board of Directors in order to implement the internal control and auditing system and to assist the Board of Directors and the management in ensuring the achieving of goals. Aleees is highly concerned about the issue created by climate change. Hence, aiming at climate change, the action plan constructed by the Sustainability Committee is divided into three steps: Awareness, Action, and Sustainability. Awareness is to identify the climate risks brought by climate change. Risks caused by climate change that an enterprise faces include the risks of supply disruption and disasters. The actions adopted by Aleees include adaptation and buffering. Also, we established the assessment tools to identify the related risks and opportunities, including: the survey of adaptation ability, the assessment of past climate impact, the assessment of future climate impact, the planning of adaptation measures, and the assessment of opportunities. <b>Potential Negative Impact:</b> Through risk management and crisis handling, we are able to create opportunities for the growth of the Company.	The Sustainability Committee of Aleees actively reviews the risks and opportunities faced by the Company and with a thorough risk management and appropriate crisis handling to take precautions as well as grasp opportunities that improve the operating mode. Simultaneously, the Company is able to achieve long-term risk management through the implementation of corporate sustainable development.	Annual convening of the Sustainability Committee for the discussion of stakeholders issues	Corporate Sustainable Development Mailbox ( <a href="mailto:ESG@alechem.com">ESG@alechem.com</a> )
Talent Attraction and Retention	Each department proposes the overall performance targets as well as the needs for annual professional and occupational trainings at the end of every year based on Company operating goals, department key performance indicators, and department job responsibilities. In the meantime, the HR unit organizes the educational trainings on vocational management and general knowledge based on Company visions and business strategies to provide Aleees' employees comprehensive learning courses and to cultivate/train talents. <b>Positive Impact:</b> By providing comprehensive trainings and development opportunities, excellent talents will be drawn to onboard the Company. <b>Potential Negative Impact:</b> By maintaining employee involvement, we are to prevent the brain drain of professional knowledge.	Through the procedures of performance management, we hope to combine the Company's overall operating goals, department goals, and employees' work goals, which serve as the basis of the assessment and feed back for employee annual performance as well as the basis of the employee training development.	"Management Procedures of Performance and Appraisal"	
Products and Services	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 the DMAIC approach (Define, Measure, Analyze, Improve, Control), allowing the reformation team to improve the quality and prevent repeated malfunction, and as a result, enhance the product quality. <b>Potential Negative Impact:</b> The strengthening of quality management can improve customer satisfaction and market competitiveness. Continuous R&D of innovative products is required to meet market demands and stay ahead of competitors.	Aleees routinely conducts the survey of customer satisfaction to constantly improve according to customers' opinions and suggestions, endeavor to provide customers the best service, and gain customers' trust and loyalty.	Method of DMAIC of the Six Sigma (Define, Measure, Analyze, Improve, Control)	
Energy Management	In order to sustain the advocacy of energy saving and carbon reduction, Aleees has established its own energy performance indicators, energy-saving project planning, and setting of long-term energy-saving goals. <b>Potential Negative Impact:</b> Keeping up energy saving and carbon reduction is required in order to respond to the challenges of climate change.	The Company promises to take its core abilities as the foundation to mitigate air pollution, respond to the challenges of climate change, strive for the creation of efficiency in energy saving and carbon production, offer customers low-carbon materials and transportation services, and accomplish the goals of energy saving and carbon production with systematic energy management.	ISO 50001 Energy Management System certified	
Training and Education	The four major focuses of Aleees' educational training are: General Functional Training, Management Functional Training, Professional Functional Training, and Self-development. Each department proposes the overall performance targets as well as the needs for annual professional and functional trainings at the end of every year based on Company operating goals, department key performance indicators, and department job responsibilities. In the meantime, the HR unit organizes the educational trainings on management and general functions based on Company visions and business strategies to provide Aleees' employees comprehensive learning courses and to cultivate/train talents. <b>Actual Positive Impact:</b> Providing various trainings and development opportunities helps to sharpen employee' skills and management ability and to attract excellent talents. Constant talent cultivation is required in order to prevent the brain drain of professional knowledge.	The purpose is to enhance the skills and management capability required to implement various duties and to stimulate the potential of employees when facing challenges. To create advantages in sustainable competitiveness and increase employee engagement as well as team-building, the potentials, energy, enthusiasm, and influence of our partners at work need to be explored constantly.	"Management Procedures of Educational Trainings" and "Management Procedures of Performance and Appraisal"	
Customer Service	The specifications, performances, and precautions for usage of cathode material products provided by Aleees are listed in the Certificate of Analysis (COA) and Material Safety Data Sheet (MSDS) for customers to understand the safe operating methods of the products. A helpline is also dedicated to assist customers in obtaining necessary information. <b>Potential Negative Impact:</b> Providing detailed specifications and precautions for usage of the products can increase customer satisfactory. However, continuous R&D on products, that are safe and are aligned with market demands, is required to satisfy the ever-changing needs from customers.	With the battery cell data that are relentlessly tested by our R&D personnel, we are able to design and develop products equipped with safety and more cycles of use. We aim to provide customers healthy, safe, and environmental sustainability-compliant products.	ISO/IEC 17025 Testing Laboratory accredited	



Material Topics	Evaluation Mechanism of Managing Policies	Evaluation Result	Appeal Mechanism
Corporate Governance	Establishing the independent director system, performance evaluation of the Board of Directors, internal audits, and corporate governance evaluation <b>Goal:</b> To enhance the efficacy of corporate governance and increase the scores in corporate governance evaluation. <b>Procedures for Goal Tracking:</b> Establishing the independent director system and the Audit Committee to strengthen the supervising function of the Board of Directors and to proceed with stakeholders' communication. <b>Whether the stakeholder engagement affects the managing measures:</b> Strengthening corporate governance through the operations of the individual committees, increasing the transparency as well as credibility, continuously communicating with stakeholders to ensure long-lasting development.		
Financial Performance	Recording and analyzing operating accomplishments based on the comparison of competition products, comparison of internal/external significant benchmarking performance, analysis of product trends, and present/future expectations from customers. <b>Goal:</b> To increase Company performance and profits. <b>Procedures for Goal Tracking:</b> Lowering costs by achieving various operating management, business analysis, and long-term/short-term goals, expanding R&D resources, upgrading product positioning, and managing regulations governing non-compete clause, trade secrets, as well as business-related confidentiality. <b>Whether the stakeholder engagement affects the managing measures:</b> Defending the advantage of competitiveness in innovative technology through the implementation of regulations governing non-compete clause as well as protection over business-related confidentiality.		
Product Quality and Technology R&D	The specifications, performances, and precautions for usage of cathode material products provided by Aleees are listed in the Certificate of Analysis (COA) and Material Safety Data Sheet (MSDS) for customers to understand the safe operating methods of the products. A helpline is also dedicated to assist customers in obtaining necessary information. <b>Goal:</b> To obtain independent laboratory certification and to improve product quality and credibility. <b>Procedures for Goal Tracking:</b> Establishing an inspection center, listing the specifications, performances, and precautions for usage in the documents, following the ISO/IEC 17025 standards, and providing a helpline for consultation. <b>Whether the stakeholder engagement affects the managing measures:</b> Guaranteeing product quality, providing information in alignment with customers' needs, strengthening product safety, and establishing credibility through the independent laboratory accreditation.		
Sustainable Development Strategy	Appeal mechanism and the corporate governance evaluation by TWSE. <b>Goal:</b> To comply with local laws and international standards and to protect stakeholders' equity <b>Procedures for Goal Tracking:</b> Complying with local laws and international standards and cooperating with the policies of the competent authorities. <b>Whether the stakeholder engagement affects the managing measures:</b> Protecting stakeholders' equity and defending company reputation		
Ethics and Integrity	Internal audits, Sunshine/Appeal Mailbox, Corporate Sustainable Development Mailbox, and Corporate Governance Evaluation by TWSE. <b>Goal:</b> To create a well company culture with an emphasis on honest operations and ethical behaviors. <b>Procedures for Goal Tracking:</b> "Guidelines for Operating in Good Faith" and "Rules Governing Code of Ethics" <b>Whether the stakeholder engagement affects the managing measures:</b> Emphasizing honest operations and ethical behaviors and creating a well company culture		
Supply Chain Management	Accordance with the assessments on quality, prices, environment, safety, and sanitation, the Supply Chain Sustainability Management Principles and the suppliers sustainable development. <b>Goal:</b> To build a solid partnership in supply chains, reduce risks, and enhance efficiency. <b>Procedures for Goal Tracking:</b> Monitoring supply-demand changes and market information, focusing on material supply, establishing supplier evaluation system, assuring the qualification of suppliers, proceeding with partnerships, reducing risks, and enhancing efficiency in cooperation <b>Whether the stakeholder engagement affects the managing measures:</b> Maintaining partnerships in supply chains to ensure a stable supply that meet the quality requirements, reduce supply risks, and increase efficiency in cooperation.		
Communication with Stakeholders	Identifying the sustainability issues concerned by stakeholders and the issues of the impact on the stakeholders whom are affected by the operational activities of the Company; simultaneously reviewing our own process of development while communicating with stakeholders in order to reach the goals of sustainable development. <b>Goal:</b> To respond stakeholders needs with the P-D-C-A management model. <b>Procedures for Goal Tracking:</b> Formulating sustainable development strategies, identifying risks and opportunities, and communicating with stakeholders via annual meetings to ensure risk management and crisis handling and to protect company image. <b>Whether the stakeholder engagement affects the managing measures:</b> Reviewing risks and opportunities and ensuring risk management through the P-D-C-A management model; and maintaining the company image as well as sustainable development through communication with stakeholders.	The evaluation results indicate an excellent issue management.	Tel for Complaints (03) 3646655 #81152 · #81300  Sunshine/Appeal Mailbox (speak-up@alechem.com)
Risk Management	The Audit Department prepares the Company's annual audit plans based on risk assessment. The risk assessment takes Aleees' overall operating environment, controlling environment, and transaction patterns into consideration, assesses the degree of impact from various potential risks, and conducts regular and irregular audits of the Company's internal control system. The results of the audits are reported to the Audit Committee and the Board of Directors in order to implement the internal control and auditing system and to assist the Board of Directors and the management in ensuring the achieving of goals. <b>Goals:</b> To have a solid risk assessment and controlling mechanism, and to assure the accomplishing of goals. <b>Procedures for Goal Tracking:</b> The Audit Department prepares the Company's annual audit plans based on risk assessment, takes Aleees' overall operating environment, controlling environment, and transaction patterns into consideration, and conducts regular and irregular audits of the Company's internal control system, and risk management and crisis handling. The Sustainability Committee constructs the action plans of climate change. <b>Whether the stakeholder engagement affects the managing measures:</b> Actively reviewing the Company risks and opportunities and perfecting the risk management and crisis handling to achieving the long-term risk management objectives.		Corporate Sustainable Development Mailbox ( <a href="mailto:ESG@alechem.com">ESG@alechem.com</a> )
Talent Attraction and Retention	We set the working goals for Company's overall performance indicators (KPI), for departments (KPI), and for employees (DPI) at the beginning of every year, which then are assessed at the end of each year. A 4 to 12-month annual performance bonus shall be distributed when both the Company KPI and Department KPI are met. By practicing the open performance and appraisal system, we fulfill the performance management, effectively triggering the connection between goal achievements and performance bonus for employee. <b>Goals:</b> To attract excellent talents to the Company. <b>Procedures for Goal Tracking:</b> Formulation of department KPI, professional and functional trainings, comprehensive learning courses. <b>Whether the stakeholder engagement affects the managing measures:</b> Providing comprehensive trainings and opportunities for development so as to attract outstanding talents.		
Products and Services	Carrying on customer satisfaction survey annually <b>Goals:</b> In October, 2022, Aleees TW and a major European lithium battery manufacturer officially signed a contract of LFP cathode material licensing. We continue to strengthen the quality control and increase customer satisfaction as well as the competing capability in markets. <b>Procedures for Goal Tracking:</b> Procedures for quality handling, information feedback system, and the DMAIC method of the Six Sigma <b>Whether the stakeholder engagement affects the managing measures:</b> Carrying on customer satisfaction survey regularly for constant improvement and best services.		
Energy Management	Pushing for energy-saving projects, accomplishing 1% of annual power-saving rate, and internally taking initiatives to increase efficiency in resources. <b>Goals:</b> To actively save energy and reduce carbon, release environmental loading, and reach 1.05% of annual power-saving rate in 2022. <b>Procedures for Goal Tracking:</b> Performance indicators for self-dependent energy, planning on energy saving projects, setting of energy saving goals for the long run, and 1% of annual power-saving rate <b>Whether the stakeholder engagement affects the managing measures:</b> Promising to take its core abilities as the foundation to mitigate air pollution and accomplish the goals of energy saving and carbon production.		
Training and Education	Post-class examination and evaluation mechanism are used to measure the effectiveness of the courses. Those who fail shall be guided and tested once again until they pass. <b>Goals:</b> To cultivate employees' skills and management ability; and to set up "Salary Management Measures" to implement reasonable and fair salary and encourage employees on the improvement of their professional skills, such as the bonus distributed along with foreign languages (e.g. TOEIC and JLPT) and professional certificates. <b>Procedures for Goal Tracking:</b> Four major focuses: General Functional Training, Management Functional Training, Professional Functional Training, and Self-development; and organizing various professional trainings corresponding to the operating goals of the Company and the needs of departments. <b>Whether the stakeholder engagement affects the managing measures:</b> Providing comprehensive learning courses to cultivate employee skills and ability of management.		
Customer Service	The specifications, performances, and precautions for usage of cathode material products provided by Aleees are listed in the Certificate of Analysis (COA) and Material Safety Data Sheet (MSDS) for customers to understand the safe operating methods of the products. Through customer satisfaction and complaints, we proceed with feedbacks and understand the reasons behind. <b>Goals:</b> To provide specifications and precautions for safe usage and to increase customer satisfaction. <b>Procedures for Goal Tracking:</b> Understanding customers' demands by the product information listed in the documents and via the helpline; and performing customer satisfaction survey as well as feedbacks from complaints to keep improving our services and maintain customer relationships. <b>Whether the stakeholder engagement affects the managing measures:</b> Non-stop communication with customers and satisfaction surveys to ensure that products meet customers' demands, customer satisfaction is increased, and customer relationship is strengthened.		





 **4** **Supply Chain Management and**  
**Customer Service** 



# 4 Supply Chain Management and Customer Service

## Vision and Policy

### Common Commitments Between Aleees and Suppliers

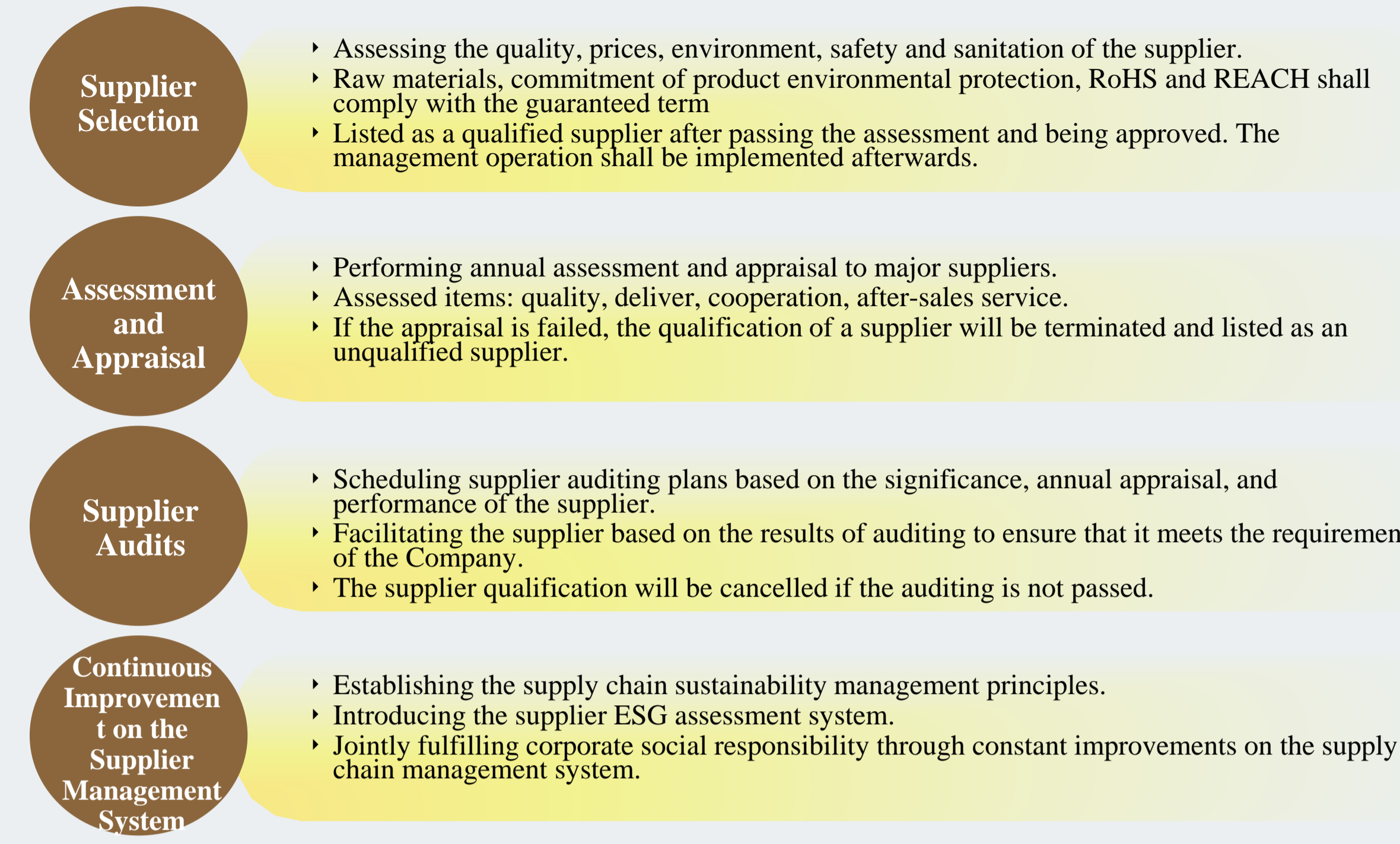
- Observing all environmental protection and occupation safety and sanitation laws and regulations.
- Implementing environmental protection and occupation safety and sanitation management system as well as employee training.
- Concentrating on development and adopting energy saving products to cope with 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.

### Major Accomplishments in 2022

## 4.1 Supply Chain Management >

Vendors in the supply chain are the important operating partners for the growth of Aleees. The number of suppliers that we have cooperated with in 2022 was 6% of material suppliers, 12% of equipment suppliers, and 82% of services suppliers and suppliers of other categories. Through 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 processes.

Type of Supplier	Material Supplier	Equipment Supplier	Service Supplier	Other Supplier
Definition	Primarily phosphate acid, lithium salts, and iron and production auxiliary materials, such as fructose. The supplier for lithium salts is one of the top 3 merchandisers in the world. Iron suppliers is the biggest iron merchandiser in Northern Europe.	A relevant manufacturer who provides equipment required during the production process or controls temperature conditions in the environment.	A manufacture who provides techniques, spare parts, consumables, gas, and technical advising indirectly related to production.	A manufacturer who provides routine maintenance, lab test samples, and services that cannot be classified to the three types above.
Ratio of Procurement Amount	6%	12%	43%	39%

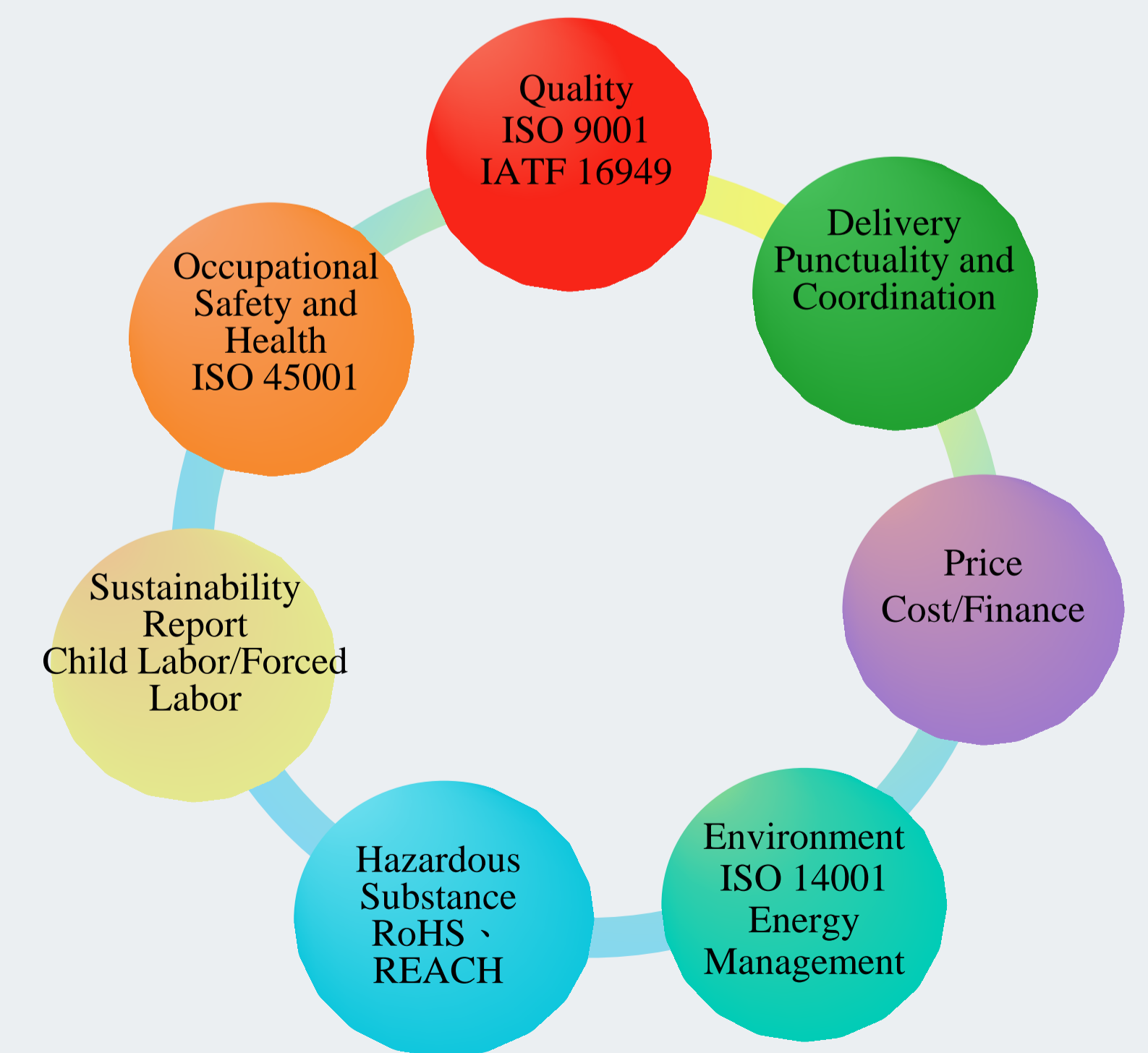


## New Supplier Evaluation and Selection

The selection of a new supplier for raw materials requires accordance with various assessments of quality, prices, delivery, environment, safety and sanitation. Also, in order to become a supplier of Aleees, one shall meet the criterion based on the labor-employment relations and the occupational safety and health with the ESG evaluation mechanism as an assistance tool. Currently, new suppliers are being filtered by the standards of "Environment" and "Society". Vendors who are ISO 9000 and ISO 14001 certified are prioritized for selection. A supplier for raw materials was added in 2022, who did not have any situation of material or potential negative impact on both the environment and the society. Aleees upholds the idea of "Human Sustainable Living and Eco-friendliness" as the Company purpose and corporate citizen responsibility. In the supply chain system, the Company endeavors to take any action that is helpful to cope with global warming, to reduce the dependency of oil, to lessen the burden to the environment, and to decrease the risks of occupational safety and health. We are aggressively seeking for good strategic partners to equip the supply chain for sufficient capability in jointly developing the technologies needed by products in the next generation and, therefore, efficiently providing better products for customers and increasing the cost effectiveness.

### New Supplier Evaluation

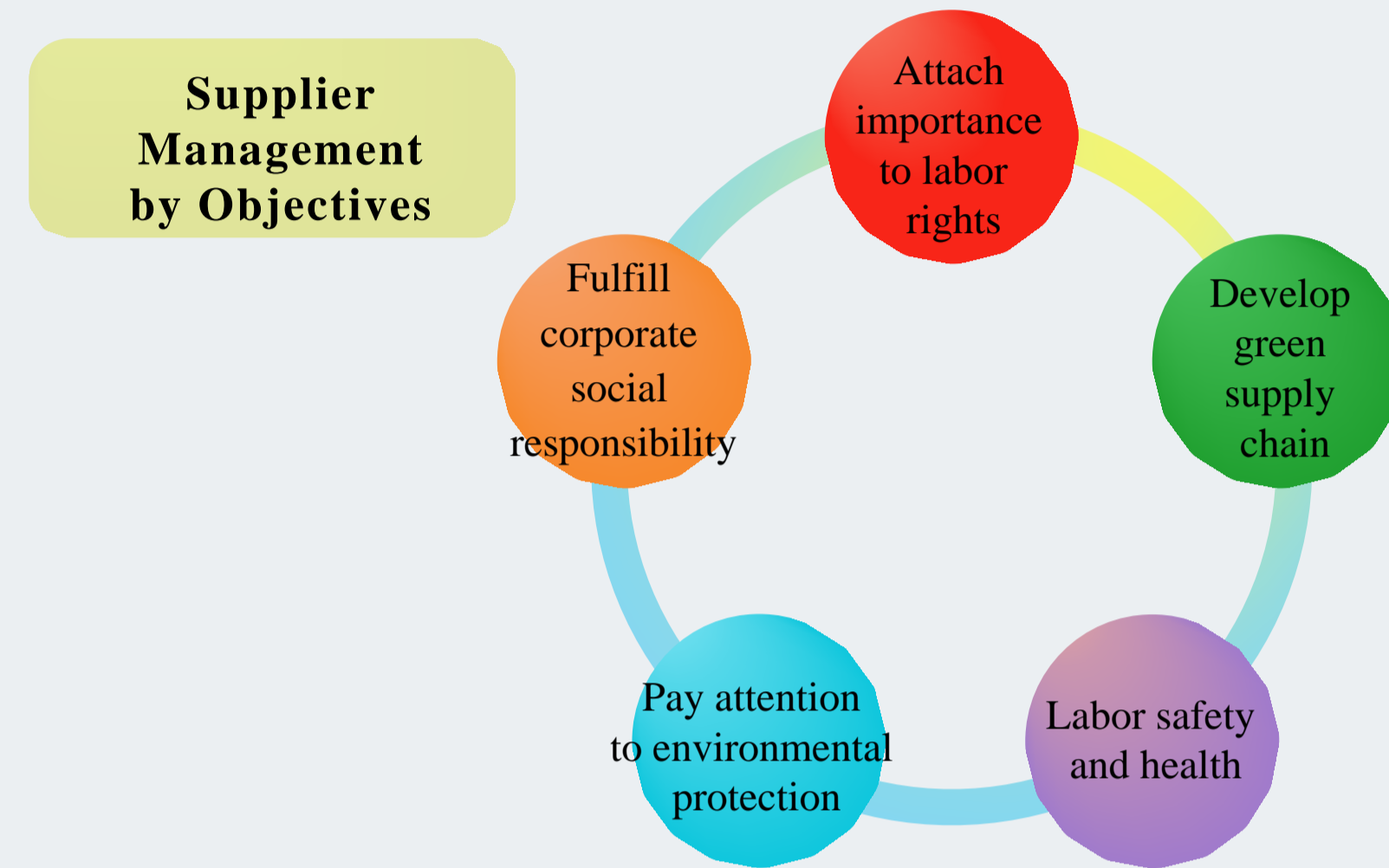
ESG Evaluation	Assessed Item	Number of Assessed Supplier	Percentage
Environment	ISO 14001	1	100%
	Energy Management	1	100%
	Hazardous Substance Management	1	100%
Social	Sustainability Report	1	100%
	ISO 45001	1	100%
	Child Labor	1	100%
	Forced Labor	1	100%





### 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 company itself to the entire supply chain. Regardless of the position in the supply chain, everyone shall always bear the responsibility. Aleees used to only control suppliers' quality, delivery, and materials used in products. Now, to extensively take the lead in facilitating suppliers' participation in social responsibility, Aleees formulated the "Measures for the Sustainable Development of Suppliers" in 2016 to jointly adhere to the promises on labor's rights, labor health and safety, honest business and ethics, and environmental protection, and to promote the balance as well as sustainable development in economy, society, and the ecology. Aleees promised to continuously improve the supply chain management system.



### Continuously Improving the Supply Chain Management System

A key factor for Aleees to move towards the globalized market is to continuously improve the management of supply chain. In the face of the global market with various sectors, Aleees' principle of supply chain sustainable management includes that 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. The Company also encourages suppliers to protect natural resources and to be responsible for the environment by avoiding the use of hazardous substances. We firstly send out questionnaires to suppliers in investigation of their measures in economy, environment, and society and then perform evaluations accordingly. From 2015 onwards, we have introduced the mechanism of supplier sustainable development assessment. As of 2022, a total of 3 suppliers were included in the evaluation. Through our relentless efforts in improving the supply chain management system, Aleees acquaints suppliers with our respect in corporate sustainable development as well as environmental safety system in hope that suppliers upgrade their performance measures and collectively attain corporate social responsibility.

### Aleees Sustainable Development Management Structure

#### Rating for Supplier Sustainable Development

Object	Management Item	Rating Practice
<ul style="list-style-type: none"> <li>Suppliers of raw materials</li> <li>Supplier of packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>Economic – price, quality, ISO 9001, delivery, coordination</li> <li>Environmental – ISO 14001, emergency response, hazardous substance, greenhouse gas (GHG), energy management</li> <li>Social – ISO 45001, fire safety, labor's rights, child labor, occupational safety and health, ethical regulations, sustainable development</li> </ul>	<ol style="list-style-type: none"> <li>Execute supplier questionnaire</li> <li>Return supplier performance status</li> <li>Assess and review results</li> </ol>

### Results of the 2022 Suppliers Corporate Sustainable Development Evaluation

The supplier evaluation table is divided into three aspects, economy, society, and environment. The economic aspect includes the status of ISO 9001, delivery, and coordination. The environmental aspect reviews on the corresponding measures of ISO 14001, emergency response, and the introduction of hazardous substance. The social aspect focuses on level of compliance with ISO 45001, fire safety, labor's rights, child labor, and sustainability report.

The suppliers evaluated this time all met the economic standards. A majority of the suppliers reached the environmental standards. Some of the suppliers were not qualified for the social standards due to small scales or nature of agency traders; nonetheless, they did not have significant or potential negative impact in the environmental and social aspects. It is a first phase for the evaluation on the representative of suppliers in order to understand the status of sustainable management of the vendors in the supply chain. Subsequently, it will be continuously defined as the annual assessment. The evaluation scores will be included in the annual supplier evaluation. The rewards and punishments measures will be taken based on the evaluation results.

Sustainability Index Evaluation	Assessed Item	Number of Firms	Standards Compliant
Economic	ISO 9001	3	3
	Delivery	3	3
	Coordination	3	3
Environmental	ISO 14001	3	3
	Energy Management	3	3
	Hazardous Substance	3	3
Social	Sustainability Report	3	1
	ISO 45001	3	2
	Child Labor	3	3
	Forced Labor	3	3

Note: Firm that are in smaller scales or are agency traders have not yet facilitate a management system, to which the Company have actively promoted.

### Future Rewards and Punishments Measures Taken Based on the Evaluation Results of the "Supplier Rating Assessment Table" are as following:

Most of the suppliers met the criterion of economic, environmental, and social aspects and scored above 80, among which two suppliers scored 100 and three scored 70. Suppliers that did not score more than 80 are mainly because they have not launched a management system due to small scales or nature of agency traders according to the Company's evaluation. In terms of environmental and social aspects, this type of suppliers did not have incidents of forced labor, child labor hiring, and fines for violation of prohibited use in hazardous substance and of environmental protection laws in 2022. No assistance measures or improvement plans are necessary to be executed as of yet after evaluation.

Score	Rewards and Punishments Mechanism
90~100	Increasing the amount of annual orders or may consider inspection exemption
80~89	No rewards nor punishments
60~79	Executing supplier assistance measures and improvement plans
59 and below	Terminating supplier qualification and notifying to make improvements within a limited time period. Evaluations shall be conducted after improvements. Those who pass the evaluations may then become the qualified suppliers once again.

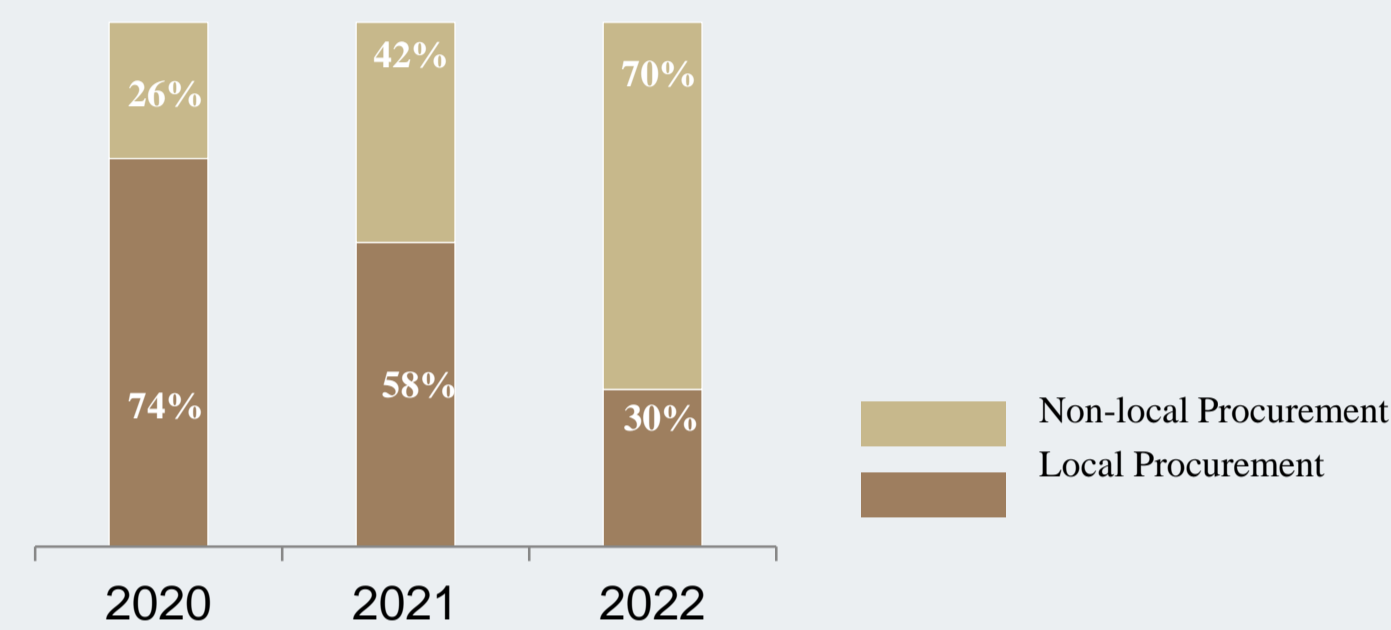


## Taiwan Procurement

Suppliers are important partners for the operations of Aleees. By adopting the Taiwan purchasing strategy, we are able to reduce the energy consumed by shipping various raw materials as well as the emission of greenhouse gases and improve the efficiency of resource usage. It also helps the economic development of the country where the material is purchased from. Over the years, the amount of raw material, subcontracting, consumables and equipment purchased from the local suppliers by the Company's production base in Taiwan was averaged to over 50%.

Aleees' achievement rate of local procurement made in Taiwan in 2022 was 30%, a decrease of 28% comparing with 2020. The main reason is that the ordering demands increased, resulting in an increase in the non-local materials procurement.

**Taiwan Procurement Percentage** (amount in percentage)



## Green Procurement

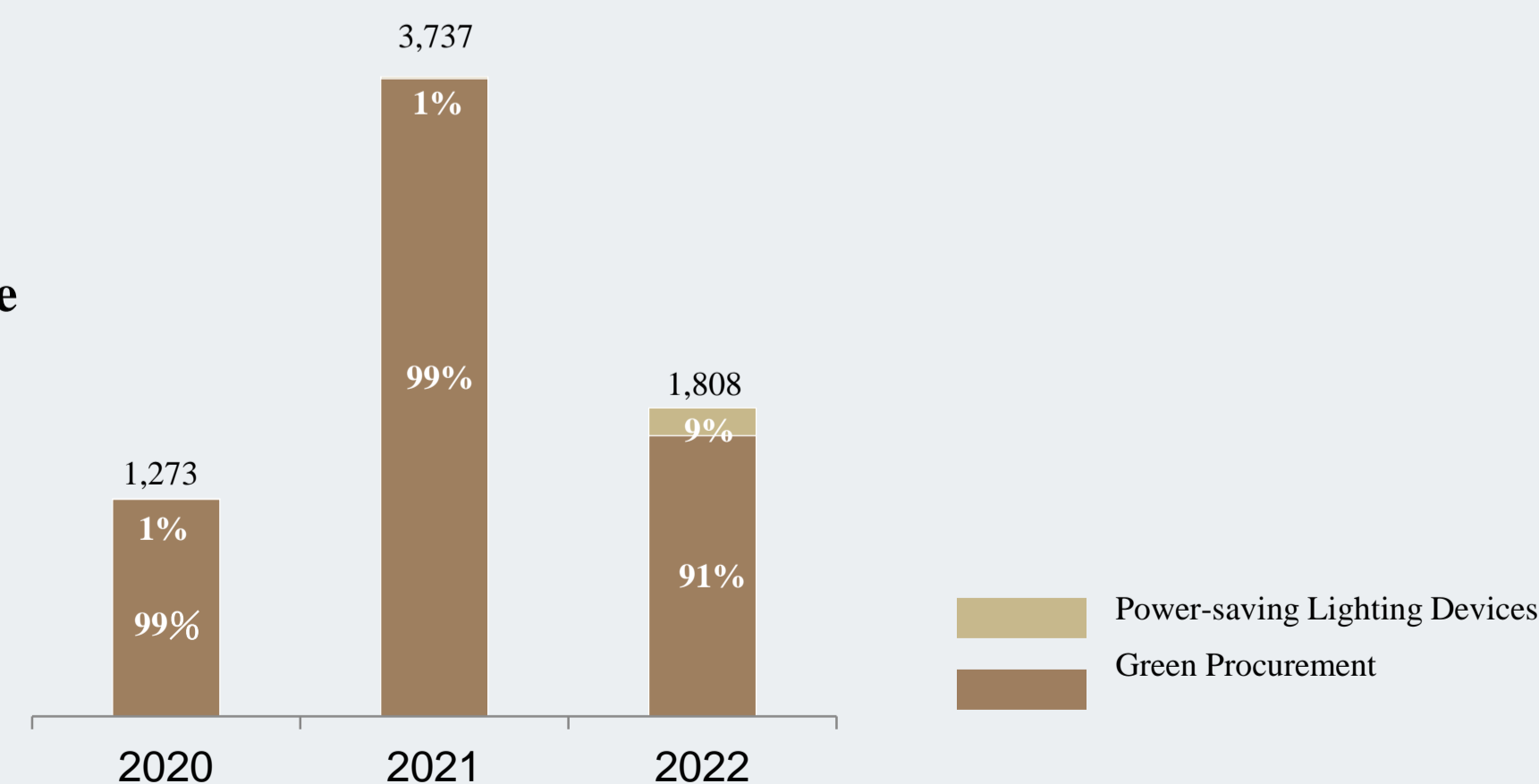
Green procurement is one of the sustainability issues that Aleees places importance on. Apart from implementing green procurement measures, we hope to exert an influence on the supply chain to follow. As we continue to respond to the green trends of environmental protection in 2022, a high volume of total green procurement is maintained and drastically increased.

### Measures for Green Procurement

#### ◇ Using products with energy-saving labels and green marks:

- Setting up LED power-saving lighting devices to enhance the efficiency in lighting system.
- Renting environmental-friendly photocopiers, utilizing recyclable photocopier paper to reduce environmental impact. The consumption on photocopier paper is gradually decreasing year by year as the Company has fully used electronic forms.

**Green Procurement Percentage**  
(Amount in percentage)



Note: Green Procurement is the percentage of green marks; whereas Power-saving Lighting Devices is the percentage of energy labels.

Unit: NT\$ thousand

Item	Category	Explanation	2020	2021	2022
Green Procurement	Photocopier paper	Recycled paper with green marks	2	19	27
	Usage of green packaging/packaging materials (cartons and pallets)	Recyclable	1,227	3,669	1,575
	Recycled tissue paper/wiping paper	Dissolvable	43	57	70
	Upgraded equipment system and setup of variable-frequency drive	Enhancing efficacy	-	-	-
Power-saving Lighting Devices	Lighting tubes and devices	LED	1	10.8	163.7
<b>Total</b>			<b>1,273</b>	<b>3,756</b>	<b>1,835</b>

#### ◇ Recycling and Reusing of Supplier Packaging Materials:

- The consumables of raw materials used in production (barrels and tanks) are recycled by suppliers to decrease the costs of new purchasing and reduce the generation of wastes. Approximately 430 barrels were consumed in the purchasing of raw materials in 2022, in which NT\$430 thousand of barrel costs were saved.

Unit: NT\$ thousand

Item	2020	2021	2022
Recycling of Packaging Consumables (Barrels and Tanks)	270	440	430

#### ◇ Upgrading the Efficiency of Equipment System :

- Using equipment or setting up variable-frequency drive to enhance efficacy, minimize damages, and lowering expenditures in electric bills.

#### ◇ Routinely Inspecting Electricity Equipment:

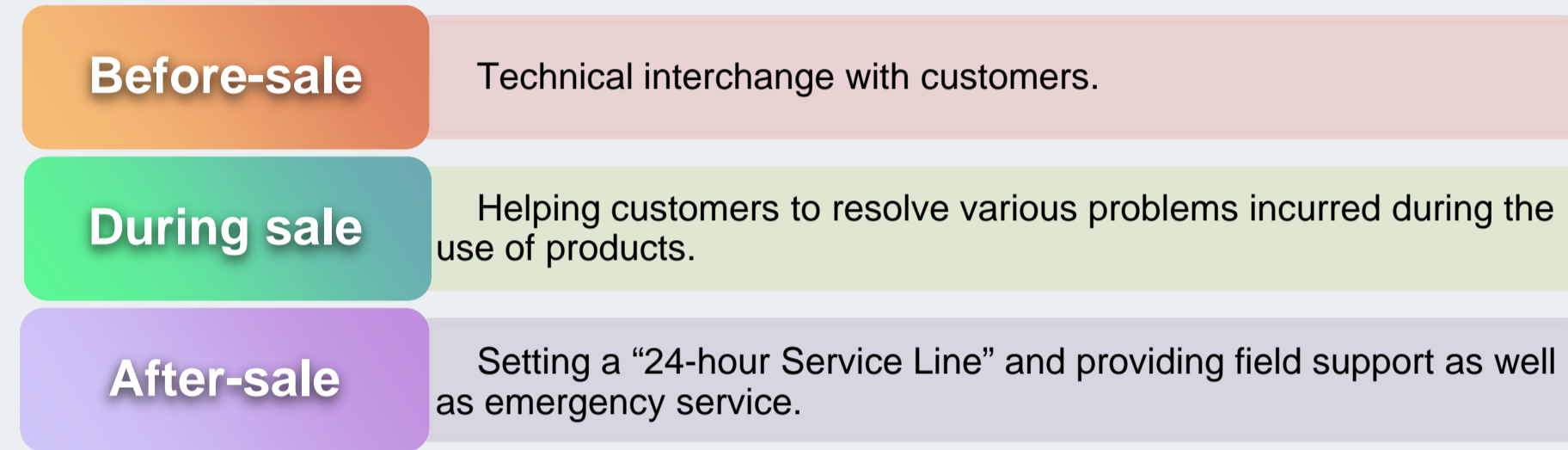
- Inspecting and maintaining equipment on a regular basis to ensure electrical safety and reduce power consumption caused by inefficiency.
- Calculating the optimal contract capacity to lower the expenditures in electric bills.



## 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.

### Aleees Products and Services

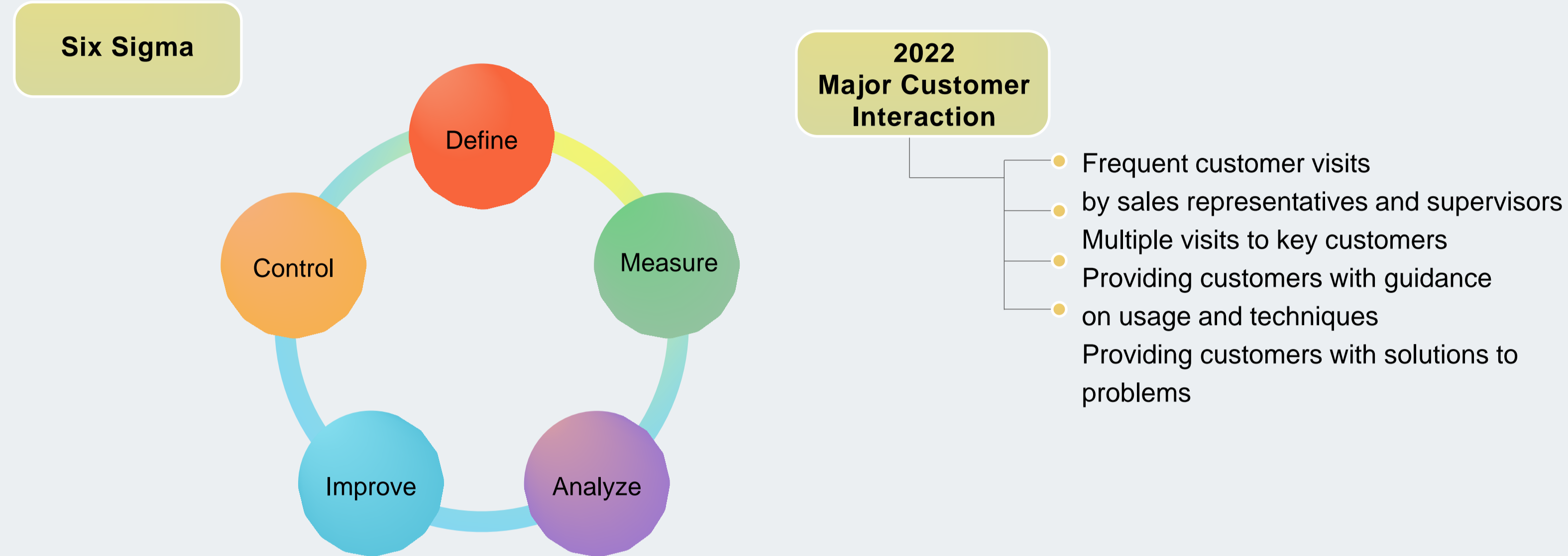


Respecting and understanding customers, Aleees is their friend and partner forever. We also insist on providing the products and services that exceed the expectation of customers. We provide customers the necessary technical support or on-site technical guidance, assist customers to diagnose problems, and empower customer products and technology an advantageous dominance through non-stop innovation on R&D techniques. Through the integration of the various resources in the supply chain, we help customers seek their customers and sustain a long-lasting cooperation.



With our starting point from customer service, profound insight in the market demands, unremitting pursuit in details, Aleees' services have always stayed ahead of the curve. Having thorough R&D teams and technical support groups, we build a perfect service team for customers, which empowers Aleees' further development and growth. We have relentlessly made efforts in product quality, technical support, and after-sale services, endeavoring to research and develop steadier, safer, more environmentally friendly, and high effectiveness products for customers.

Aleees utilizes the improvement method of the Six Sigma, which is Define (D), Measure (M), Analyze (A), Improve (I), and Control (C), to continuously sharpen product quality, reduce cycle period, increase productivity, improve production capacity and manufacture output, minimize defect rate, and boost product credibility as well as customer satisfaction.

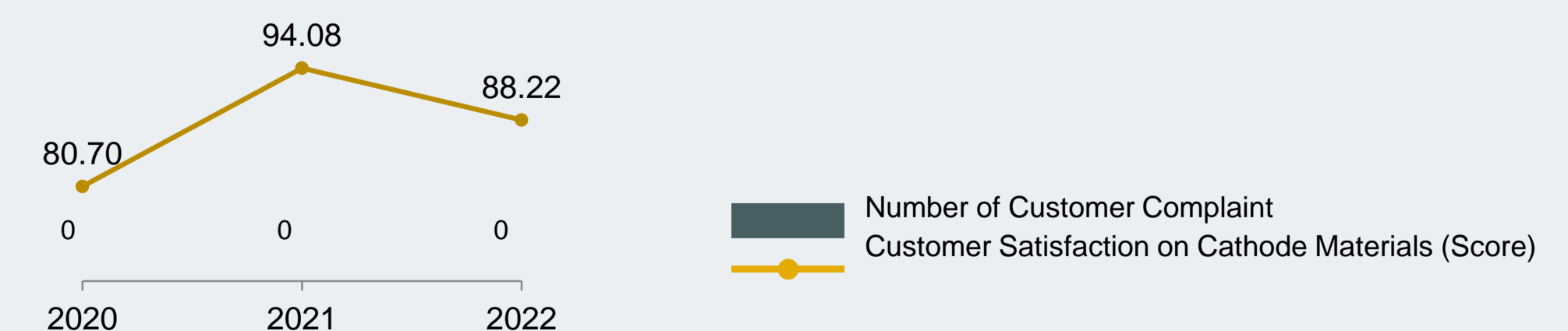


### Customer Satisfaction

In order to satisfy customer's dynamic needs and to create values for them, Aleees' regional sales representatives take 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". A review meeting will be held after the data is compiled. Aiming at the dissatisfying items, the Company requests the associated departments to come up with the solutions for improvement and offers timely feedback regarding the suggestions from customers to maintain a long-term and good cooperative relationship with customers.

Aleees performs the customer satisfaction survey annually, including the professionalism and attitude of business representatives, quality, technical support, delivery, and after-sales services, to make constant improvements targeting the opinions and recommendations raised by customers. We are committed to provide customers the best service to attain customers' trust and loyalty.

The level of customer satisfaction in 2022 scored 88.22, a decrease comparing with the 94.08 in 2020. The main reasons are that a delayed delivery occurred due to material fluctuation in 2022 and a malfunction occurred due to spacers found in products. Nonetheless, Aleees is highly recognized by customers for its stability and consistency of the overall products. The good quality handling process and the information feedback system are key to Aleees' growth. Whenever customers raise questions, the system is able to quickly trace all detailed parameters within the production, effectively capture every possible cause, adopt the DMAIC approach, allow the team of improvement to improve the quality, prevent repetitive product malfunction, and as a result, enhance product quality.







## 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 especially protects and controls intellectual property and confidential business information. We have specified the rule of business competition avoidance and the management procedures and measures for the trade secrets and business-related confidential information. In 2022, the Company conducted trainings and advocacy to employees more than 19 person/time and performs non-scheduled inventory and audits on trade secrets.

Employees in Aleees are liable to keep the confidentiality regarding the learned organization operation, business, customer's confidential information, and business secret during the working period. 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 the punishments 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. Benefits received accordingly 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 complaint was filed by customers regarding the invasion of privacy and the loss of data during the period of this report. There was no complaint regarding the invasion of privacy and the loss of data in 2022. All customer information has been appropriately secured to prevent data breach. Customer inquiries and requests have been responded to in a mission-oriented manner.





# 5 Employee Welfare and Development



# 5 Employee Welfare and Development

## Vision and Policy

A company cannot run by itself without people. However, it is the quality but not quantity that makes a company survive sustainably. "Enhancing the quality of people" is the core development in our human resources. We cultivate talents and characters from various aspects. A talent is expertise and skills; whereas a character is moral quality. We foster ethics and social care of employees from human souls and behaviors.

### 5.1 Human Resources >

The statistics of this report is based on the main operations of Aleees TW and Aleees SH. Up to the end of 2022, the total number of employees is 153. Currently there is no labor union yet. The employment agreements were signed by all employees to protect employees' rights of work. Aleees completely adheres to the Labor Standards Act and does not hire child labors.

#### Aleees' Manpower Structure in 2022

Category		Number of People		Percentage		
		Male	Female	Male	Female	
Company Name	Number of Employee	113	40	100%	100%	
	Contract Type	Full-time	112	40	99%	35%
Part-time		1	0	1%	0%	
Aleees TW	Employee of the Company	30 years old and below	16	13	14%	12%
		31-50 years old	89	25	79%	22%
		51 years old and above	8	2	7%	2%
Contract Type	Full-time	0	0	0%	0%	
	Part-time	0	0	0%	0%	
Aleees SH	Employee of the Company	30 years old and below	0	0	0%	0%
		31-50 years old	0	0	0%	0%
		51 years old and above	0	0	0%	0%

New Employees	30 years old and below	10	6	62.50%	61.54%
	31-50 years old	26	7	29.21%	28.00%
	51 years old and above	3	0	37.50%	0%
Departed Employees	30 years old and below	4	3	25%	23.07%
	31-50 years old	14	4	15.73%	16%
	51 years old and above	0	1	0%	50%

Note: Ratio of New Employees and Departed Employees: Number of new/departed employees for the current period (minus number of new employees for the current period who left the Company during the same year) / Total number of employees at the end of the current year. The calculation is based on gender and age, respectively.

Note: Number of new employees - Number of departed employees for the current year  
 Note: Number of departed employees - Number of new employees for the current year

#### Ratio of Local Residents Employed as Senior Management in 2022

Factory	Local		Non-local		Total		Regardless of Gender
	Male	Female	Male	Female	Male	Female	
Taiwan	100%	100%	0%	0%	100%	100%	100%
China	0%	0%	0%	0%	0%	0%	0%

Note: Senior Management refers to the managerial level and above.

At the end of each year, the head of each department is obligated to examine the manpower needs for the following year based on the goal of business operation, annual operation plan, and the overall development. After evaluating the deployment of current manpower, they then submit request for necessary personnel. The human resource department will disclose the job vacancy information via various channels of employment and commence recruitment. The recruitment procedure is based on the fair, just, and open principle in selecting the appropriate talents in order to find the right person for the right position. Aleees hires employees according to experience and expertise and does not consider differently on the basis of political party, race, gender, gender orientation, and marital status. The percentage of new employees was 3.23% in 2022, in which no incidents of violation of human rights or discrimination occurred when hiring employees.

#### Non-employee Workers

Through our company operations in 2022, Aleees has demonstrated our promise in the ESG values. We strive for the creation of values in Taiwan and the practices of the mission through diverse cooperation. In terms of non-employee workers, we coordinate closely with dispatched workers, cleaning staff, security guards, and contractors/suppliers with a co-existence and co-prosperity spirit to build an economic ecosystem of multiple cooperation. Not only does it ensure the smooth management of our work, but also embodies our care in social values. In the meantime, we pay close attention to the salary level of non-workers and ensure their participation in our mutual efforts under reasonable conditions. The process not only displays our respect for diversified values, but also our commitment towards co-existence and co-prosperity.

No.	Non-employee Worker	Total Number of People in 2022	Type of Work Performed	Name of Contract	Whether the Remuneration is Higher than the Minimum Wage
1	Dispatched Personnel (Note 1)	397	Performing the works relevant to production at the production unit	Manpower Dispatching Contract	The remuneration for services is provided in accordance with the contract, in which the contract offer is calculated on a monthly basis. Therefore, the remuneration is higher than the local minimum wage (NT\$25,250) for the current year (2022) based on based on result of the total remuneration per year divided by the number of people per year.
2	Cleaning Personnel (Note 2)	14	Performing cleaning duties of the factory premises	Cleaning and Maintenance Entrusted Contract	
3	Security Guard (Note 3)	2	Performing the access security management of the factory premises	Security Guard Service Standard Form Contract	
4	Contractor/Supplier	The number of workers contracted by the Company may be adjusted due to the initial stage, the construction progress, and acceptance. Therefore, it is not easy to gather the statistics of the manpower range.	Carrying out the requests proposed by each units, the procurement unit sources the services or works provided by contractors and suppliers through procurement procedures.	Purchase Requisition/Supplier Contract	Contractors are project-oriented and their working hours in the factory are not fixed. Therefore, contractors are not considered the executors with significant proportion in performing organizational activities.

Note 1: The total number per year is calculated by the total number of dispatched persons at the end of each month times 12 months.

Note 2: The requirement per day is 14 persons according to the contract.

Note 3: The requirement per day is 2 persons according to the contract with a shift system of 10 hours per shift.



## Industry-academia Collaboration

Aleees has always dedicated itself to the industry-academia collaboration with national universities and colleges that conduct research and development on lithium batteries. Apart from providing resources to academic departments for prospective development on lithium battery technology, we assist them through industry-academia collaboration in cultivating professionals in lithium battery technology. Meanwhile, we also arrange enterprise visiting projects with academic units to acquaint students with the Company development, benefit students in their future careers, increase students' willingness of on-boarding the Company after graduation, and expand the recruitment channels of the Company. A total of 1 industry-academia collaboration project was on-going in 2022. The teams in execution include National Taiwan University of Science and Technology and National Taiwan University.

## 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, provide the care and inviting to stay, and propose internal job rotating opportunities.

Since 2018, Aleees has been actively adjusting and transforming according to the layout of customer markets, deployment of manpower in R&D goals, and the renovation of factory in order to meet the advanced products of customers, We also promote and set annual KPI goals, which come with a performance bonus upon achieving. We are honored to have signed supply agreements with important overseas customers in 2019. In terms of remuneration, we have launched a bonus mechanism to encourage employees in sharpening their foreign language abilities and planned various remuneration mechanisms of technical and functional skills.

In continuance of 2021, Aleees promotes the goals of product quality enhancement and expansion of overseas customers in Europe, the U.S., Japan, and Korea. While facilitating the growth of employee skills, we maintain employee stability. With the COVID-19 pandemic easing in 2022, the planning of the remuneration mechanism for employee professional certificates, and the improvement in work environment, the overall turnover rate in 2022 was 16.99%. In the future, Aleees will make more efforts in the working environment and conditions for employees to reduce the turnover rate.

## 5.2 Employee Welfare >

Employees are always the biggest assets of Aleees. We hope to attract superior talents through a market competitive salary system to join our team. We also endeavor 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 and jointly move towards the goal of success.

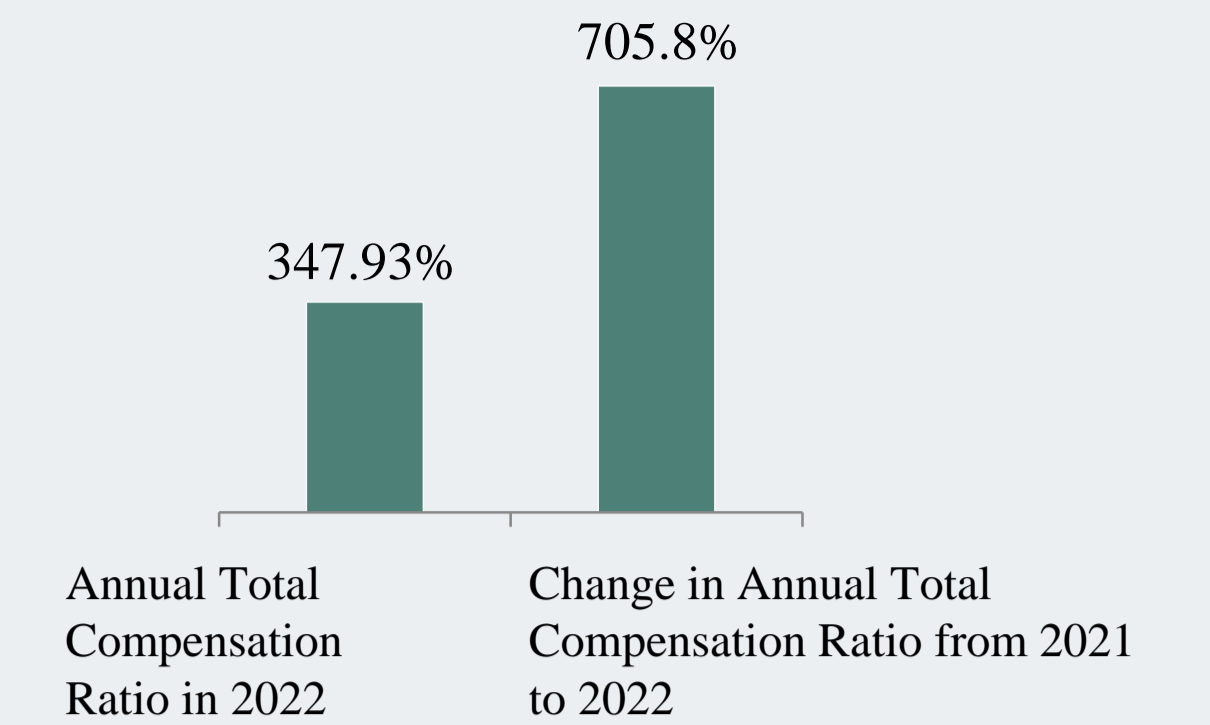
## Remuneration System

The salary scale of Aleees is based on educational and working backgrounds, professional knowledge and skills, individual performance, and prevalent market rate. There is no different treatment in terms of gender, race, religion, politics, and marital status. The starting salary ratio for both female and male is 1:1. Moreover, the starting salary of new comers is higher than the regulatory basic wage. The ratio of basic personnel and the local minimum wage is 1:1. Aleees actively participates in enterprise salary surveys conducted by public and private sectors 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. It is difficult to find the associated professional talents in the market. Therefore, it is required to offer a salary scale better than the market rate. However, the talents in this profession with enriched experience and engineering background are mostly male, resulting in the gap of the salary scale between the genders.

## Disclosure of the Annual Total Compensation Ratio

- Annual Total Compensation Ratio in 2022: 347.93%
- Change in Annual Total Compensation Ratio from 2021 to 2022: 705.8%



Note 1: The annual total compensation ratio = Annual total compensation for the organization's highest paid-individual / Median annual total compensation for all of the organization's employees (excluding the highest-paid individual)

Note 2: The change in the annual total compensation ratio = "Percentage increased in annual total compensation" for "the organization's highest-paid individual" / Median "percentage increased in annual total compensation" for "all of the organization's employees excluding the highest-paid individual"

Note 3: The calculation is based on the on-the-job employees in 2022 (excluding personnel that is on leave without pay, newly joined in the current period, and departed).

Note 4: The calculation of the change in annual total compensation ratio is based on the on-the-job individuals throughout 2021 and 2022.

Category of Position	Male	Female	Ratio of Basic Re munerat ion of Fe male to Male	Ratio of Basic Re munerat ion of Fe male to Male	
				Male	Female
Aleees TW	Professional Level	2.10	2.34	1.11	
	Technical Level- Indirect Employee	2.49	2.19	0.88	
	Technical Level- Technician	2.20	1.74	0.79	
	Management Level/Basic	2.71	-	No female basic level manager	
	Management Level/Middle	2.95	2.32	0.79	
	Management Level/Senior	4.34	4.08	0.94	

Note 1: All employees are permanent employees. There are no temporary employees nor employees without guaranteed hours. All employees are full-time except for one part-time employee. The abovementioned is in accordance with the employment contract. The number of employees is calculated by the number of full-time and part-time employees exported from the human resources system. The record date was December 31, 2022, of which the number of employees is taken for calculation.

Note 2: The total amount of salary (remuneration, excluding overtime and bonus) is the calculation basis of the salary disclosure in this report.

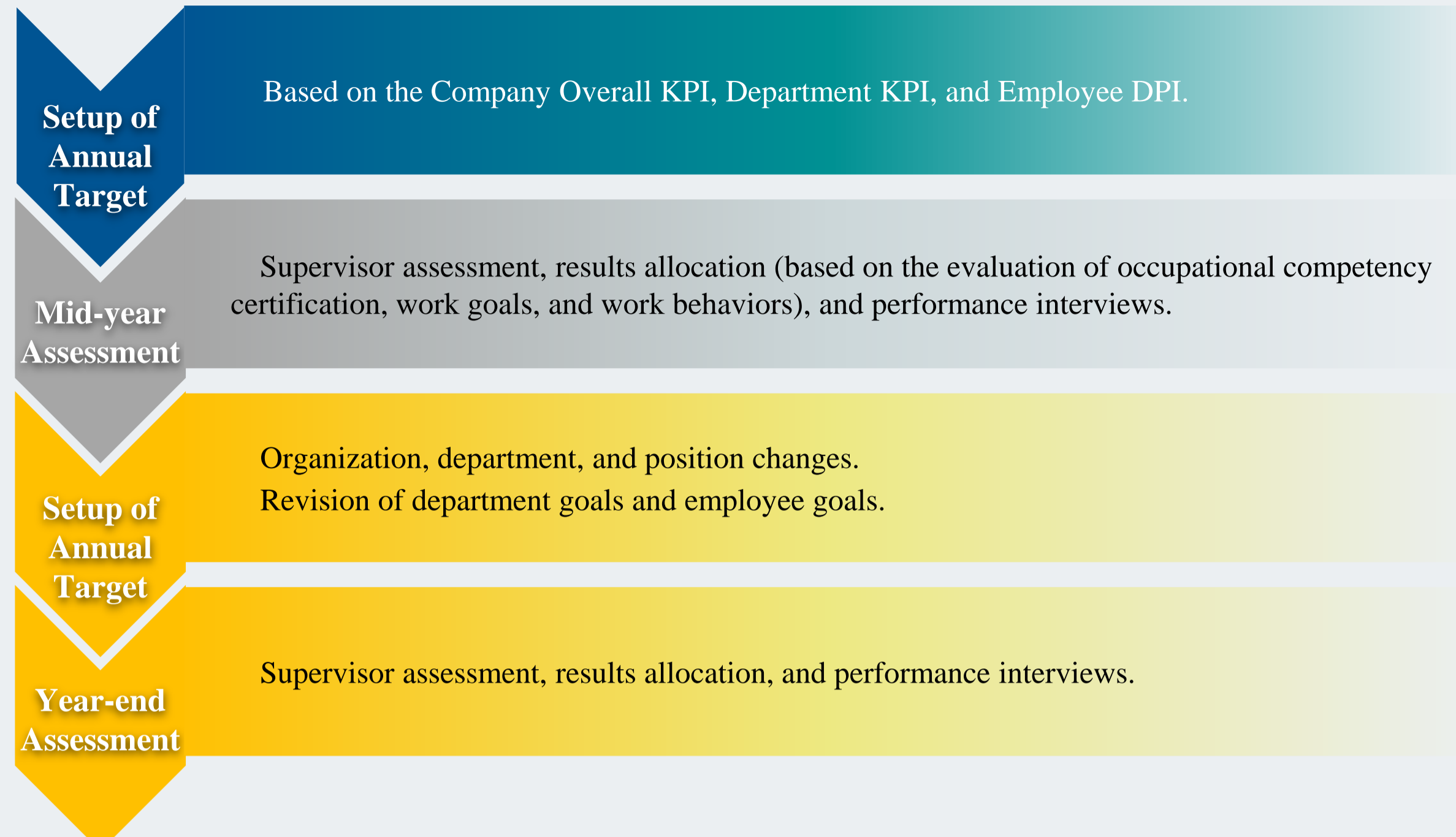
Note 3: The minimum wage (NT\$25,250) for 2022 of Taiwan Labor Standards Act is the base.

Note 4 : Ratio of basic salary of women to men was calculated as the male being base 1.

## Performance Management

Aleees has formulated the "Management Procedures of Performance and Appraisal" to set the goals of "Company Overall KPI, Department KPI, and Employee DPI" and to conduct evaluation at year end. Department KPI is the major goal for the department this year. A performance bonus worth 2-6 months will be provided upon achieving the goals. The performance and appraisal system is used to implement performance management and effectively motivate employees to reach goals and associate it with performance bonus. The Department KPI is calculated separately from the bonus received by the Company Overall KPI. Regardless of gender and age, we hope to combine the Company's overall operating goals, department goals, and employees' work goals through the procedures of performance management and use them as the basis of the assessment and feedback for employee annual performance as well as the basis of the employee training development.





**Percentage of Employees Receiving Regular Performance Reviews in 2022**

Gender	Male		Female	
	Number of People	Percentage	Number of People	Percentage
Total Number of Employees	112		41	
Technical Level – Direct Personnel	30	26.79%	0	0%
Technical Level – Indirect Personnel	34	30.36%	15	36.58%
Management Level – Direct Employee	31	27.68%	13	31.71%
Professional Level – Indirect Personnel	17	15.17%	13	31.71%

Gender	Male		Female	
	Number of People	Percentage	Number of People	Percentage
Total Number of Assessed Employees	101		38	
Technical Level – Direct Personnel	30	100%	0	0%
Technical Level – Indirect Personnel	34	100%	15	100%
Management Level – Direct Employee	30	96.77%	12	92.31%
Professional Level – Indirect Personnel	7	41.18%	11	84.62%

Note 1: Technology - Direct Personnel receives work performance assessment monthly.

Note 2: Direct personnel receives work performance assessment monthly; whereas indirect personnel receives KPI performance assessment annually. The evaluation includes all permanent employees (excluding employees who fail to pass the assessment during probation period and who serve the Company for less than three months).

Note 3: Percentage of Performance Assessment: Number of assessed employees of each category (minus the employees who fail to pass the assessment during probation period and who serve the Company for less than three months) / Total number of assessed employees. The calculation method is based on gender and the occupational category of the performance assessment.

Note 4: The number of male Professional - Indirect personnel being assessed is lower mainly because the number of employees, who are new and have served for less than three months, is higher.

**Leave System**

Aleees offers a leave plan that is better than its competition and the Labor Standards Act. In addition to offering various leave days to the employees in accordance with the law, new employees after three months of employment shall receive a probational assessment and shall be given 3 days of annual leave after half year of employment. In the event when an employee encounters the situation of childcare, military service, or having catastrophic illness that requires a long leave, he/she may apply for unpaid leave and request to resume the post afterwards.

- Natural Disaster Leave**
  - According to the announcement by the department of personnel of city governments in which the Company locates or the employees reside
  - Paid full salary
- Pregnancy Checkup Accompaniment and Paternity Leave**
  - When an employee accompanies his/her spouse for pregnancy checkups or such spouse is in labor, the employee shall be granted eight days off.
  - Paid full salary
- Pregnancy Checkup Leave**
  - All female employees may apply for pregnancy checkup leaves during the gestation period in accordance to the laws. Leaves may be applied separately in hours provided that the application is completed prior to birth-giving or miscarriage. Leaves overdue shall not be granted. Paid full salary.
- Menstrual Leave**
  - All female employees may apply for a one-day menstrual leave every month, which shall not be included in the 30-day sick leaves.
  - Paid half salary
- Maternity Leave**
  - A maternity leave before and after childbirth for a combined period of eight weeks shall be granted.
  - Pregnancy:
    - In the case of a miscarriage after being pregnant for more than three months, the female employee shall be granted a maternity leave for four weeks.
    - In the case of a miscarriage after being pregnant for over two months and less than three months, the female employee shall be granted a maternity leave for one week.
    - In the case of a miscarriage after being pregnant for less than two months, the female employee shall be permitted to discontinue work and shall be granted a maternity leave for five days.
  - Paid full salary.
- Recuperation Leave**
  - When pregnant employees are diagnosed by a physician as needing to recuperate, their leave-taking and wage during the period of medical treatment, care, or recuperation, shall be included in the hospitalized sick leaves in accordance with the regulations of sick leaves.
- Family Care Leave**
  - For the purpose of taking personal care for family members who need inoculation, who suffer serious illness or who must handle other major events, employees may request family care leaves. The number of this leave shall be incorporated into leave with personal cause and not exceed seven days in one year.



## Unpaid Parental Leave

With respect to the needs of parenting, the employee can apply for unpaid leave before the baby is three years old. The longest period of leave is two years. Based on the number of employees who took parental leave during 2020 and 2022 and were still on the job in 2022, there were 1 male and 1 female employees entitled for the unpaid parental leave in 2022. Upon completion of the unpaid parental leave, the Company provides related training courses for such employees to familiarize themselves with the current situation of the positions in order to ensure a smooth resumption of post.

Item	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
(Current Year) Total Number of Employees Entitled for Parental Leave for the Current Year	3	2	5	0	1	1
(Current Year) Total Number of Employees Actually Utilized Parental Leave	0	2	1	0	1	1
(Current Year) Number of Employees Applying for Reinstatement of Unpaid Parental Leave A	0	1	1	0	0	0
(Current Year) Number of Employees Reinstated from Unpaid Parental Leave B	0	1	1	0	0	0
(Previous Year) Number of Employees Reinstated from Unpaid Parental Leave C	1	0	0	1	1	0
(Previous Year) Number of Employees Worked for One Year Since Reinstatement of Unpaid Parental Leave D	1	0	0	1	1	0
Annual Reinstatement Rate (B/A)	0	100%	100%	0	0	0
Retention Rate (D/C)	100%	0	0	100%	100%	100%

Note 1 : Annual Reinstatement Rate = (Current year) Total number of employees who actually reinstated after unpaid parental leave B / Total number of employees who apply for reinstatement after unpaid parental leave A X 100%

NOTE 2 : Retention rate = (Previous year) Total number of employees retained for one year after reinstatement from unpaid parental leave D / (Previous year) Total number of employees who actually reinstated after unpaid parental leave C x 100%

## Insurance and Retirement Plan

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 work safety and life of employees. Our Company also offers an optional self-paid family member group insurance to employees, extending the protection to the family. The social insurance for employees in China are provided in accordance with the respective local laws.

Aleees appropriates pensions for employees based on the respective local retirement system. The Company accurately calculates pensions each year by hiring professional accounting consultants to ensure the appropriation of sufficient funds and protect employees' right of receiving pensions in the future.

### Pension Scheme

Region	Pension Plan	Pension Contribution as Proportion of Compensation	Employee Participation in Pension Plan
Taiwan	New pension scheme <sup>1</sup> Personal pension account	Employer 6% Employee 0% ~ 6%	100%
China	Endowment insurance <sup>2</sup> (employee account)	Employer 21% Employee 8 %	100%

Note 1: New Pension Scheme : Employers monthly contribute 6% pension to employees' personal pension accounts. Employees may contribute 0%~6% to individual retirement accounts by choice.

Note 2: Please refer to the Annual Report of the Company for the relevant expenditures and expenses of employee welfare.

Aleees routinely discloses the status of employee welfare expenditures at Shareholders' Meetings and Annual Reports. In 2022, the employee welfare expenditures of Aleees was NT\$235,670 thousand; the recognized pension cost was NT\$6,220 thousand. Aleees injects appropriate resources in employee welfare to facilitate employee retention as well as talent recruitment.

## Human Rights Management

In the "Employee Code of Practice" and "Rule for Sexual Harassment Prevention" Aleees has explicitly stated the protection of human rights. In addition to clearly stating the prohibition of the use of child labor, the Company shall not discriminate or unfairly treat job applicants or employees to based on their race, religion, political party, sex, age, marriage, appearance, physical or mental disability when recruiting, screening, hiring, appraising, or promoting. In 2022, there was no appeal or legal matter related to human rights, nor was there hiring of child labor who did not meet the minimum age of employment. Furthermore, the Company holds courses on human rights advocacy to enhance the awareness of employees on human rights.

In addition to the requirements of the basic laws and regulations, the "Employee Code of Practice" of the Aleees clearly stipulates the protection of human rights including the freedom of employment, the humanitarian treatment, non-discrimination, and sexual harassment prevention. We also organize training courses on human right annually for newly-hired employees to acquaint them with their rights as well as the policies and measures of corporate social responsibility.



- I. No one shall sexually harass others.
- II. Say NO to sexual harassment.
- III. Report immediately in case of sexual harassment.
- IV. Be more considerate to make the society in harmony.



## Human Rights Policy

Employees are our most important assets. Respecting human rights and creating a dignified working environment are crucial to us. Therefore, the entire management level of the Company unanimously agree to comply with “The United Nations Universal Declaration of Human Rights”, “The United Nations Global Compact”, “The United Nations Guiding Principles on Business and Human Rights”, the “ILO Declaration on Fundamental Principles and Rights at Work”, the “Guidelines for Multinational Enterprises on Responsible Business Conduct” by the Organization for Economic Co-operation and Development, and the local laws and regulations of our operating locations to formulate and update human rights policies. We also implement human rights policies in accordance with the following management plans and execution policies.

### 1. Human Rights Assessment

Issue	Management Measure	Mechanism
Diverse Inclusion and Equal Opportunities	<ul style="list-style-type: none"> <li>The “Employee Code of Practice” specifies a working environment that prohibits discrimination as well as harassment and offers an equal appointment.</li> <li>The “Sexual Harassment Prevention Committee” was established and the prevention measures, grievances and disciplinary points, and handling procedures were formulated.</li> </ul>	<ul style="list-style-type: none"> <li>Established a specific hotline for discrimination.</li> <li>Sexual harassment complaint mailbox.</li> </ul>
Excessive Working Hours	<ul style="list-style-type: none"> <li>The “Employee Code of Practice” specifies the working hours and the extended working hours.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing the restrictions on overtime.</li> <li>Conducting the application and scheduling of transformation working hours through labor-management meetings.</li> <li>Improving excessive working hours through adjustments of manpower and organization.</li> </ul>
Healthy and Safe Workplace	<ul style="list-style-type: none"> <li>In order to prevent occupational disasters and to protect the safety and health of employees, the Company formulated the “Regulations of Employee Health Protection”.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly implementing occupational safety education and trainings, physical and mental healthy assessments, and improvement plans.</li> <li>Set up an automatic external defibrillator (AED) in workplace.</li> <li>Implementing physical examinations and regular health checkups for employees.</li> </ul>
Freedom of Association	<ul style="list-style-type: none"> <li>The “Employee Code of Practice” specifies the establishment of the “Employee Welfare Committee” for employees’ rights on social activities.</li> </ul>	<ul style="list-style-type: none"> <li>The Employee Welfare Committee organizes unscheduled socializing activities and encourages employees to participate.</li> </ul>
Labor-management Negotiation	<ul style="list-style-type: none"> <li>Regularly holding labor-management meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Established the communication channel via email.</li> <li>Conducting employee opinion surveys.</li> </ul>



### 2. Risk Mitigation Measures and Educational Trainings on Human Rights

We promise to ensure a safe working environment for employees and suppliers, respect and dignity to personnel, promotion on environmental protection in operations, and adherence to ethics by the following actions:

Mitigation Measures	Contents and Procedures
Due Diligence on Human Rights	Based on the industry features and strategy of operation development, the Company regularly conducts risk assessments on human rights issues, incorporates external expectations, communicates with stakeholders, and identifies important human rights issues and high-risk groups. Additionally, the Company has a risk due diligence process in place and promotes the mitigation measures as well as the management goals.
Training Program on Human Rights Protection	<p>Practices on Education and Training</p> <ul style="list-style-type: none"> <li>Providing relevant regulations and announcements during new employee trainings, including the prohibition of forced labor, anti-discrimination, anti-harassment, working hours management, and the protection of humanity treatment.</li> <li>Providing course on sexual harassment prevention.</li> <li>Implementing bullying prevention in the workplace.</li> <li>Providing a complete series of occupational safety training, such as fire-fighting, emergency response, first-aid, general safety and health, factory safety.</li> </ul>
Legal Employment	Prohibiting the employment of child labor. Hired employees shall provide proof of identity for Company inspection.



Company Anti-corruption Propaganda



New Employee Orientation

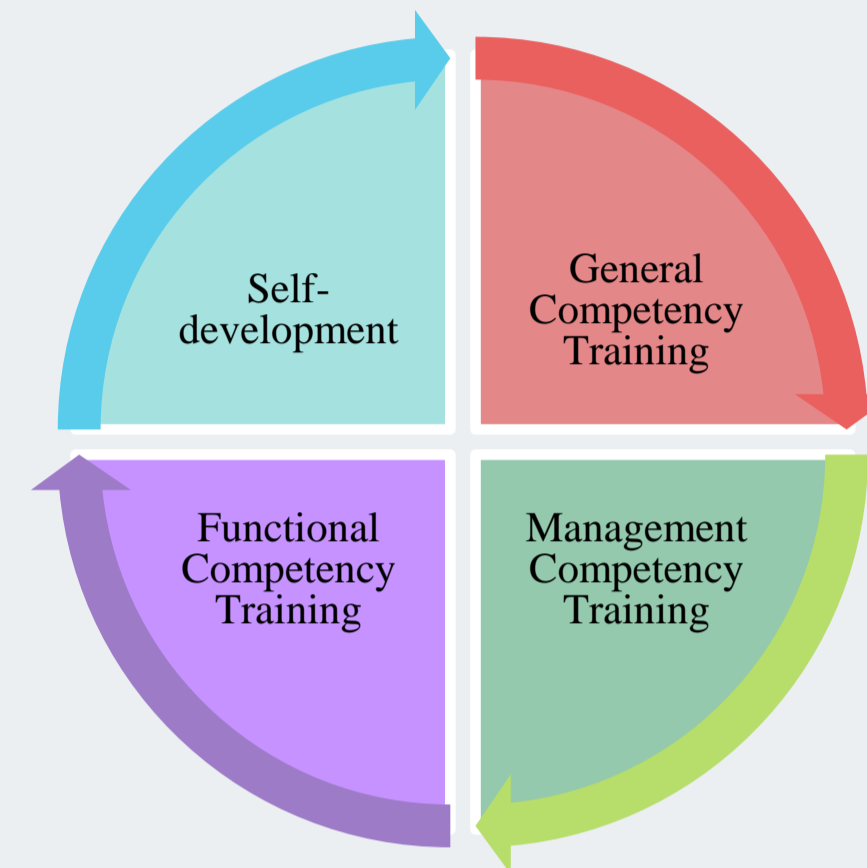


## 5.3 Training and Education >

### 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 in facing challenges, Aleees provides diversified and enriched learning resources, closely integrating company visions, departmental goals, and talent development of employees. Through the adoption of learning-oriented organization, the Company reaches the goal of continuous learning for employees.

#### Four Major Parts of Aleees' Learning Map



- **General Competency Training:** The overall educational training implemented to equip employees with the basic knowledge, skills, and abilities in accordance with the laws and to allow employees to jointly learn and grow along with the company visions and goals. The training includes courses on occupational safety and health, emergency response, quality systems, and information systems.
- **Management Competency Training:** The training that equips employees with the knowledge, skills, abilities, , personality, and level of competence required to handle managerial works. The training includes courses on basic supervisor training, mid-level supervisor training, senior supervisor training, training within industry (TWI), strategy development, communication skills, and internal lecturer training.
- **Functional Competency Training:** The training that helps employees effectively reach occupational goals and acquire specific professional abilities. The training includes courses on On-the-job Training (OJT), participation in projects, development of professional experts, and external professional training.
- **Self-development:** Individual professional development (including language courses and on-the-job trainings)

To assist new employees in familiarizing the working environment and the handling procedures and recognizing the operating philosophy as well as company culture, employees shall go through a 2-day new employees orientation commencing from the date of join. After joining the Company, a systematic educational training will be given to learn and develop targeting different occupational duties and levels.



IATF 16949 Automotive Quality Management System Standard Certification



Professional Course: Observing Market Development from the Perspective of Battery Supply Chain

Type of Personnel	General Competency Training			Management Competency Training			Functional Competency Training		Self-development
	Company Culture	Quality System	Others	Managerial Competency	Strategic Development	Others	OJT Training	OFF OJT Training	
Management	Senior Supervisors			Senior Management Training	Strategic Development Annual Business Analysis				Personal Advanced Study
	Middle Supervisors		<ul style="list-style-type: none"> <li>Information Security Courses</li> <li>Sexual Harassment Prevention</li> <li>First-aid Training</li> <li>Emergency Response Training</li> <li>Occupational Safety and Health Training</li> <li>Psychology and Health Talks</li> <li>Propaganda on Illegal Infringement</li> </ul>	Middle Management Training		<ul style="list-style-type: none"> <li>DISC Personality Traits Analysis</li> <li>Communication Skills</li> <li>Performance Management</li> <li>Time Management</li> <li>Team Leading</li> </ul>	Project Participation Work Agent Job Rotation	<ul style="list-style-type: none"> <li>Total Productive Management (TPM) Training</li> <li>Theory of Inventive Problem Solving (TRIZ)</li> <li>Certified Quality Technician (CQT) Training</li> <li>Certified Quality Engineer (CQE) Training</li> <li>Courses on SAP-TE RP International Certification</li> <li>Training for Educational Training Development Manager</li> <li>Training for Techni</li> </ul>	
	Basic Supervisors	<ul style="list-style-type: none"> <li>Company Culture</li> <li>Business Philosophy</li> <li>Company Product Introduction</li> </ul>	<ul style="list-style-type: none"> <li>The Six Sigma (GBI)</li> <li>Audit Training on ISO9001/14001 Systems</li> <li>Courses on IATF16949 Series (Five Core Tools and Internal Audits)</li> <li>QC Story</li> <li>Seven Basic Tools of Quality</li> </ul>		Basic Management Training (TWI)				
Non-management	Indirect Personnel								
	Direct Personnel						Department Professional Training (OJT Learning)		
New Employees	<ul style="list-style-type: none"> <li>About Aleees</li> <li>Step Into the Life of Aleees</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to Improve the Overall Quality System</li> <li>3Q6S : Quality</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Intellectual Property</li> </ul>				Department Professional Training for New Employees (OJT Learning)		

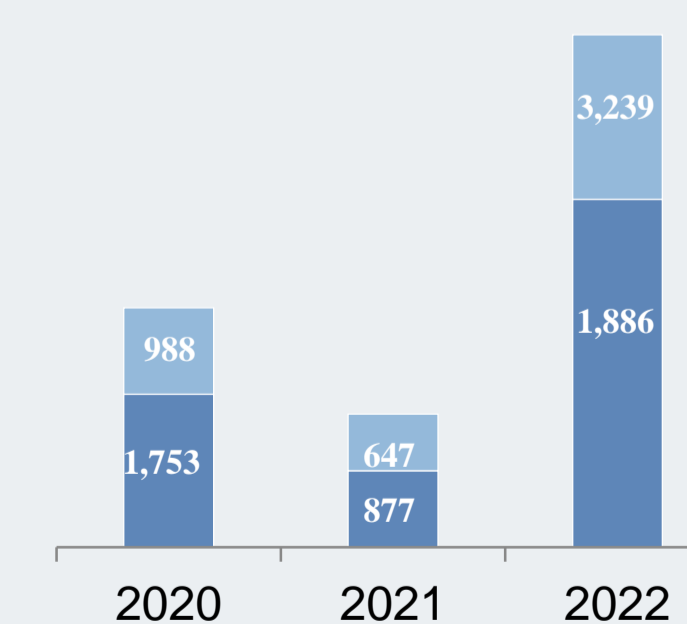
The total training hours of employees in 2022 was 5,867 (with 3,981 hours for male employees and 1,886 hours for female employees). The average training hour per person was 37.1 (with 35.2 hours per male employee and 41.9 hours per female employee).

#### The Average Training Hours per Employee per Year

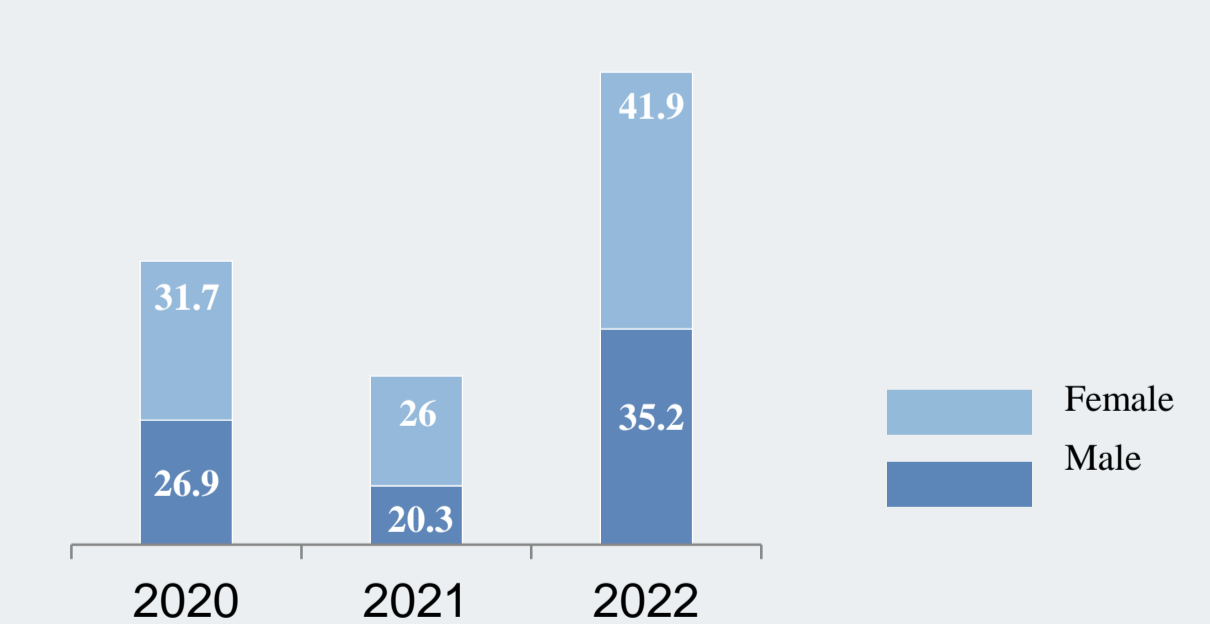
Educational Training	2020	2021	2022
Male	1,753	877	3,981
Female	988	647	1,886
<b>Total Hours</b>	<b>2,741</b>	<b>1,524</b>	<b>5,867</b>

Note 1: Our system does not categorize the occupational positions and the internal/external trainings.

#### Employee Training Hours (Hour)



#### Employee Training (Average Hour)





## Learning and Development Achievement

To ensure that the training courses are well learned, the employees shall be tested and evaluated upon completion of the courses for the measurement of the course effectiveness. In 2022, the number of employees trained was 1,701, with 1,658 employees qualified and 97.5% of qualification rate.

### ■ The Qualification Rate of Employee Training

Month of Courses	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Number of People Trained	0	30	47	210	546	206	167	184	17	67	213	14	1,701
Number of People Qualified	0	30	47	208	538	182	159	184	17	67	212	14	1,658
Target of Training Qualification Rate	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Actual Training Qualification Rate	100%	100%	100%	99%	98.5%	88.3%	95.2%	100%	100%	100%	99.5%	100%	97.5%

Note: All trainees passed the examinations once and for all.

At the end of each year, every department assesses the needs of functional competency training for the following year based on the goal of our company business operation, departmental key performance indicators, and departmental work duties. Meanwhile, the human resources department organizes management and general knowledge trainings in accordance with the company vision and strategy of operation and provides comprehensive learning courses to all employees in continuance of the cultivation as well as training of talents. Additionally, education and training required by various departments or specific teams are provided in response to the needs of the respective department and business.

### ■ Total Hours of Employees Trained in Diverse Courses

In addition to the professional training courses, employees are expected to take care of their physical and mental health except for their works. Hence, employee health forums are conducted routinely to improve their health and to build a friendly workplace.

To be able to create sustainable competitiveness and advantages as well as to enhance employee engagement and team-building, development in the potential, energy, enthusiasm, and influence of our partners at work need to be explored constantly. In 2022, the number of employees trained reached 1,701 person/time with the total training hours of 5,867, of which the expenses are fully covered by the Company. Through fostering talents with great potential, we enhance the core abilities and values of Aleees' employees.

Type of Courses	Number of People Trained	Number of Training Hours
Employee Health	66	300
Gender Equality	0	0
Courses on Sustainable Development	7	50
Professional Courses	1,407	4,959.5
Work Guidance	210	221.5
Carnegie	11	336
Total	1,701	5,867



Courses on the Seven Basic Tools of Quality



Professional Courses on QC STROY



Health Forum



Carnegie Courses Orientation



## 5.4 Occupational Safety and Health >

Aleees has been making a lot of efforts in improving the work environment in order to prevent occupational incidents from occurrence and to guarantee work safety for all employees (including all partners). We have established the Labor Safety and Health Committee to discuss safety and health plans (including education and training, work environment improvement measures, hazard prevention management, audits, contractor management, and health promotion) to safeguard the occupational safety and health system of the factory, maintain its effective operation, ensure factory activities, products, and services being compliant with the Occupational Safety and Health Act as well as relevant regulations, and provide employees a safe working environment.

### The Items Provided to Employees by the Company regarding safety and health are as follows:

- Conduct annual employee health checkups in accordance with the relevant laws and regulations.
- Arrange yearly training courses on safety and health.
- Carry out work environment inspection every half year.
- Take out accident and health insurance for employees.
- Establish responding procedures and precautions of disasters and emergencies, organize fire safety sessions and drills every half year, and hold regular meetings on safety maintenance.
- Establish "Rule for Sexual Harassment Prevention" and set up appealing channels to maintain order in workplace.

The Labor Safety and Health Committee comprises at least 7 individuals. Each department assigns a contact person to receive the information related to labor safety and health. The labor representatives can be ordinary employees or supervisors. Currently, the number of labor representatives is over one third of the total Committee members, which is more than the seats regulated by the law. The Committee holds a meeting in each quarter, discussing the safety and health plans of the factory including training, environment inspection, work environment improvement plans, hazard prevention management, audits, contractor management, and health promotion, to ensure the effective operation of the occupational safety and health system, provide a safe working environment, and guarantee work safety for all employees (including all partners). A total of 4 meetings were held in 2022. The important resolutions include the hiring of on-site medical practitioners, inspections of working environment, and setup of AED.

Item	Data
Labor Representatives (person)	5
Employer Representatives (person)	5
Proportion of Labor Representatives to Total Number of Committee Members	50%
Proportion of Labor Representatives to Total Number of Employees	3%

In order to reinforce the awareness and ability regarding safety and health of employees at basic level, and to mutually care the safety at work or in transit, apart from basic work safety courses, each department head undertakes monthly work safety training and announce work precautions and work safety advocacy at daily morning meetings.

Aleees has stipulated the "Handling Procedures for Emergency Response". In case of an abnormal incident, supervisors shall be notified firsthand and situations shall be resolved according to the SOP. If there is safety concern and the situation cannot be resolved immediately, the emergency response plan shall be initiated. Works may be resumed to the norm after the safety of all personnel is ensured. Upon solving an emergency incident, the General Manager shall convene a review meeting to propose policies to prevent reoccurrence and make them as the basis of the amendments to the emergency response plan.

Aleees encourages all employees to take the initiative to communicate and help others in a kind and fair manner. Also, we prompt employees to provide advices through weekly meetings, monthly meetings, or employee mailbox in order to build a friendly and safe work environment, cultivate the habit of safety for everyone and at any time, and create an injury-free workplace.



## Absence and Disability Injury

Aleees had 5 occupational accidents and 5 individuals injured from occupational accidents in 2022, accounting for 2.51% of the total employees. We have currently put warning signs and slogans on dangerous equipment and chemicals. Employees shall wear protective equipment as per the regulations when entering dust and noise operation sites. The Company also has the head of each department reinforce the propaganda on operational safety and regulations as well as the precautions of operating on equipment through daily morning meetings or department weekly meetings. Moreover, our occupational safety and quality control auditors conduct unscheduled audits and make records regarding the implementation status of the relevant safety regulations. The following table displays the statistics of the occupational accidents. The source of information is from the occupational injury on-line reporting system of Ministry of Labor, which calculates the frequency of disabling injury frequency rate and the disabling severity rate (the statistics include traffic accidents incurred on the way to work or home). In terms of injury on duty, the Company not only approves injury-on-duty leaves according to the relevant regulations and the actual situations, but also assists in the application for workers' compensation.

### Statistics of Absence Rate in 2022

Item	Work Injury		Sick Leave		Total	
	Female	Male	Female	Male	Female	Male
Absence Days	0	22	255	507	255	529
Absence Rate (AR)	0.00%	0.08%	2.28%	1.80%	2.28%	1.88%
Absence Rate (AR)	0.08%		4.08%		4.16%	

### Statistics Table of Occupational Accidents in 2022

Item	Female	Male	Other Workers Who
			Are Not Employed Labors
Frequency Rate FR	12.42	18.95	0
Severity Rate SR	12.42	80.54	0
Frequency Severity Indicator FSI	0.39	1.24	0
Occupational Disease Rate (ODR)	0.00	0.00	0
Lost Days Rate (LDR)	2.48	16.11	0

Note 1: Absence Rate AR = Total days of absence / Total work days \* 100%

(The days of absence include sick leaves, menstrual leaves, recuperation leaves, and injury-on-duty leaves.)

Note 2: Injury Rate IR = Occupational Accidents (number of cases) X 200,000 / Total person-work hours

Note 3: Occupational Disease Rate ODR = Total number of occupational disease / Total work hours \* 1,000,000

Note 4: Lost Days Rate LDR = Total days lost \* 200000 / Total person-work hours

Note 5: The abovementioned 1,000,000: per one million work hours

Note 6: Disabling Injury Frequency Rate FR = ( Person-case of disability × 1,000,000 ) / Total person-work hours

Note 7: Disabling Injury Severity Rate SR = ( Total days lost by disabling injury × 1,000,000 ) / Total person-work hours

Note 8: Frequency Severity Indicator FSI = ( FR×SR/1000 ) ^ 0.5

Note 9: The abovementioned 200,000 in Note 2, Note3, and Note 4: The ratio based on 50 weeks a year, 40 work hours a week, and every 100 employees.



## Safe Operating Environment

Year	Type of Workers	Total Days of Absence	Total Number of Work Injuries (Case)	Total Work Hours	Total Work Days	Total Lost Days	
2022	Employed Worker	Male	17	4	211,069	26,384	17
		Female	1	1	80,523	10,065	1
	Non-employed Other Worker	Male	0	0	40,528	5,066	0
		Female	0	0	0	0	0
<b>Total</b>		18	5	332,120	41,515	18	

Note: Most of the work injuries were the traffic accidents happened during employee commuting to and from work.

Although the work place of Aleees is not classified as a high temperature environment in accordance with the regulation, in order to protect workers while performing potentially risky jobs or jobs which may cause high probability of disease, warning signs are marked on the body of the high temperature furnace to warn off the touching by workers and cycling ice water are used for cooling. The employees of biotech department are required by the regulation to wear respirator, earmuffs, and protective goggles when entering 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 timing of using protective equipment/emergency responding facility in factory premises:

Protective Equipment		Emergency Response Facility
Ear Protection	Earplugs and earmuffs	Used when entering an operating workplace with excessive volume (85db as defined by the regulations).
Body Protection	Solvent resistant apron	Used when performing chemical operations.
Hand Protection	Solvent resistant long gloves	Used when performing chemical operations or handling emergency situations.
Foot Protection	Safety shoes	Safety shoes are to be worn when entering the factory premises.
	Solvent resistant protective boots	Used when performing chemical operations or handling emergency situations.
Eye and Face Protection	Solvent resistant goggles	Used when performing chemical operations or handling emergency situations.
	Safety protective goggles	Safety protective goggles are to be worn when entering the factory premises.
Respiratory Protection	Half mask respirator	Used when performing chemical operations, dust operations, or handling emergency situations (used along with canisters).

Aleees performs work environment inspections every half year to keep tabs on the actual conditions of workplace, to assess the status of workers' exposure, and to avoid harm to labors' health due to exposing to various dangerous factors at work, so that workers can work in a healthy and safe environment.

## Employee Health

Aleees especially values employee health. Daily inspections of PM2.5 are conducted at the factory premises, which is divided into six levels. Should there be any PM2.5 of areas reaching the red status and above, immediate reviews and improvements are made to safeguard a safe working environment for employees.

### Air Quality Index (AQI) and Effects on Health

Air Quality Index (AQI)	0~50	51~100	101~150	151~200	201~300	301~500
Effects on Health and Activity Suggestions	Good	Moderate	Unhealthy for Sensitive Groups	Unhealthy	Very Unhealthy	Hazardous
Status Color	Green	Yellow	Orange	Red	Purple	Ruby
Effects on Human Body	Good air quality; low or none pollution.	Moderate air quality; slight effects on a minority of extremely sensitive groups.	Air pollutants may affect the health of sensitive groups, but the impact on the general public is not obvious.	The health of every individual is affected. The health of sensitive groups may be affected more severely.	Health Alert: The health of every individual may be affected more severely.	Health threat has reached to emergency level. All individual may be affected.

Aleees annually entrusts medical institutions to conduct health checkups at the factory premises for all employees who have been with the Company for more than 3 months from the date of join. Targeting employees working at dust and noise operating environment, special health checkups are added. Aleees also provides subsidies for advanced health checkups and CT examinations for employees with more than 5 years of work experience in the Company to safeguard the health of all employees.

### Traffic Accidents from Employee Commuting

To avoid the occurrence of traffic accidents when employees commute to or from work, the department supervisors of Aleees remind their colleagues of the importance of traffic safety at weekly meetings. The occupational safety office prepares the dissemination posters of the defensive driving concept and post them at places, that are noticeable to employees on their way to and from work, in order to remind them of the adherence to safe driving.

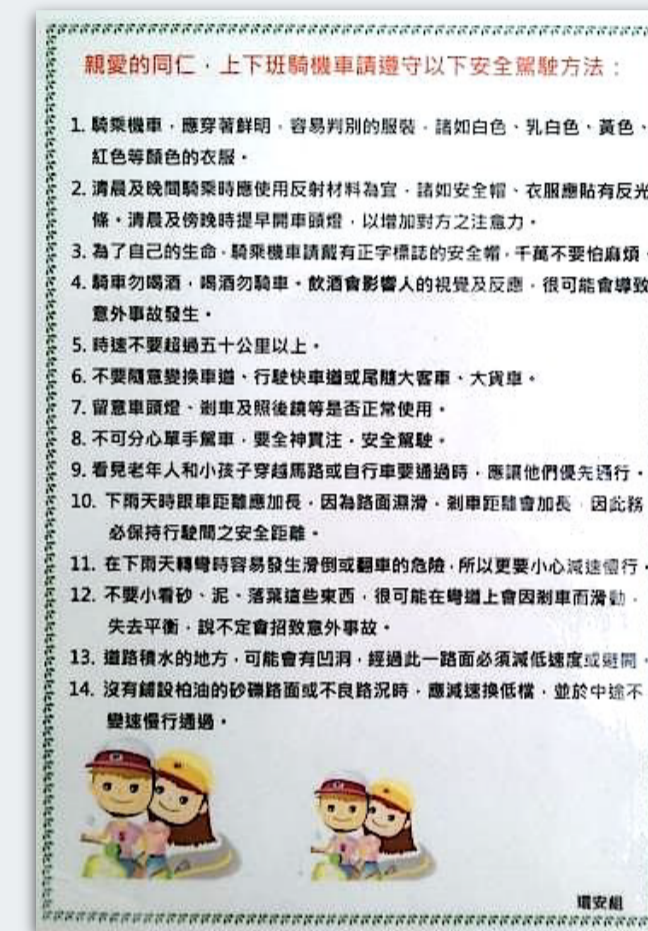


## Contractor Safety Management

With respect to the safety of all partners including suppliers, subcontractors, and contractors, Aleees adopts the same criterion as that of the internal employees in order to minimize injury. Aleees requires all contracted personnel scheduled to work in the factory to receive at least 3 hours of safety and health training and the notify-on-injury training, which is offered by the occupational safety staff of Aleees. They shall also sign and comply with the "Controlling Guide of Environmental Safety and Health of Contractors" stipulated by Aleees, making each and every contracted personnel working in the factory premises understand the Company's emphasis on their safety. Aleees has formulated the "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" to strictly regulate the wearing of safety protective equipment and all compliance matters when performing duties at the factory premises and to serve as the reference for safety education and training for employees and contractors.

### Controlling Guide of Environmental Safety and Health of Contractors

- Commitment of contract construction safety and health management
- Notice on hazardous elements in work environment
- Notice on construction practices and latent hazardous elements
- Hazard notifying staff attendance
- Guidance of permitting dangerous operation
- Latent hazardous elements and security measures prepared



Environmental safety training for contractors accessing the factory



The background is a gradient of teal colors, with a darker shade at the top and a lighter shade at the bottom. There are three white cloud icons: one at the top center, one on the left side, and one on the right side. A large white number '6' is positioned on the left side, followed by the text 'Environmental Sustainability' in a white serif font.

# 6 Environmental Sustainability



# 6 Environmental Sustainability

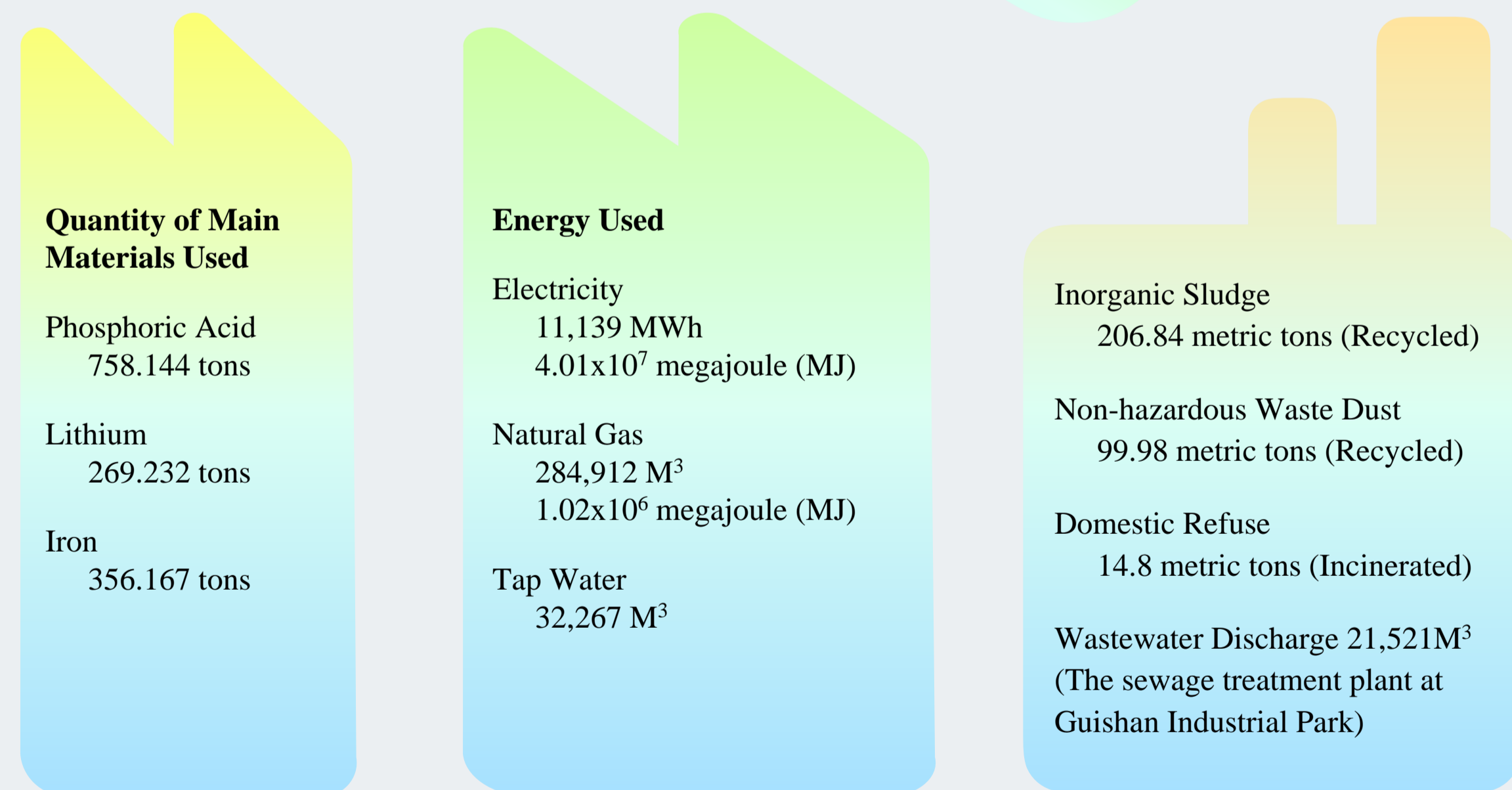
## Vision and Policy

With respect to the environmental sustainability management, Aleees concentrates on reducing the impact on the environment, undertaking environmental management, developing green products, and endeavoring to reduce the environmental footprints caused by our business operation. The Company promises to take its core abilities as the foundation to mitigate air pollution, respond to the challenges of climate change, strive for the creation of efficiency in energy saving and carbon production, and offer customers low-carbon materials as well as 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 the purpose of further reducing the burden on the environment, our Company takes the initiative to adopt measures that resources can be effectively utilized, including energy saving, water conservation, and waste reduction. The primary production base of Aleees is in Taiwan only. The main materials used are non-recyclable, from which the wastes generated are handled by qualified recyclable depots. The energy currently used in by the Company is outsourced. The relevant energy consumption is calculated according to the actual amount used and the standards of greenhouse gases emissions.

### Cathode Material Factory

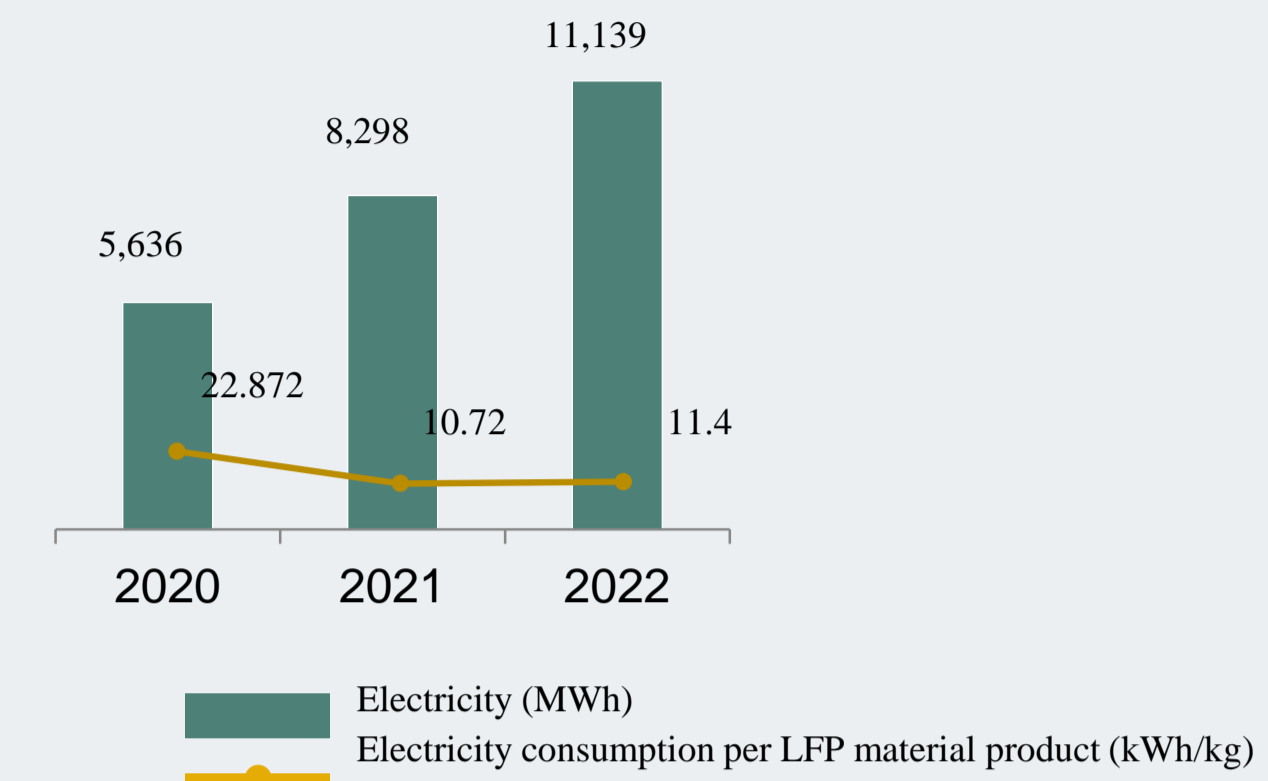


Note:

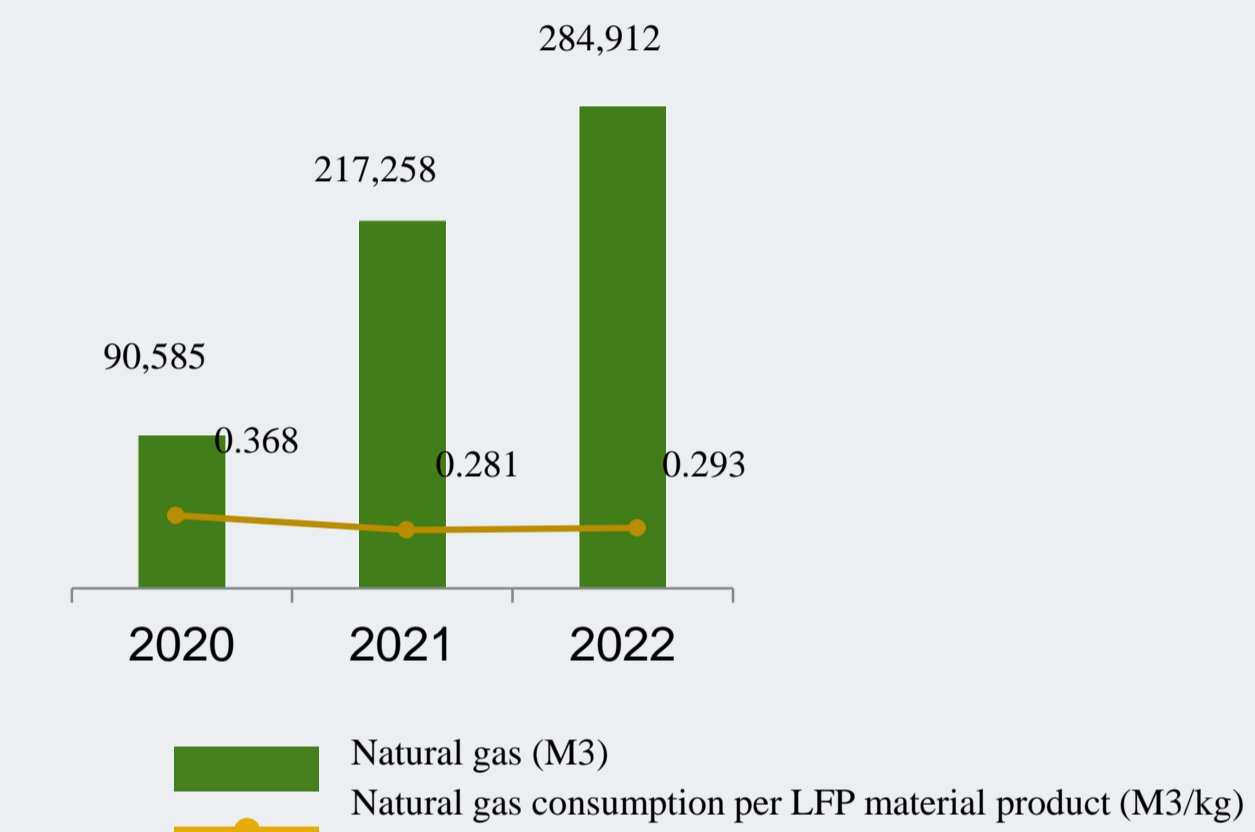
- Total energy consumption 4.11x10<sup>7</sup> megajoule(MJ)
- Internationally standardized power calculation 1 kWh = 3.6 x10<sup>6</sup> joule = 3.6 (MJ)\*11139000=40,100,400(MJ)
- Natural gas 1 M3 = 1 cubic meter = 9,000Kcal
- Natural gas 284,912\*9000Kcal\*4,184 joule/kcal=1,000,000=10,728,646.27(MJ)
- Total quantity of energy consumption 50,829,046.27(MJ)

### Energy Consumption of Aleees Cathode Material Factory

Intensity per unit of production for Aleees in 2022 was 50,829,046.27 (MJ) / 970.81(metric tons) = 52,357.36 (MJ/metric tons)  
(Total quantity of energy consumption (Electricity + Natural Gas) / Amount of production for the current year (kg))

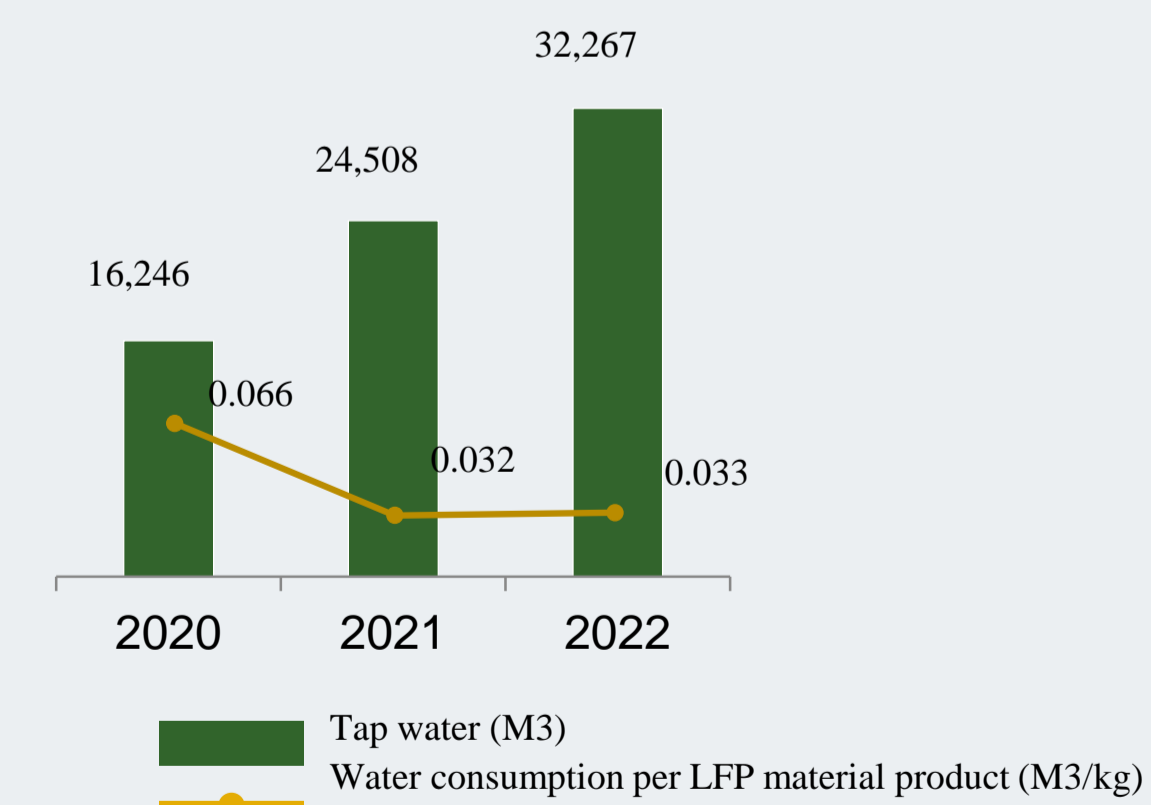


Note: With the power consumption per LFP material product (kWh/kg) increased, the LFP products increased as well. The energy consumption therefore decreased after amortization.



The water used in the Company is currently from Taiwan Water Corporation. The water intake is calculated by the amount of actual usage.

The water quality testing of raw water and effluent is conducted (every half year) and discharged to the sewage treatment plant at Guishan Industrial Park.





## Management of Water Resources Usage

Aleees highly focuses on water resources shortage due to climate change and its impact on the operations of the Company and suppliers. The water used for the production process in the region where Aleees is located has been determined to be an industry of non-intensive water consumption; whereas the products from the suppliers that we partner with are products of non-intensive water consumption. Moreover, the regions where we obtain water resources are not regions with high water stress. Aleees will keep tabs on the effects of water resources management issues on the product supply chains, including adaption of new technology, new equipment, and process reformation, so as to enhance the benefits of water usage, improve water resources management by cooperating with suppliers and customers, and reduce the impact of water resource shortage.

The source of water of Aleees is the tap water supplied by Taiwan Water Corporation. Water is mainly used during the manufacturing process that includes the water source of the RO pure water system in the manufacturing process, the water circulation system of the equipment cooling towers, and the purge system of equipment during the manufacturing process. Water used in non-manufacturing process includes the cleaning of wet scrubbers and plate belt filter dewatering machines for the pollution control installations as well as the domestic water usage for employees.

The water intake is measured by the accumulative water meter in the factory; whereas the water discharge is measured by the accumulative water meters installed in each water outlets. We entrust qualified measuring providers to calibrate once a year, assuring the accuracy of water measurement.

## 2022 Water Consumption

Amount of Water	All Regions	Regions with Water Stress
Water Intake (A)	32,267	NA
Water Discharge (B)	21,415	NA
Water Consumption (Note 3)	10,852	NA

Note 1: The unit is based on 1 million liters (M3).

Note 2: The water source of Aleees is from a third party (Water supplied by Taiwan Water Corporation).

Note 3: Water consumption = Total water intake (A) – Total water discharge (B)

## Water-saving Plans

To effectively utilize water resources and reduce wastes, Aleees endeavors to optimize the process to reduce water consumption during manufacturing processes. We also installed the facility to recycle and reuse the wastewater produced after pure water manufacturing, which is used as cooling water during manufacturing processes and domestic water use. In 2022, the amount of water recycled was approximately 10,010 tons. As for domestic use, we set up water-saving devices and adopt water rationing in areas with larger water consumption. Simultaneously, the concept of water conservation in daily life is reinforced among employees to implement the target of 1% annual reduction on water resources.

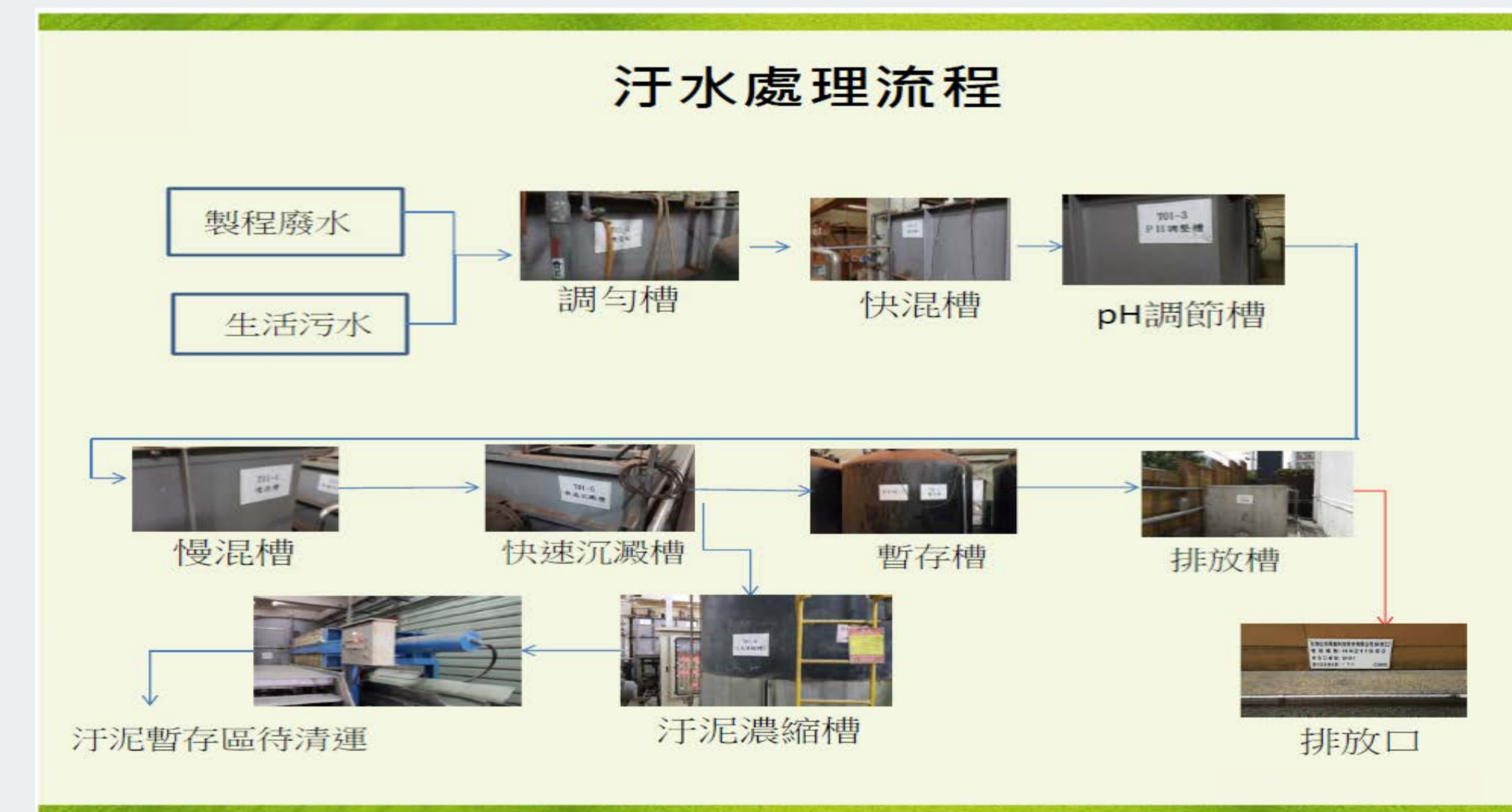
## Effluent Management

Aleees tests the effluent quality internally every month. By analyzing the testing results, we are able to understand the effluent quality and timely adjust the medicinal doses for sewage disposal in order to comply with the “Effluent Quality Standards” of Guishan Industrial Park. Aleees has a wastewater treatment facility in place. The quality of effluent is processed to comply with the control standards of Guishan Industrial Park and discharged via the sewage of the industrial park. The amount of wastewater/sewage permitted to be discharged is 150CMD. The Company has dedicated wastewater and sewage treatment specialists to take charge of the operation and maintenance of wastewater/sewage treatment facility and the regular collection of sludge as well as its declaration to the Ministry of Environment for file-and-use approval. Additionally, the Company entrusts inspection companies that are certified by the Ministry of Environment every half year to test the quality of raw water and effluent, of which the results are submitted to the Ministry of Environment for file-and-use approval and are disclosed in the form of a regular testing information list on the website of the Ministry of Environment for public inquiry.

Aleees’ annual effluent amount in 2022 was 21.558 million liters. The testing results of effluent quality, such as the power of hydrogen (pH), biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended solids (SS), and dissolvable iron (Fe), are lower than the statutory effluent standards.

## Procedure for Sewage Treatment

Aleees evenly incorporates the sewage generated from manufacturing processes and domestic use for a neutralized pH concentration. Then, wastewater and sludge are separated after adding a medicament for adjustment of the pH value of the wastewater and a flocculant for its well mixing. After the quality being tested to comply with the effluent standards, the wastewater is then discharged through the permitted outfall pipelines at Guishan Industrial Park. The sludge is made into sludge cake after dewatering, which is packed into flexible freight bags and sent to qualified waste removal companies for further processing.



圖片翻譯:

污水處理流程 Procedure for Sewage Treatment  
 製程廢水 Wastewater from Manufacturing Process  
 生活污水 Domestic Sewage  
 調勻槽 Equalization Tank  
 快混槽 Rapid Mixing Tank  
 pH調節槽 pH Modification Tank  
 慢混槽 Slow Mixing Tank  
 快速沉澱槽 Rapid Sedimentation Tank  
 暫存槽 Hopper  
 排放槽 Discharge Tank  
 排放口 Outlet  
 污泥暫存區待清運 Sludge Storage Area for Removal  
 污泥濃縮槽 Sludge Thickening Tank



## Environmental Management Plan

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.

### Specific Environmental Management Plans

#### ※ Air Pollution Management

Although Aleees' cathode material factory is not a stationary pollution source of air pollution regulated by the law, the Company still takes controlling measures in accordance with the related environmental protection laws and regulations. Four dust collectors and six scrubbing towers are installed in the factory to wash off the gas discharged from the powder production lines, minimize the gas emissions of NOx, Sox, and particulate matters, and further reach the goal of zero pollution. Responding to the raising standards of air pollutant emissions, we have improved the equipment of air pollution prevention with the value of particulate matter emissions under 60mg/Nm<sup>3</sup>.

#### ※ Wastes Management

Aside from enhancing the efficiency of the manufacturing process, we have simultaneously adjusted the average value of the additives for wastewater treatment to control the effluent quality and reduce the emissions of particulate matters.

Hazardous wastes are entrusted to disposal companies that are certified by the Ministry of Environment for collection and removal. They are transported to treatment plants that are also certified by the Ministry of Environment for storage, recycle, and reuse in forms of scraps and bricks.

Domestic wastes such as paper, PET bottles, tin and aluminum cans, and plastic are recycled for reuse. The non-hazardous scrapped dust per phosphoric product and its generated mixtures is affected by the amount of reproduction or scraps in the manufacturing process.

Type of Waste	Quantity	Treatment Method
Inorganic Sludge	206.84 metric tons (Recycled)	Using physical decomposition. The recyclable parts are reused in making bricks or building materials. The non-recyclable parts are buried by qualified companies.
Non-hazardous Scrapped Furnace Dust	99.98 metric tons (Recycled)	Using physical and solidifying methods. The recyclable parts are reused as admixture in plain concrete. The non-recyclable parts are buried by qualified companies.
Domestic Refuse	14.8 metric tons (Incinerated)	Recyclable: Handled by qualified recyclables collectors Non-recyclable: Transported by qualified waste collectors to incineration plants.
General Organic Waste Liquid C-0301	1.35 metric tons (Incinerated)	Transported by qualified waste collectors to incineration plants.
Waste Lubricant D-1703	4.31 metric tons (Incinerated)	Transported by qualified waste collectors to incineration plants.



## Expenditures and Investments of Environmental Protection

Currently, Aleees is not impacted by environmental pollution in terms of its earnings and competitiveness. We aggressively handles various environmental protection issues and make improvements in compliance with the laws and regulations. The Company endeavors to protect the environment in order to enhance the image and strengthen product competitiveness. The main expenditures are from cleaning of wastes, wastewater treatment, and facility improvement. The prevention and environmental management includes educational trainings, inspection certification, and R&D human resources fees.

Type of Equipment Invested	Investment Amount (NT\$)	Benefits
Wastes Treatment Equipment and Maintenance (incl. the equipment maintenance of dust collectors and scrubbing towers)	5,600,000	Reducing the emissions of particulate matters and acidic gases. Reducing the emissions of particulate dust and PM2.5 dust.
Wastewater Treatment Equipment and Maintenance (incl. the consumables of the sewage plant and the HR costs for maintaining the sewage plant)	3,580,000	Maintaining the normal operation of the sewage plant to comply with the environmental protection laws

## Legal Compliance

The phosphate cathode material factory of Aleees is located in Guishan Industrial Park of Taoyuan City. The wastewater generated from the manufacturing process is initially treated by the wastewater treatment system in the factory. It is then discharged to the wastewater center of Guishan Industrial Park for a second treatment. The qualified wastewater is then discharged by the center. There was no disciplinary actions imposed on Aleees in 2022 due to wastewater drainage.



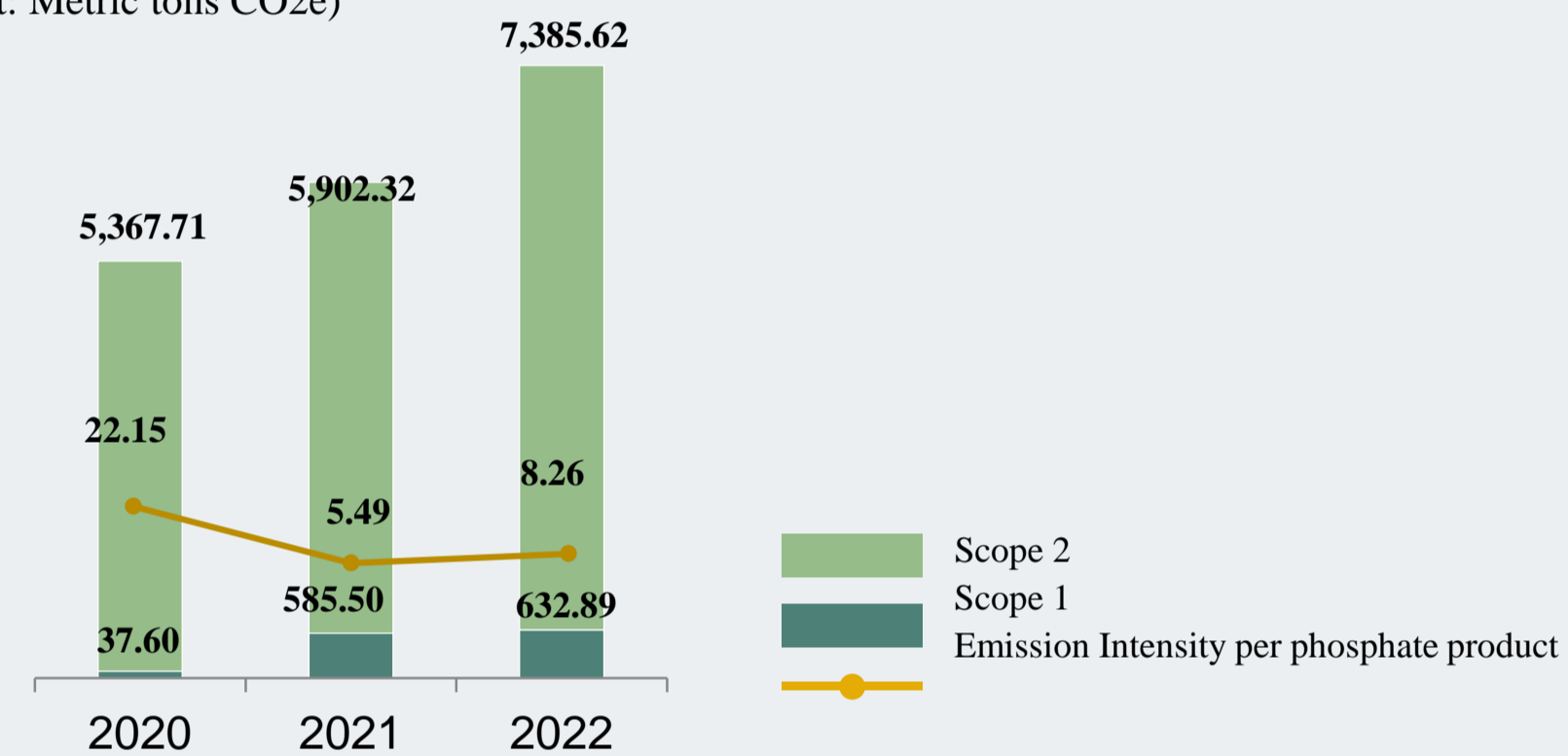
## 6.2 Energy Conservation and Carbon Reduction

### Greenhouse Gases Inventory

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

Aleees conducts greenhouse gas emissions inventory annually and proactively discloses the information of greenhouse gas management in this report for stakeholders' reference. As for other indirect greenhouse gas emissions (Scope 3), since their activities and greenhouse gas emissions were uncontrollable, the Company only identified but not quantified the emission sources in 2022, which included outsourced work vehicles and manpower (transportation of raw materials and wastes), employees' commuting, vehicles for business trips, and outsourced dormitories.

**Greenhouse Gas Emission** (Unit: Metric tons CO<sub>2</sub>e)



Note: The boundary drawn for the greenhouse gas inventory using the operation controlling method is the factory premises of Aleees TW, covering the gases of CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. The source of emission factor is from the greenhouse gas emission management table version 6.0.4 announced by the Ministry of Environment. The GWP value is based on the IPCC Fourth Assessment Report (2007). The electricity factor is according to the 2022 electricity emission factor by the Energy Administration (0.495 TCO<sub>2</sub>e/MWh).

Note: The production batch of 1246 in 2022 is more than the production batch of 1070 in 2021, resulting in a higher electricity consumption.

Note: Due to the usage of natural gas in the production process from 2021 onwards, Scope 1 is higher than that in 2020.

### Energy Conservation and Carbon Reduction

As a key to the success of any enterprise, it is more important nowadays for energy issues to be effectively managed. For the long term energy saving and carbon reducing, Aleees introduced the ISO 50001 energy management system to establish energy inspection, energy base line, energy performance indicators, energy saving planning, and energy saving long-term goals. The purpose is to identify as well as focus on new opportunities and to reach the target of continuously improving energy saving and carbon reduction through a systematic energy management model.

### Improving the Efficiency of Lighting System

Since 2018, the T8 lights in the Taiwan factory are replaced in turn with T5 and LED lights. LED lights are used as the evacuation signs on each floor to enhance the efficiency of lighting system. As of 2022, the accumulation of power saved was 5,147 kW/hr, reducing 2,547 kg of CO<sub>2</sub>e in greenhouse gas emissions.

### Aleees Energy Policy

Keep improving energy performance and comply with energy regulations  
Energy conservation and carbon reduction with all hands on deck and create company energy values.

### Energy-saving Plans for Central Air Conditioning Equipment System

- Replacing makeup air handling unit fans with variable-frequency drivers and making adjustments according to the temperature as needed to reduce the power consumption for running fan motors and the expenditures of electricity bills.
- Installing timers in makeup air handling units using the DDC controller and setting the operational time of the fan to introduce makeup air and lower the loading of the main chillers with the natural cooling effect.
- Replacing chilled water pumps with frequency converting motors and controlling the operational frequency based on the temperature requirements in various areas to reduce energy consumption and electricity expenses more effectively.
- Installing temperature controllers of cooling towers in condensing water pumps to successfully reduce energy and electricity consumption.
- Setting digital panel meters in the main switchboard to better monitor the electricity consumption status of the equipment.
- Cleaning the air-conditioning equipment towers on a regular basis to maintain good operational conditions and reduce the electricity consumption from the operation of air-conditioning equipment.

### Energy-saving Plans for Chilled Water System in Distribution Area

In mid-2022, the replacement of chillers in the Distribution Area was carried out. The traditional air-cooled chillers with poor performance and higher maintenance costs were replaced with water-cooled chillers with higher efficacy. For chilled water systems, the old system is a 150kW unit that operates 16 hours a day with 864,000 kWh of electricity consumption in a year; whereas the new system is a 100kW unit that operates 16 hours a day with 576,000 kWh of electricity consumption in a year. After the system optimization, a total of 142,560 kg of CO<sub>2</sub>e can be reduced in greenhouse gas emissions.

Item\Year	2022
Amount of Annual Power-Saving (kWh)	288,000
Amount of Annual Power-Saving (Gigajoule)	1,036,800
Amount of Annual Greenhouse Gas Reduction (kg CO <sub>2</sub> e)	142,560

	Old System	New System
Power	150 kW	100 kW
Annual Power Consumption	864,000 kWh	576,000 kWh



Before Improvement



After Improvement

### Energy Improvement

Comparing the electricity meter of muffle furnace heaters for the second half of 2022 with that for the first half of 2021, each furnace reduced approximately 200 kWh of electricity consumption per day. 200\*365\*7=511,000 kWh. A total of 252,945 kg of CO<sub>2</sub>e were reduced in greenhouse gas emissions.

	Before Improvement	After Improvement
Total Electricity Consumption in kWh	295,049.0	152,186.0
Days of Using Furnace	145	83
Average Electricity Consumption	2,034.8	1,833.5
Average Energy-saving		201.2

### No.1 Furnace at Room 2-1



Before Improvement



After Improvement



## Enhancing the Efficiency of Manufacturing Process System

Heaters of muffle furnace are replaced annually to maintain their best heating-effectiveness. In 2022, the electricity saved was 49,005 kWh; and the greenhouse gas emissions reduced was 24,257 kg of CO<sub>2</sub>e.

Item\Year	2022
Amount of Annual Power-Saving (kWh)	49,005
Amount of Annual Power-Saving (Gigajoule)	176,418
Amount of Annual Greenhouse Gas Reduction (kg Co e)	24,257



Aleees' new generation of nano-powder granulation technology has drastically improved the operational techniques during the manufacturing process of battery cells. The advanced polymer-modified nano carbon coating technology effectively enhances the magnification as well as the low-temperature feature. A stricter magnetic separation technique is introduced to effectively control the concentration of metal impurity to less than 1ppm. With the aforementioned mass production technology, we are able to create superior products and enhance the features of magnification, low temperature, and circulation. Exceptional magnification as well as low-temperature feature will equip our products with better advantage when being introduced to the power battery market. Also, excellent circulation feature increases the life of use in lithium batteries and reduces the generation of waste batteries.

Aleees' technologies are able to largely increase the purity of lithium ferrous phosphate (LFP) material with the capacitance up to 155mAh/g. Under the same battery parametric conditions, the energy density per cell is able to reach more than 140Wh/Kg by increasing the material capacitance. The increasing of energy density allows a decrease in the number of cells used in a battery cell, which reduces the cell numbers to be wasted in the future and further diminishes the impact to the environment.

Apart from minimizing the environmental impact generated from the product manufacturing process, Aleees along with the customers are committed to reduce the environmental impact caused by the process of product use. Binders used in the process of battery production are divided into oil-based and water-based, of which the biggest difference is the use of organic solvent or water. Aleees never stops striving for the R&D of phosphate cathode materials with aqueous system. While balancing the electric performance of materials, we also allow materials to meet the operational requirements during the manufacturing process of aqueous system cells. Through years of efforts and intensive cooperation with customers, the Company has empowered most of the customers using the aqueous system to continuously and steadily produce cells and reduced the environmental impact caused by the use of phosphate cathode materials.

Item	Other LFP Battery	Aleees Product
Volumetric Energy Density	220Wh/L	<b>300WH/L</b>
Charge Rate	0.5C	<b>1C</b>
Life Cycle of Cell	1,000~2,000 times	<b>8,000~10,000 times</b>
Driving Distance in Full Load	84 km (0.82 Km/Kwh)	<b>120 km (0.82Km/Kwh)</b>

Green Energy Material – Phosphate Cathode Material

## Hazardous Substance Management

Aleees' sales locations of cathode material products are scattered in Asia, Europe, and America. All products strictly abide by the relevant laws and regulations in the world governing hazardous substance management in terms of environmental issues, including the Restriction of the use of Hazardous Substance (RoHS) in electronic and electronic mechanic equipment by the EU, the Substances of Very High Concern (SVHCs) in the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) by the EU, and the K-RoHS regulations by Korea. To meet customers' local requirements of substance management, we routinely collect major international environment regulations to get a hold of the latest environment trends around the world.

To tally with customers' requirements of environmental substance management, selecting materials in accordance with environmental substances during the phase of product design is our goal. To ensure the compliance with the international laws and customer requirements, Aleees provides relevant testing reports every year. Additionally, we have completed the REACH registration to offer European customers a more friendly selection on materials. Meanwhile, we track the updating status of the related laws and regulations on a quarterly basis and update the reports to maintain the legal compliance with RoHS and REACH. The RoSH has been updated to the 2.0 version in May 2018. Four items of the Substances of Very High Concern (SVHCs) were added by the European Chemicals Agency on January 17, 2022. As of now, there are 223 items on the list of SVHCs stipulated in REACH.

In terms of procurement, all material suppliers of Aleees are requested to promise on environmental protection and provide materials that are not harmful to the environment and not inclusive of internationally prohibited substances, so as to assure the requirements of RoHS and REACH. With the cooperation from suppliers, we hope to provide products with low pollution and low toxicity for customers and reduce damage to the environment and human body. In addition to propagandizing the environment laws and regulations to suppliers, we also perform on-site audits during annual supplier assessments to ensure that suppliers meet the hazardous substance management in terms of raw materials and accessories and to constantly build the green supply chain management system.

## 6.3 Green Products >

### Green Recycling and Reusing

Aleees designs its products with the mindset of "Cradle to Cradle", hoping to reach the environmental sustainability goal of "Zero Waste and Green Circular Recycle" and implement such to each phase of life cycle with products and services.

Obtaining of Raw Material	Manufacturing	Usage	Wastes Recycling
Green Design	Green Factory	Best Performance	Green Circular Recycle

Researching and developing lithium batteries with longer life cycle and more times for usage; greatly improving the purity of lithium phosphate cathode materials to enhance the effectiveness of resources.

Promoting green factory, energy conservation, and carbon reduction; inspecting the use of water resources and the consumption of energy; proposing various plans for energy conservation, and carbon reduction.

Facilitating the five-year energy-saving project for 1% of annual power saving rate; proactively improving the efficiency of resources.

Targeting waste reduction and reusing; hoping to jointly build a recycling system with the supply chain; implementing environmental management; reducing environmental footprints caused by operations.





**7**

**Social Care and Engagement  
Column**





# 7 Social Care and Engagement Column

Aleees Sustainability Report

## Vision and Policy

Hand in hand with stakeholders, Aleees fulfills corporate sustainable development, injects resources for effective utilization, and care for the local issues through constant welfare activities.

Aleees continuously implements corporate sustainable development via local care or charity donations that include choosing social enterprise products as gifts for important holidays to replace donations with consumptions, upgrading social enterprise profits and social values. Caring for social welfare organizations, we call for employees' participation in raising supplies or warm visits to spread love and care to every needed corner of the society

### 7.1 Social Welfare >

Love-delivering Red Envelops  
Making Children a Better Person  
At the door of a new year,  
We invite you to make a donation for the "Love-delivering Red Envelop" of the World Vision Taiwan,  
Bringing courage for financially disadvantaged children to follow their dreams,  
and together becoming a better man.



### 【Charity Event】 2022 Spring Festival with Love-delivering Red Envelop Project

The Welfare Committee organized the “2022 Spring Festival with Love-delivering Red Envelop Project” to make donations to the World Vision Taiwan for the fundraising of Learning, Health, Peace, and Hope red envelopes, which are deployed respectively to tuition subsidies for domestic disadvantaged children, nutrition subsidies, emergency relief allowances, and empowerment of disadvantaged families and youth. With the achievement of “comprehensive care” for every disadvantaged child, children are given opportunities to break free from resource inequality and poverty and move towards their dreams of adulthood.

We invite the public to respond to the campaign of “Love-delivering Red Envelops – Making Children a Better Person” with the Celebrity, Lulu, and help children fearlessly march towards their dreams of adulthood. (Provided by the World Vision Taiwan)

We call for the public to contribute to the Learning, Health, Peace, and Hope red envelopes for children in Taiwan and to join the projects of tuition subsidies, nutrition subsidies, assistance for family in hardship, family livelihood, and youth empowerment organized by the World Vision Taiwan. Accompanying disadvantaged children to surmount obstacles and head towards their dreams of adulthood.



<p><b>助學紅包</b> 投入國內貧童助學金，並支持學生中心，幫助學子穩定求學</p> <p>投入每學期初發放給受助家庭孩童之助學金，每位孩童發放\$7,500元用於學雜費及購買文具、課本等。</p>	<p><b>健康紅包</b> 為弱勢孩童補充均衡營養 健康成長</p> <p>收入用於「營養扶助金」由社工定期訪視發展關鍵期0-6歲的學齡前孩童，並協助添購所需營養品，降低因營養不均發育不全的風險。</p>	<p><b>平安紅包</b> 為遭受特殊景況的弱勢家庭紓困，讓孩子回歸正常生活</p> <p>提供遇經濟或家庭變故，導致家庭生活計陷入困境者生活援助金，並由社工定期訪視輔導，使其家庭得以順利回歸穩定的生活。</p>	<p><b>希望紅包</b> 幫助弱勢家庭學習一技之長 迎向自立</p> <p>用以發展符合在地產業特性的方案規劃，培力弱勢家庭進行農作物產銷、養殖、特色觀光等，使其獲得一技之長，逐步改善家庭經濟。</p>
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To assist the financially disadvantaged families and children in moving towards a brand-new year, the World Vision Taiwan would raise the four red envelopes of Learning, Peace, Health, and Hope for disadvantaged families prior to the Spring Festival, which brings a turning opportunity for the financially disadvantaged families and children in Taiwan. We invite you to send a New Year blessing to the children and families for a peaceful new year ahead and a turning point.



-Certificate of Appreciation-

This Certificate of Appreciation is hereby presented to Advanced Lithium Electrochemistry (Cayman) Co., Ltd. In recognition of its

Passion in public welfare and care for disadvantaged children in Taiwan

**Kind donation to the Distance Education for the Financially-Struggling Children Project**

Support for the community with actions that benefits the disadvantaged children in Taoyuan with courage and hopes for the future ahead.

World Vision Taiwan  
Chairman Kai-Lian Zou  
July 30, 2021

-Certificate of Appreciation-

This Certificate of Appreciation is hereby presented to Advanced Lithium Electrochemistry (Cayman) Co., Ltd. In recognition of its

Active promotion on public welfare activities and leading with work partners in the campaigns of “Making Children a Better Person” Love-delivering Red Envelops and assistance for learning

Support for the community with actions that benefits the disadvantaged children in Taoyuan with courage and hopes for the future ahead.

World Vision Taiwan  
Chairman Kai-Lian Zou  
January 5, 2022



## Love-delivering Red Envelops and Welfare Activities



### Learning Red Envelop

Example of Implementation: Distribution of Tuition Subsidy  
Providing Learning Resources for Financially-struggling Children and Extending Their Road to Study

Xiao-Yeh and her family lives in the west of Taiwan. Her physically-challenged father and her immigrant mother are hardworking farmers. Her mother sells the vegetables grown by herself under a viaduct. The meager income from selling vegetables along with her father's subsidies for the disabled barely support the living for the family of five. At the beginning of every semester, they have to attend to the expenses of tuition and textbook fees for three children, making their lives even more difficult.

Prior to the commencement of school in each semester, the "Tuition Subsidy" provided by the World Vision Taiwan, supports Xiao-Yeh and her siblings for stable learning and relieves the financial stress for their parents. A primary school teacher noticed that Xiao-Yeh has a talent for music. She has learned drums, ocarina, traditional Chinese music, as well as choir; and often represents her school to partake in competitions to win honors. Being positive and cheerful, Xiao-Yeh is willing to spend extra time learning for her hobbies. This year, she has been successfully admitted to the Junior High Department at National Taiwan College of Performing Arts, hoping to work her way to the future dreams with the financial support of the World Vision.



### Health Red Envelop

Example of Implementation: Distribution of Nutrition Subsidies  
Setting the Foundation for Healthy Development of Children

After the divorce of Xiao-Jie's parents, his mother along with 3-year-old Xiao-Jie, his brother, and his sister moved in with their grandma. In order to take care of the children during daytime and shoulder the family livelihood, his mother can only work as a night-shift cleaner at a movie theater, from which she receives a meager income. Last summers, his mother had to undergo a surgery due to herniated intervertebral disc. His grandmother also got injured in a car accident. During this period, the family was in deep water with the medical expenses, rent, and even the meals for the children.

The World Vision Taiwan assessed the situation and commenced actions. The essential products are supplied by social workers to maintain the basic meals for the family. Additionally, considering Xiao-Jie and his siblings in primary school are all in the development phase where a stable nutrition source is needed, the "Nutrition Subsidy" is provided for nutritional supplement purpose of the children. This year, his mother lost her job because the movie theater had shut down due to the pandemic. It has left her no choice but to actively seek other job opportunities. To mitigate her burden, his grandma rented a piece of land from neighbors to grow vegetables and sell them in a market. Although there are ups and downs in finding job opportunities, their relief in witnessing the steady and healthy growth of the three children is beyond words.



### Hope Red Envelop

Example of Implementation: Ji-an Bakery  
The Dough in Hand: Knead a Way Out of Life

After the father of Xiao-Wen and Xiao-Yun got cancer, Xiao-Wen's mother has become the sole breadwinner for the family. Taking care of her young children while working exhausts her. Knowing her situations, the social workers from World Vision Taiwan invited her to participate in the training for technician for baking food. Although the mother was new to baking, she still stuck to the tough learning process and doubled the time and efforts to memorize every step as well as the warmth and feelings of the dough in her hands.

"Not only can I learn baking skills in the bakery, but I can also develop interpersonal relationships except for kids. The aroma and the final product in the process make me feel a sense of achievement. I can also be flexible in time while taking care of the kids," said Xiao-Wen's mother.

The World Vision Taiwan helps the mothers like Xiao-Wen's mother who are struggling in their employment because they have families to attend to. It also helps them create delicious products with their own hands and learn sales planning as well as cost calculation. The location and equipment are also provided, so that the mothers who haven't had equipment and stores of their own can make good use of their learned skills and maintain their incomes.



### Peace Red Envelop

Example of Implementation: Financial Assistance for Family in Hardship  
Reaching Out in Time to Give Children a Basic Quality of Life

Living together as a family of six, Xiao-Xu's parents are operators at a factory. It is a heavy financial burden with the expenses for four children. Since 2017 where Xiao-Xu became a beneficiary of the subsidy from the World Vision, he has been able to go to school without interruption through the living and educational subsidies distributed every semester. Additionally, his and his siblings' participation in the Cultural Competence Cultivation Project held by the World Vision not only allows a temporary break for the caregivers, but also acquaints them with their own ethnic culture as indigenous people and help gain confidence with the sense of identify.

In the first half of this year, the lease of Xiao-Xu's family was terminated in advance due to the landlord's personal plans. They had no choice but to move out within one month. Furthermore, they could only find a place without furniture due to their limited budget on rents. Xiao-Xu and his siblings were sleeping on a bed base without mattress. Clothes and clutter were scattered on the floor. On account of their situation, social workers therefore applied for the subsidy for family in hardship, allowing Xiao-Xu's parents to purchase necessary furniture and provide the children a basic living quality.





The Chairman, Sheng-Shih Chang, giving a keynote speech in Taitung

### Keynote Speech at the College of Science and Engineering of National Taitung University

In recent years, global climate change and the increasing energy demands have created a need for more sustainable energy resources. Lithium batteries, as a high-efficiency energy storage solution, have displayed significant potential. The speech discusses the demands and applications of lithium batteries, how they are driving global sustainability, and the effects of the energy transition. The energy revolution of lithium batteries offers us a valuable opportunity in creating a cleaner and greener future. In November 2022, Mr. Sheng-Shih Chang, the Chairman of Aleees, delivered a speech on the topic of "The Great Opportunity of White Petroleum – The Energy Revolution of Lithium Batteries" at the College of Science and Engineering of National Taitung University.

