

2021

Corporate Social Responsibility Report



Statement from Chairman

•Sustainable Development Strategy

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Sustainability Development Strategy

All image output and input require optical lenses along with the advancement of technology innovation nowadays. Over the years, Largan Co., Ltd. has put in continuous effort and investment in research and development, strives for new opportunities and maximises its strength with the aim to maintain its long-term competitiveness in response to external business competition.

Looking back the last few years, the smartphone industry has been steadily developing and growing both in market size and popularity. To face the reality of climate change and stringent environmental laws, Largan has committed to comply with the regulations and continued to adjust the corporate operation strategy with the aim to improve energy efficiency and lead Largan to the next level of business management.

2022 will be a challenging year for consumer electronics: (1) The Covid-19 pandemic has a great impact on the global inflation rate due to logistics and supply chain disruption caused by lockdown in major cities such as Shanghai, China. (2) The USA and EU countries impose economic sanctions on Russia regarding the possibility of long running war between Russia and Ukraine. The sanctions lead to price increase drastically for goods such as precious metal, petrol, gas, and food. This two international events subsequently have influenced on the willingness of the consumers to spend on consumer electronics, as a result, a relatively weak demand in the electronics market is expected for the second half of the year.

The Financial Supervisory Commission (FSC) has announced that based on the 2022 ESG roadmap, all listed firms are required to disclose 2021 ESG sustainability reports in response to the coming carbon tax on exported goods to the UN countries in 2023 to help fighting against the risks and challenges that the climate change has brought. The purpose of the report provides opportunities for people to raise awareness for environmental protection, and therefore make better and more efficient strategies for short-, medium-, and long-term goals accordingly, as well as successfully run the business sustainably.

In addition, we aim to minimise the impact made on the environment during the production process by conducting environmental and hazard evaluation beforehand, and make sure the industrial wastewater disposal meets the regulated standards. We also optimise resource allocation with the goal to manage water usage effectively.

It is still a long way to go on the path of sustainability and takes continuous effort. At Largan we aim to contribute our support to the goal of environmental development, and run the company with honesty, integrity, the spirit of social responsibility and pursuit of running a sustainable business to save our precious planet. Let us work together and do our best to make a change for our home.

CHAIRMAN: 林恩平

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Report Highlights & Stakeholders



- ▼ 1.1 Summary and Scope
- ▼ 1.2 ESG Development Goals
- ▼ 1.3 ESG Committee, Stakeholder Identification and Communication
- ▼ 1.4 Material Issue Assessment and Response
- ▼ 1.5 Recognition and Awards

1 Report Highlights for Stakeholders

1.1 Summary and Scope

Summary

The structure of this report follows the Global Report Initiative (GRI) standards and guidelines. It discloses details such as Corporate Social Responsibility, Corporate Governance, environment sustainability context, Workplace Safety and relevant initiatives taken at Largan Precision Co., Ltd. (hereinafter referred to as “Largan”, “The Company”, and “We.”)

Report Period

The report presents data from January 1st to December 31st, 2021, with the information disclosing Largan’s sustainability management policy, risk assessment, material issue assessment, responses, and action performance. Largan’s ESG report will be revised and published on a yearly basis with the aim to communicate with our readers regarding any revisions and updates.

Coverage

This report focuses on Largan’s nine domestic sites and manufacturing plants. Our subsidiaries in Taiwan and China are not in discussion here. The disclosure is made for our employees, clients, suppliers and investors. All crucial numeric data regarding financial performance is presented in New Taiwanese Dollars (NTD) with generic description after authenticated by certified accountant.

Principles and guidelines

The sustainability report is reviewed and verified by DNV GL Business Assurance Co., Ltd. (DNV), a certified third-party verification institution in accordance with GRI Standards reporting guidelines and the AA1000AS v3 Type 1 assurance standards. DNV Independent Third-Party Assurance Statement can be found in the appendix 2 of this report, any inference will be presented with generic indicators and detailed illustration.

- Global Reporting Initiative (GRI Standards)
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR by TWSE Listed Companies
- Revision of Corporate Social Responsibility practice principles for listed and OTC firms by Dec. 7th ,2021: ESG report
- TCFD: Task Force on Climate-related Financial Disclosures
- SASB: Sustainability Accounting Standards Board: Resource Transformation Standards for hardware manufacturing industry’s

Publication Frequency

The report is generated on an annual basis.
Current edition released by August 2022
Next edition released by August 2023

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1.2 ESG Development Goals

ESG Proposal System

We encourage all members at Largan to propose their innovative sustainability ideas regarding Largan’s five ESG goals. This way, we can promote it a company culture for the staff to be aware of the sustainability issues at all times as well as make it approachable for the talented to bring up better ideas for future improvement.

Life of Reducing Use of Plastic

In order to make conscious effort while adapting the new lifestyle during the pandemic, at Largan we have implemented the policy to use reusable food ware in staff canteens unless special needs are required. The aim is to reduce the wastes created by using disposable plastic utensils and therefore fulfill the goal of being environmentally friendly.

As part of the global citizens, we run the company with the spirit of sustainability. As such, we make continuous efforts to develop technology such as renewable energy, waste recycling technology, as well as introducing technological air pollution monitoring equipment, and wastewater diversion with the aim to manage our resources more efficiently, increase the recycling rate within the company, and to minimize the harm and impacts made on the environment.

Environmental Health and Safety Management

Largan has established, and continuously improved on environmental health and safety management systems following the protocols of ISO-14001/45001. Detailed methods of plan implementation and execution please read in Chapter 6 section 7.

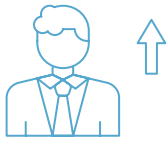
Talents Sustainability

Talent cultivation and development has been one of the development goals at Largan. We value and acknowledge the importance of Talents Sustainability and Talents’ Social Responsibilities in global enterprise, so we hope to help stimulate the competitiveness among the talented. Underneath are the 6 approaches we take in accordance to talent sustainability.

Talent Cultivation

All employees are important assets of the company. We offer competitive compensation and benefits to attract and retain the outstanding talents as a long-term sustainable developing strategy. We aim to provide the flexibility for the employees to shine the talents in their field and ultimately grow with the company together. Based on the Article of the Company, up to 1%-30% of the operating profit is allocated to the employees as bonus , an encouragement and reward for their hard work and contribution to the Company. We hope the incentives can help boost up work efficiency as well as make our company desirable to the outstanding talents.





Talent Training

To enable our employees to acquire the appropriate working skills, all units are able to arrange internal and external educational training and all training sessions are flexibly adjusted based on individual needs. In addition, we also provide a cultivation program for career planning as well as hire guest lecturers to give training on professional and technical subjects to help elevate our employee's working skills.



Human Rights

Largan has participated in the international labor conventions, the Responsible Business Alliance (RBA), and is committed to comply with Taiwan's labor laws. The regulations of labor human protection management in Largan consist of legitimate working hours and wages, humane treatment, principles of antidiscrimination, anti-bullying at workplace, and freedom of association...etc such labor rights.



Care and Communication

At Largan, we provide various channels of communication between the employees and employers such as labor meetings, staff suggestion box, special contact and email communication with the aim for effective in-depth conversation, coordination, and management regarding subjects such as working satisfactory rate, working environments and welfare system. It is a way of bridging both sides for a friendly and healthy communicating relationship.



Healthy and Safe Workplace

Largan promises to provide all employees a safe, healthy and high-quality workplace as well as look after the safety of our contractors and visitors. All occupational health and safety regulations are strictly made following the protocol "ISO-45001 Occupational Health and Safety Management System" and the "Occupational Safety and Health Regulations." The regulations aim to assist the related security departments identifying operational hazards, establishing operation standards and preventing work hazards from happening.



Care for the Underprivileged

At Largan, we hold event such as second-hand supplies raising to encourage the employees to donate pre-loved items such as clothing, books and household supplies that are no longer in use to the underprivileged and places that are in need; as well as financial support through ways such as charity sale or donation to the disadvantaged groups and families. All money raised is donated to social welfare charities to serve its own purpose.

1.3 ESG Committee, Stakeholder Identification and Communication

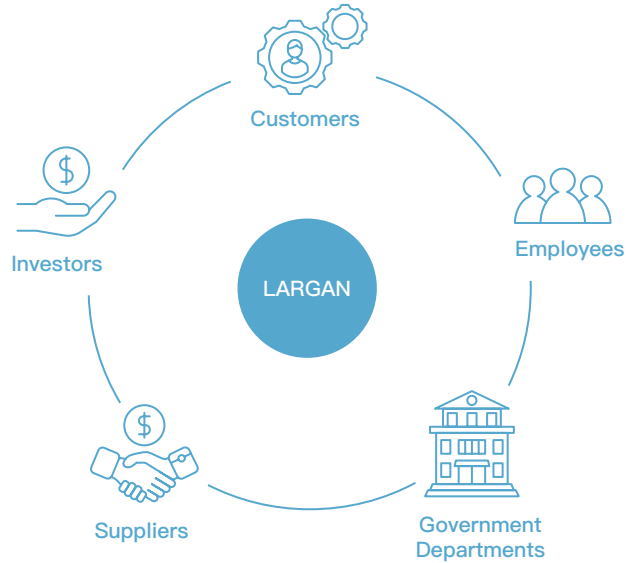
Largan has made relevant regulations according to Corporate Governance Practice Principles, it is important to provide in-depth communication between the firm and its stakeholders in order to run as a sustainable enterprise. Therefore, we actively create several communication channels to establish effective engagement, and to understand issues of concern from our stakeholders. This way, we can make constant positive improvements and adjustments accordingly as well as show the determination of fulfilling our CSR goals regarding topics such as corporate governance, economic, environment and social aspects in response to the expectation from the society.

The ESG committee is led by the top administrative manager, followed by representatives of each department who serve as committee members that are responsible for different subjects such as corporate governance, economic (including supply chain), environment, and social matters. The committee communicates with our stakeholders through multiple channels and integrates the information discussed with issue analysis to identify material issues that are most important to stakeholders and the company. Corresponding problem solving measures will be taken to intensify and complete the content of information disclosed. The detail committee structure is as presented in the table:



The ESG committee is an interdepartmental collaboration and communication platform that serves to plan, manage and monitor the overall company governance operation in four major aspects which are economic, social, environmental and sustainability & risk management. The committee ensures the company is running effectively across different departments to achieve sustainable development objectives and tracks its performance. In addition, the committee is in charge of establishing ground rules and strategies for annual CSR goals, planning CSR related activities, tracking and reviewing CSR performance, and decision making on other ESG-related matters within the Company. The review meeting is held every six months to make alignment across the Company on CSR planning and activities promotion. All staff at Largan are committed to its ESG policies, and focus on following the protocols and participating in related activities.

Largan major Stakeholders as shown in graph:

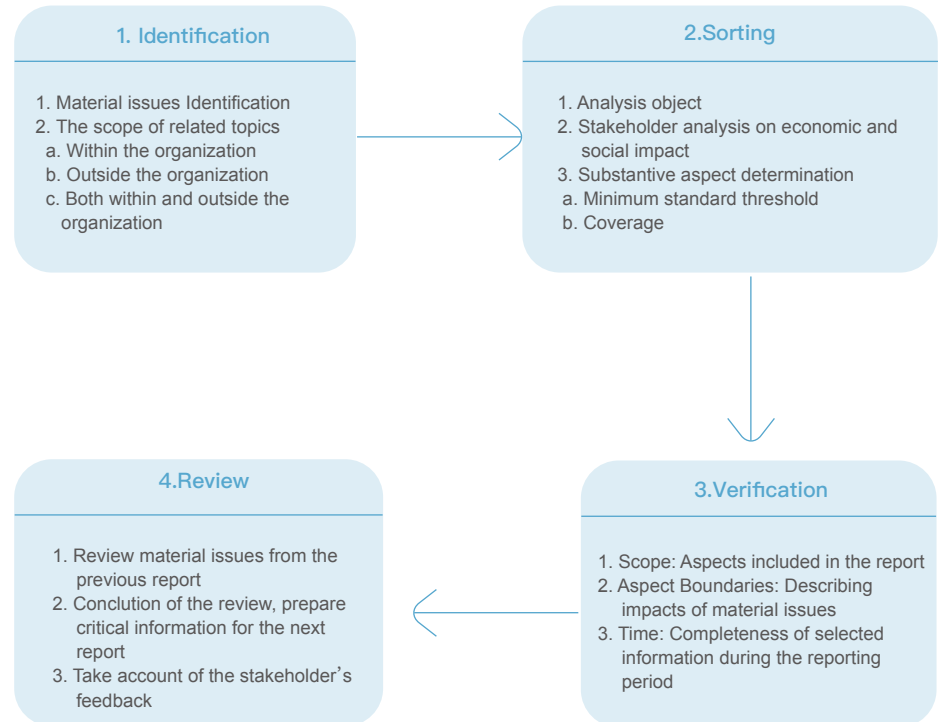


Largan has disclosed corporate social responsibility information on the Company’s official website. Information including all corresponding contact is shown in the table should any stakeholders and government officials request any assistance or additional information.

Stakeholders	Contact and Tasks
Employees	Contact : Renan Ho Email : renanho@largan.com.tw Task : Help bridging employees and the firm. Provide feedback on topics such as labor relations, salary and benefits, occupational safety and health related issues.
Customers	Contact : Simon Shen Email : sales@largan.com.tw Task : Provide professional lens designing and manufacturing consultation within the field of optics industry. Provide consulting services, including customer satisfaction, trust and privacy issues.
Suppliers	Contact : Jane Hsu Email : janehsu@largan.com.tw Task : With the desire to make continuous development at Largan, we need support and collaboration from partners of the supply chain. We are committed to support our partners by implementing CSR practices such as environmental protection, labor rights, health and safety at workplace, risk management, ethics regulations, and no breaching conflict minerals policy.

Stakeholders	Contact Window and Responsibility
Investors	Contact : Josephine Huang Email : invest@largan.com.tw Task : Largan values the importance of communication with our investors. We host conferences on a quarterly basis and make full disclosure with detailed information on both Largan’s website and the Taiwan Stock Exchange’s website to protect the rights and interests of our investors.
Government	Contact : Eric Tseng Email : ericsteng@largan.com.tw Task : Following government guidance, policies and providing company information when requested. Maintaining regular interaction and communication with internal departments and government.






Stakeholder and Material Issue Identification and Verification Management Map as shown :





Communication Effectiveness on Issues of Concern by Stakeholders

At Largan, we collect material sustainability-related issues based on our sustainable development goals, industry standards, and the organization's annual goals. In March 2021, the ESG committee agreed to add government departments as one of our stakeholders in accordance with relevant disclosure and regulations. Pursuant to GRI Standards, we identify a total of 31 material topics based on the feedback getting from our stakeholders periodically regarding the overall business operation status and impacts. Details of material topics identified are as stated in the table:

Stakeholder	Meaning to Largan	Issues of concern	Communication Channel	Key achievement in 2021
 Employees	Largan provides multiple ways of communication to bridge a balanced and friendly relationship with the employees.	Salary and Benefits \ Training \ Development Prospect \ Talent Cultivation Business Performance \ Corporate Governance \ Morals and Ethics \ Risk Management \ Regulatory Compliance Human Rights Protection \ Labor Relations	Labor Meeting (Quarterly) CEO Mailbox (Irregular Basis) Email (Irregular Basis) Bulletin Board Announcement (Irregular Basis) Relevant Parties (Irregular Basis)	Four labor-management meetings were hosted to discuss the preventive and care measures for the following topics: making amendments on personnel management, labor welfare (medical examination matters), response to worker complaints. The purpose is to make sure all labor related information and rights are fully disclosed to the employees. The information is also available in English for the migrant worker to read.
 Customers	Important business partners to meet customer needs and create a win-win situation	Product Quality/ Delivery \ Payment Terms \ Customer Service \ Customer Privacy \ Operational Performance \ Supply Chain Management \ Regulation and law Compliance \ Energy Saving and Carbon Reduction	Customer Satisfaction Survey (Annually) Questionnaire (Annually) Customer meeting (Irregular Basis) Calls/Email (Irregular Basis) Relevant Parties(Irregular Basis)	Provide immediate response and solution to customers. Distribute customer satisfaction surveys and propose improvement analysis accordingly. Follow up the outcome and the improvement performance
 Suppliers	Establish sustainable partnership with our supply chain partners	Payment Terms \ Safety and Hygiene \ Waste Management \ Supply Chain Management \ Row Material Management \ Energy Saving and Carbon Reduction	Supplier Audits (Annually) Supplier Self-Assessment Survey (Annually) Relevant Parties(Irregular Basis)	Suppliers must conduct business with integrity and in full compliance with all applicable laws pertaining Human Rights Covenants. The social responsibility self-assessment form is to evaluate whether the suppliers have achieved the RBA standards by setting goals and measures regarding safety and human rights. Conduct irregular inspections on the raw material suppliers. Track improvement progress if there's any deterioration of the incoming material purchased.
 Investors	Establish sustainable partnership with our supply chain partners	Operational Performance \ Corporate Governance \ Risk Management \ Regulatory Compliance \ Morals and Ethics	Financial Report (Annually) Investor Conferences (Quarterly) Shareholder's Meeting (Annually) Public Disclosure on Market Observation Post System(Annually) Relevant Parties (Irregular Basis)	Hosting shareholder/ investor conference seminars, face-to-face, and conference call meetings with domestic and overseas investment institutions. Regularly update material information on the Market Observation Post System to protect the investors' interests.
 Government	Following government guidance, policies and providing Company information if required. Maintain regular interaction and communication with internal departments and government.	Regulatory Compliance	Official Documents/Calls/Mail and Email Communication (Irregular Basis) Communication (Irregular Basis) Government Policy/Regulation Advocacy/Hearing (Irregular Basis) Supervisory Visits(Irregular Basis)	Arrange employees to participate in government activities and meeting (policy prorogation, safety and hygiene training, energy conservation and epidemic prevention measures); and maintain regular interaction and communication



1.4 Identify Material Issue, Priority Sorting and Response

Based on the questionnaires collected back from our investors, customers, employees, and suppliers in 2020, we identified a total of 10 significant material issues and 2 secondary issues. However, later we found out that most of the questionnaires collected back were from our employees and therefore the issues identified couldn't reflect the overall opinions from every aspect of the stakeholders. The ESG Committee decided to disclose the follow up adjustment and improvement in accordance with the issues identified in 2020 in the meeting held in march 2021.(Note) The adjustment is as shown: (Note) Refer to the attachment for the meeting minutes of the first ESG Committee Meeting.

2021 Material Issues Identified Adjustment:

- 1.Merged: The original issues of employee/employer relationship to "labor relations."
- 2.Added: "Products Quality and Delivery", "Rights and Interests of Shareholders", "Corporate Governance", "Salary and Welfare", "Training and Development", "Payment Collection Terms", "Payment Terms", "Safety and Hygiene", "Energy Saving and Carbon Reduction", "Water Resource Management", "Waste Management." Total 11 issues.

2021 Secondary Issues Identified Adjustment:

- 1.Deleted: "Energy and Emission", revise it to energy saving and carbon reduction, and waste management and issues amended from secondary issues to significant material issues.
 - "Water Resource Management", amended from secondary issues to significant material issues.
 - 2.Added: "Raw Material Management", "Talent Cultivation", "Customer Service"
- For this year's meeting, the Committee has discussed and agreed on disclosing the 20 significant material issues that are as stated in the table.



Significant Material Issue : ● Indicates the information is added in 2021
 Secondary Issue : ● Indicates the information is added in 2021

Material Issues Identification

Scope and boundaries of material aspects and issues for its corresponding stakeholder is shown in the table:

Significant Material Issues	Within the organization		Outside the organization			
	Company Organization	Employee	Shareholder	Customer	Supplier	Government
Economic Aspect						
Corporate Governance	■	■				■
Regulatory Compliance	■	■				■
Morals and Ethics	■	■				■
Labor Relations	■	■				■
Risk Management	■	■				■
Human Rights Protection	■	■				■
Operation Performance	■	■	■			
Rights and Interests of Shareholders	■		■			
Payment terms	■			■		
Customer Privacy	■			■		
Product Quality/ Deliver Date	■			■	■	
Payment Collection Terms	■				■	
Supply Chain Management	■				■	
Environmental Aspect						
Waste Management	■	■		■		■
Water Resource Management	■	■		■		■
Energy Saving and Carbon Reduction	■	■		■		■
Social Aspect						
Salary and Welfare	■	■				
Training and Development	■	■				
Safety and Health	■	■			■	
Diversity and Equality	■	■				



Response to Significant Material Issues

We have identified 20 Significant Material Issues in 2021, the measures taken and abstract are as described in the table:

Corporate Governance/ Economic Aspect			
Issue	GRI standards	Importance to Largan	Measures Taken
Corporate Governance	102-18-28 Governance Structure, Delegating Authority, Executive-Level Responsibility	It's an important task for the Company to satisfy our shareholders.	Establishing corporate Article, clarifying terms of dividends of shareholders.
Right and Interest of Shareholders	102-7 Scale of Organization	Adapt integrity management for the Company to build up credibility and reputation.	Establishing Ethical Corporate Management Practice Principles and Channels of Making Complaints
Risk Management	102-30 Effectiveness of risk management processes 201-2 Financial implications and other risks and opportunities due to climate change	Face the operational and environmental risks, a risk management mechanism must be established to help reduce potential losses and maintain the interests of stakeholders.	Regularly Conduct investigation on damage and impact caused by extreme weather as well as develop corresponding solutions to minimize the harm.
Operation Performance	102-7 Scale of Organization 201-1 Direct economic value generated and distributed by the Organization	Achieve the goal of sustainable operation by running profit-making business and create new employment opportunities	<ul style="list-style-type: none"> Keep up with the latest economic trends and increase capital expenditures accordingly. Customer expansion. Cost and expenses management.
Payment Collection Terms	207-1: Approach to tax	The payment collection terms are important to both Largan and our customers	Establishing payment collection management regulation for customers
Payment Terms	207-2: Tax governance/ control and Risk Management	The payment term is important to both Largan and our suppliers	Establishing payment management regulation for suppliers
Product Quality and Delivery	416-1: Assessment of the health and safety impacts of products 417-1: Product information and labeling	It is an important successful factor to build close relationships and earn a good reputation by delivering good quality products on time to our customers.	Passed and obtained ISO 9001 quality management certification and quality assurance procedures and working standards.
Morals and Ethics	102-16: Behavioral Standards 102-17: Mechanisms for advice about ethics 205-1: Operations assessed for risks related to corruption 205-2: Anti-corruption training	Fairness, honesty, trustworthiness, and transparency are the principles of establishing Largan's corporate culture and business operations.	Establishing ethical corporate management practice principles and channels of making complaints.

Corporate Governance/ Economic Aspect			
Issue	GRI standards	Importance to Largan	Measures Taken
Customer Privacy	418-1: Substantiated complaints concerning invasion of customer privacy and losses of customer data	Value customer privacy, improve customer satisfaction rate and loyalty, increase the new customers' willingness to cooperate with Largan, and create maximum revenue and profits.	Develop customer privacy-related regulations and require the employees to comply. Improve information security protection measures to avoid illegal obtaining of customer information without authorization.
Supply Chain Management	308-1: New suppliers that were screened using environmental evaluation criteria 414-1: New suppliers that were screened using CSR criteria	With the desire to make continuous development at Largan, we need support and collaboration from partners of the supply chain. All partners must comply with rules of the social responsibilities.	Establishing supply chain management regulations with the aim to build mutual trust and sustainable partnerships with the suppliers.

Environmental Aspect			
Issue	GRI standards	Importance to Largan	Measures Taken
Energy Conservation and Carbon Reduction	305-1: GHG Emission 305-2: Indirect GHG Emission 305-5: Reduction of GHG Emission	Keep track of the company's greenhouse gas emission in response to the global environmental protection, and carbon reduction trend.	Making continuous effort on energy conservation and carbon reduction practice based on the result of initial greenhouse gas inventory in 2020.
Waste Management	306-1: Effluent/wastes discharge 306-2: Management of waste-related classification and process procedures	A punishment will be issued and jeopardize the Company's reputation and image if violating the effluent and waste regulation	Complying with ISO 14001 by meeting legal requirements disposing effluents and wastes.
Water Resource Management	303-2: Management of water discharge-related impacts 303-4: Water discharge amount 303-5: Water consumption	Improve water resources management measures with the aim to reduce the water shortage crisis. Implement a water management system and improve the water recycling and reusing rate.	The water can be recycled based on three different purposes of usage, such as cooling water towers, process wastewater and household water.

Social Aspect			
Issue	GRI standards	Importance to Largan	Measures Taken
Labor Relations	401-1: Incoming new employees and employee turnover 401-2: Employee benefits and welfare 401-3: Parental leave	We take/view the employees as our important partners, we aim to create a challenging, flexible and interesting working environment for our employees.	Offering competitive salary and welfare and retirement scheme as incentives to boost up the motivation and loyalty of the employees.





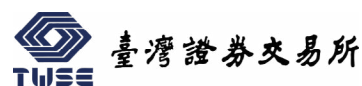
1.5 Recognition and awards

Taiwan Stock Exchange

The 5th (2018) corporate governance evaluation result 36%~50%, published on April 30, 2019.
 The 6th (2019) corporate governance evaluation result 21%~35%, published on April 30, 2020.
 The 7th (2020) corporate governance evaluation result 21%~35%, published on April 30, 2021.

Cheers Magazine

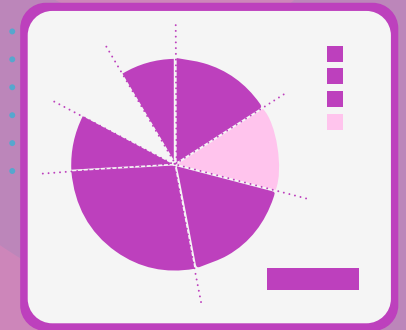
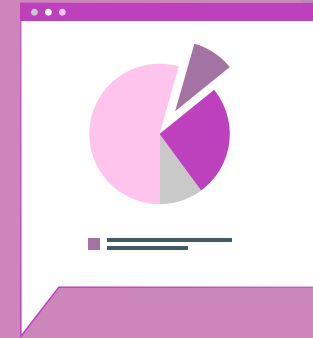
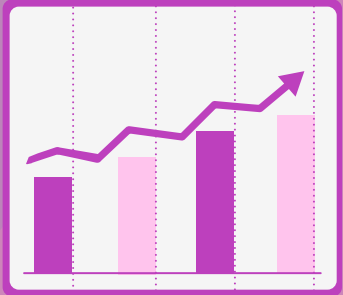
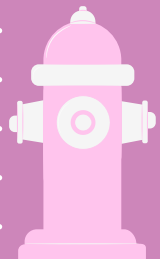
The top 50 most desirable enterprise to work at for young generation for two consecutive years (2020~2021)



Social Aspect			
Issue	GRI standards	Importance to Largan	Measures Taken
Human Rights Protection	412-2: Employee training on human rights policies or procedures	Comply with labor laws, regulations and foreign labor management measure to protect all labor rights	Establishing labor rights protection bylaw and regular assessment of forced labor risks.
Regulatory Compliance	419-1: Disclosure of non-compliance with laws and regulations in socio economic aspect 307-1: Compliance with environmental laws and regulations	The goal is to create a sustainable developing environment by establishing rules and regulations regarding corporate governance, environment, and society.	Establishing a "Corporate Governance Practice Principles" for the employees to follow and the stakeholders to better understand the Company's ethical standards.
Safety and Health	403-1: Occupational safety and health management system 403-2~10: Hazard identification, risk assessment, promotion of health	Provide a safe, healthy and high-quality workplace for the employees	Establishing occupational safety and hygiene at workplace regulations as well as hazard identification standards.
Salary and Benefits	102-35: Salary policy 405-2: Basic salary for female and male employees and ratio of salary	Offer competitive salary to attract and retain outstanding talents.	Establishing salary payment terms as reference for the managerial supervisors to follow
Salary and Benefits	404-1: Average hours of training per year per employee 404-2: Programs for upgrading employee skills and transition assistance program 404-3: Employees performance and career development reviews	Establish a mechanism that focuses mainly reply on talent cultivation and individual's ability development supplemented by performance evaluation	All outstanding employees are granted the chance to be promoted by their supervisor every year.
Equality and Diversity	405-1: Diversity of governance bodies and employees 405-2: Ratio of basic salary and remuneration of gender	Establishing a harmonious and equal relationship between employees and employers with diversity as it is an important foundation for Largan's sustainable operation.	Working towards providing equal pay and career opportunities for women and men with the aim to achieve the respect of gender equality and social diversity in terms of gender, religion, race, and nationality.

2

Corporate Governance & Sustainable Operation



- ▼ 2.1 Company Introduction and Governance
- ▼ 2.2 Risk Management
- ▼ 2.3 Information Security
- ▼ 2.4 Business Philosophy, Integrity, Ethics and Compliance
- ▼ 2.5 Internal Control and System Verification Management
- ▼ 2.6 SDGs Goals and Prospects

2 Corporate Governance & Sustainable Operation

Here at Largan we are committed to run the business with honesty and integrity following applicable regulations. The table shows the summary of our corporate governance and business operation objectives to achieved based on short-term, medium-term and long-term goals:

Short-Term (2021~2022)

Medium-Term (2023~2026)

Long-Term (2027 and Beyond)

Corporate Governance

1. Make regular announcement/ updates of internal management policies and documents, and ensure it complies with the latest regulatory requirements
2. Conduct appropriate education training based on business needs
3. No material violation of laws related to Corporate governance

- Corporate governance evaluation: The target ranking of corporate governance evaluation is 21~35% among all listed companies
- The completion rate of annual Ethics and Compliance Training Course by the employees ≥ 95%

1. Make regular announcement/ updates of internal management policies and documents, and ensure it complies with the latest regulatory requirements
2. Conduct appropriate education training based on business needs
3. No material violation of laws related to Corporate governance

- Corporate governance evaluation: The target ranking of corporate governance evaluation is 21~35% among all listed companies
- The Completion Rate of annual Ethics and Compliance Training Course by the employees ≥ 97%

1. Make regular announcement/ updates of internal management policies and documents, and ensure it complies with the latest regulatory requirements
2. Conduct appropriate education training based on business needs
3. No violation of laws

- Corporate governance evaluation: The target ranking of corporate governance evaluation is top 20% among all listed companies
- The Completion Rate of annual Ethics and Compliance Training Course by the employees ≥ 99%

Risk Management

- Risk assessment: 100% completion rate of yearly review on departmental hazard and risk assessment
- 75% participation rate of annual emergency control management rehearsal training

- Risk assessment: 100% completion rate of yearly review on departmental hazard and risk assessment
- 80 % participation rate of annual emergency control management rehearsal training

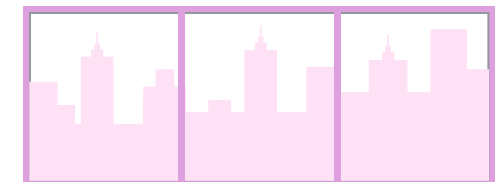
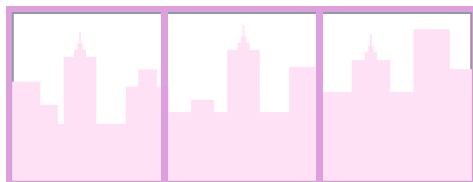
- Risk assessment: 100% completion rate of yearly review on departmental hazard and risk assessment
- 85% participation rate of annual emergency control management rehearsal training

Regulatory Compliance

Violation of corporate or tax laws: 0 case

Violation of company or tax laws: 0 case

0 case → Achieved



Performance and Goal of Material Issue: Sustainable Management

Largan is committed to run the company with honesty, integrity and transparency with the aim to improve business philosophy and efficiency. By establishing an ESG Sustainability committee, it helps us to achieve moral and ethical objectives in compliance with the relevant regulations and ISO requirements. The major achievements and performance based on the material issue raised are as stated in the table:

2021 Target Performance	2021 Achieving Status	2022 Target Performance
Corporate Governance		
No violations of honesty and integrity principles 0 case	0 case → Achieved	No violations of honesty and integrity principles 0 case
Ranked 21~35% of corporate governance evaluation of all listed companies	30 % → Achieved	Ranked 21~35% of corporate governance evaluation of all listed companies
Passed 2021 ESG Sustainability Report verification	7/05 → Achieved	Regular announcement /amendment of internal management documents to comply with the latest regulatory requirements
No violation of laws and regulations related to corporate governance 0 cases	0 case → Achieved	No violation of laws and regulations related to corporate governance 0 cases
Completion rate of employees' annual ethics and integrity management training ≥ 95%	100 % → Achieved	Completion rate of employees' annual ethics and integrity management training ≥ 95%
Risk Management		
100% completion rate of yearly review on departmental hazard and risk assessment	100 % → Achieved	100% completion rate of yearly review on departmental hazard and risk assessment
75% employee participation rate of emergency response education training and evacuation rehearsal carried out once a year	75 % → Achieved	75% employee participation rate of emergency response education training and evacuation rehearsal carried out once a year
Regulatory Compliance		
No violation of corporate or tax laws 0 case	0 case → Achieved	No violation of Company Law or tax laws 0 case

2.1 Company Introduction and Governance

Largan Precision Co., Ltd. (hereinafter referred to as Largan”, “The Company” or “We”), the leading manufacturer of optical lenses was founded in 1987 (formerly known as Dagen Precision Optical Co., Ltd. founded in 1980), and officially went publicly listed on the Taiwan Stock Exchange in 2002. The headquarter of the group is located in the Precision Machinery Park, with 9 other manufacturing facilities in Taichung City. In addition to developing various light, thin, short and small optical components, at Largan we also produce voice coil motors (Largan Digital Co., Ltd.), contact lenses (Largan Medical), and sleep monitoring devices (Largan Health). We actively expand product categories and production capacity with the aim to get ahead of the development trends and fulfill the demand of the market.

Company Introduction

Date of Establishment : April 17, 1987

Registered Capital : NT\$ 1,341,402,000 (The capital amount of treasury shares is written off in 2022, which the latest capital amount is revised to NT\$ 1,334,682,000,000)

Stock Symbol : Taiwan Stock Exchange (3008) · public listed started in 2002

Number of employees: 7,131 (Accounting until end of December 2021)

Line of Business: Optical lenses for phone cameras, tablets, laptops

Headquarter Address: No.11, Jingke Road, Precision Machinery Innovation Technology Park, Nantun District, Taichung City, Taiwan

Global Location: Taiwan · China

Website: <http://www.largan.com.tw/>



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Headquarter and Branches

HQ	Branches
No. 11, Jingke Road, Nantun District, Taichung City, Taiwan	No. 4 and No.6 Gongyequ 16th Road, Taichung City, No. 14, Gongyequ 23rd Road, Nantun District, Taichung City, Taiwan No. 7, Jingke 2nd Road, Nantun District, Taichung City, Taiwan No. 13, Jingke Road, Nantun District, Taichung City, Taiwan No. 1, Gongyequ 5th Road, Taichung City, Taiwan No. 18, Gongyequ 7th Road, Taichung City, Taiwan (Rental factory) No. 3 and No.5, Gongyequ 22nd Road, Nantun District, Taichung City, Taiwan (Rental factory) Room 1,2,7~10, 2nd floor, and Room 9,10, 4th floor, No. 206, 212, 216, 210, Gongyequ 38th Road, Taichung City, Taiwan (Rental factory)

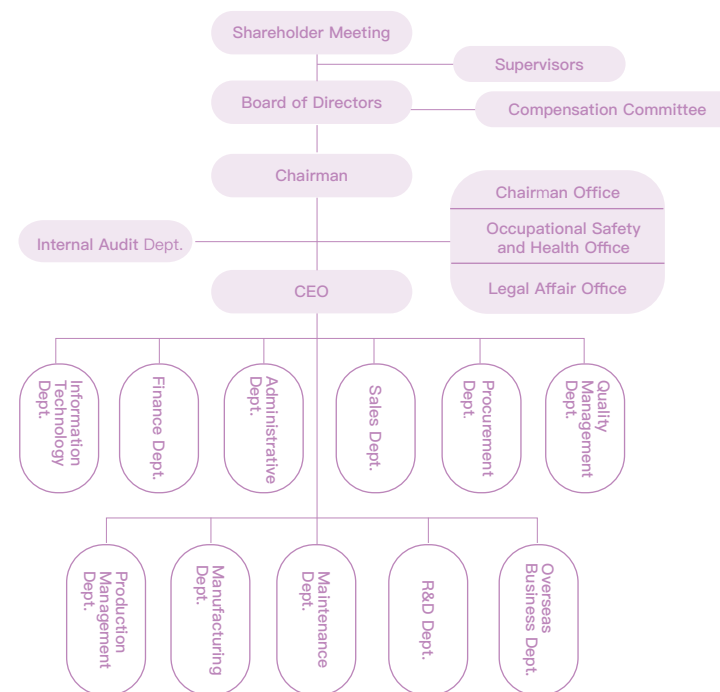
History Highlights (After 2008)

Year	History Highlights in the last 14 years
2021	Established the subsidiary "Dagen Optical Industry Co., Ltd."
2020	Certified as a compliant of ISO 45001 Occupational safety & health regulation
2018	Financial Times 1000 High-Growth Companies Asia-Pacific ranked #629.
2015	Awarded Excellent Trading Business and ranked #4 in "Most Innovative Companies" by the Ministry of Economic Affairs.
2014	Ranked #10 in "Most Innovative Companies of 2014" survey by the Bureau of Industry, Ministry of Economic Affairs.
2013	Ranked #19 in "Most Innovative Companies of 2013" survey by the Bureau of Industry, Ministry of Economic Affairs . Selected as one of the Top 200 "Best Under A Billion" companies in 2013 by Forbes Asia.
2012	Ranked #13 in "Most Innovative Companies of 2012" survey by the Bureau of Industry, Ministry of Economic Affairs.
2011	Ranked #16 in "Most Innovative Companies of 2012" survey by the Bureau of Industry, Ministry of Economic Affairs.
2010	Ranked #53 in the Top 100 Tech Company in Taiwan by Business Next Magazine. Ranked #6 by profit rate, #54 by net profit after tax, #182 by revenue growth rate, and annual industry ranking #293 by Commonwealth Magazine's Top 1,000 survey in the manufacturing industry.

Year	History Highlights in the last 14 years
2009	Grand opening of new headquarters in Taichung Precision Machinery R&D Park. The world's first mass-production of EDOF lens for mobile phones. Mass produced 8.0 Megapixels AutoFocus lens for mobile phones Completed developing 12.0 Megapixels Auto Focus lens for mobile phones. Ranked #2 by profit rate, #38 by net profit after tax, #116 by revenue growth rate, and annual industry ranking #341 by Commonwealth Magazine's Top 1,000 survey in the manufacturing industry.
2008	Completed developing 8.0 Megapixels Auto Focus lens for mobile phones. Certified as a compliant of ISO 14001. Ranked #7 by profit rate, #74 by net profit after tax, #959 by revenue growth rate, and annual industry ranking #413 by Commonwealth Magazine's Top 1,000 survey in the manufacturing industry.

Company Organizations

The composition of the board of directors is based on the supervisors and directors elected during the general shareholders' meeting. Following the law, the Compensation Committee is set up under the board of directors, and the chairman's office consists of occupational safety and health, legal affairs, and internal audit offices. The top level of management includes: CEO followed by Sales, Finance, Administrative, Procurement, Quality Management, Information Technology Departments. The production business unit includes: R&D, Manufacturing, Maintenance, Production Management and Overseas Business Departments. Detail structure is as shown in the picture.



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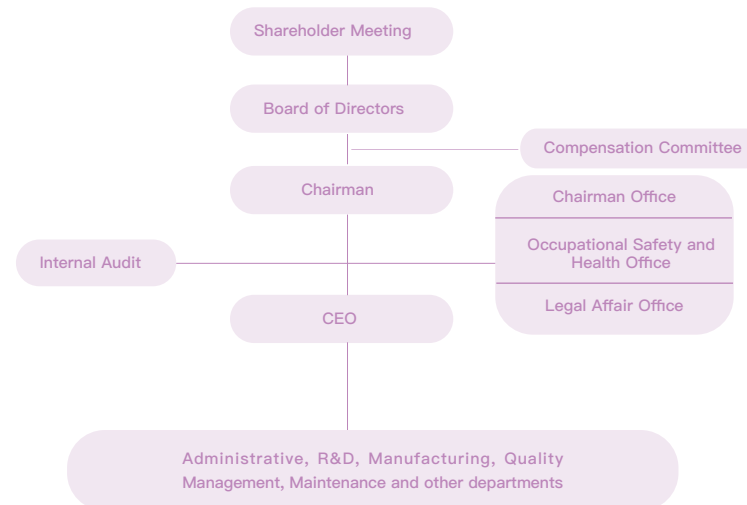
Responsibilities & Functions

The responsibilities and functions of each department is as shown in table:

Department	Responsibilities and Functions
Chairman's Office	Manage and supervise the overall business operation, planning, execution and improvement.
Internal Audit	Inspect and evaluate the internal operations and provide analysis report and improvement plans
Legal Affairs Office	Business ethics and regulatory compliance affairs such as personal privacy, whistleblower protection, intellectual property protection, company confidential information, etc.
Occupational Safety and Health Office	Planning, implementing and promoting safety and health management issues and instructions to related departments
Information Technology	Overall planning and maintenance of the Company's IT system
Finance	Finances, accounting, shareholder services, and taxation affairs
Administrative Affairs	Human resources, general affairs, employee benefits, and labor relations
Sales	Product marketing, market research, and customer after-sales services
Procurement	Purchase raw materials, equipment, and consumables
Quality Management	Perform quality assurance inspection on incoming material, production, and finished goods
Production Management	Production and sales planning, raw materials management, outsourcing, and shipping
Manufacturing	Producing optical components
Maintenance	Machinery and equipment maintenance, repair and inspection
R&D	1. New product development and design 2. Manufacturing technology upgrade 3. Designing and developing molding and tooling technology
Overseas Business	Assist in the production, quality assurance, and other services for overseas businesses

Governance Structure

Corporate Governance & Rights and Interests of Shareholders
Management Measure
<p>Objectives: Having a shared values and visions regarding corporate governance with the support and dedication put in by the management team, employees and shareholders are the keys to run a successful business.</p> <p>Commitment: Protect the rights and interests of the shareholders by abiding the relevant corporate regulations.</p> <p>Policy and Management :</p> <ol style="list-style-type: none"> (1) Establish Corporate Governance Code of Conduct to ensure the structure, agenda and obligations of the board of directors. (2) Set up the members of the board of directors following relevant laws, regulations and requirements. (3) In order to seek professionalism in business decision-making, diverse academic and industrial experiences are included in the composition of the board of directors. (4) Uphold the spirit of integrity management, and strive to create value for shareholders by committing to sustainable management. (5) Regularly disclose updates to the public information observatory website to protect the rights and interests of shareholders.



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Board of Directors (BOD)

Largan established the Corporate Governance Code of Conduct, specifying the structure of the Board of Directors, rules of meetings, and individual obligations. Director and Supervisor elections are based on a nomination system to ensure that the BOD elections are open, fair, and inclusive.

Structure of Board of Directors

The appropriate number of seats in BOD are determined by the scale and operational needs of Largan. The Board of Directors is composed of members who have backgrounds and education in the relevant industries, management experience, critical knowledge and skills in law and finance to successfully execute tasks and obligations required. There are seven Directors at Largan, two of which are Independent Directors. The Company has also set up two supervisors. We convened a total of 4 Board meetings in 2021. The overall attendance rate of all Directors reached 94%, and attendance of Supervisors reached 70%.



Education and Experience of Board of Directors

Title	Name	Tenure	Education and Experience
Chairman	En-Chou Lin	3 years	Bachelor Degree in Insurance and Banking, Tamkang University Vice President, Largan Digital Co., Ltd. Representative at Mao Yu Ji Nien Co., Ltd.
Vice Chairman	En-Ping Lin	3 years	Master of Business Administration (MBA), Dominican University, USA Representative at Mao Yu Ji Nien Co., Ltd.
Director	Yao-Ying Lin	3 years	Bachelor Degree in Agricultural Chemistry, National Chung Hsing University Factory Chief at a German optics company Chairman, Largan Optronic/ Chairman, Largan Precision Co. Ltd. Representative at Mao Yu Ji Nien Co., Ltd.
Director	Shih-Ching Chen	3 years	Bachelor Degree in Department of Mechanical Engineering, National Cheng Kung University Manager at a German optics company President, Largan Optronic/ Chairman, Largan Precision Co. Ltd.
Director	Ming-Yuan Hsieh	3 years	Bachelor Degree in Department of Applied Mathematics, Feng Chia University
Independent Director	Shan-Chieh Yen	3 years	Department of Electrical Engineering, Taichung Industry High School Assistant Vice President, Largan Precision Co. Ltd.
Independent Director	Ming-Hua Peng	3 years	Mechanical Engineering, Ming Chi Institute of Technology, Assistant Vice President, Largan Precision Co. Ltd.

Education and Experience of Supervisors

Title	Name	Tenure	Education and Experience
Supervisor	Jung-Ren-Laing	3 years	Department of Finance and Taxation, National Chengchi University Supervisor at Largan Medical Co., Ltd/ Largan Digital Co., Ltd.
Supervisor	Tsuei-Yin Chiang	3 years	Department of German, Tamkang University



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Diversified Experience

One should acquire diversified professionalism and management skills such as operational judgment, mathematical skill, crisis management, industrial knowledge, insights for global affairs, leadership, decision-making and other critical skills to be a qualified member at the board of directors. The ability of each director at Largan is summarized in the table as shown.

Name of Director	Professionalism						
	Operational Judgment	Accounting /Finance/ Mathematics	Management	Crisis Management	Industrial Knowledge	Global Market Insight	Leadership & Decision Making Skill
En-Chou Lin	■	■	■	■	■	■	■
En-Ping Lin	■	■	■	■	■	■	■
Shih-Ching Chen	■	■	■	■	■	■	■
Yao-Ying Lin	■	■	■	■	■	■	■
Ming-Yuan Hsieh		■			■	■	
Shan-Chieh Yen		■			■	■	
Ming-Hua Peng		■			■	■	

Director's Remuneration

The remuneration of Directors and Supervisors are determined pursuant to Article 26 of the Largan's Articles. It states that if the Company is profitable for the year, a bonus no more than 5% may be allocated as remuneration for Directors and Supervisors. The criteria for determining remuneration include the overall performance of the Company, industry risk, development trends as well as the individual's performance achievement rate and contribution to the Company.



The Role of the Board of Directors

The Directors play the role of overseeing and providing guidance to the Company's comprehensive management strategies such as organizational development, performance improvement, operational performance, and risk management. The Board strives to perform the responsibilities through communication and discussion to carry out future planning and prospects of the Company.

Operations: Largan convened Board of Directors meetings quarterly in the past two years following the requirement. The attendance of each director is as stated in the table:

Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2020	2021	2020	2021	2020	2021
Chairman	En-Chou Lin	4	5	0	0	100%	100%
Vice Chairman	En-Ping Lin	4	5	0	0	100%	100%
Director	Shih-Ching Chen	4	5	0	0	100%	100%
Director	Yao-Ying Lin	4	4	0	0	100%	80%
Director	Ming-Yuan Hsieh	3	4	0	0	75%	80%
Independent Director	Shan-Chieh Yen	4	5	0	0	100%	100%
Independent Director	Ming-Hua Peng	3	5	1	0	100%	100%
Supervisor	Jung-Ren-Laing	2	3	0	0	50%	60%
Supervisor	Tsuei-Yin Chiang	4	4	0	0	100%	80%

Compensation Committee

There are 3 members in the Compensation Committee, which operates in accordance with the Largan's Compensation Committee Charter. The summary of the Committee is as shown in table:

Category	Enforcement in the last two years
Members	Independent Director : Shan-Chieh Yen Independent Director : Ming-Hua Peng Chairman of Taiwan Optical Platform : Sun-Yuan Chien
Tasks	Evaluate compensation policies, systems, salary structures and standards for Directors, Supervisors and Managers.
Enforcement	1. Term of service : July 22, 2019 to June 11, 2022 2. Three Compensation Committee meetings were held in 2020 (February, April, and July), and the attendance rate reached 100%



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Six Compensation Committee meetings were held in the past two years. The attendance of each committee member is as follows:

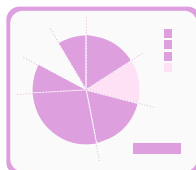
Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2020	2021	2020	2021	2020	2021
Convenor	Shan-Chieh Yen	3	3	0	0	100%	100%
Committee Member	Ming-Hua Peng	3	3	0	0	100%	100%
Committee Member	Sen-Yuan Chien	3	3	0	0	100%	100%

Communication Between Independent Directors & Accountants

Independent directors and certified accountant hold a symposium once a year, the purpose is for the certified accountant to explain financial reports, audit results, important regulatory updates and annual audit planning to the independent directors. The overall independent director attendance rate reached 100%.

Communication Between Independent Directors & Head of Internal Audit Department

The independent directors and the internal audit supervisor hold symposiums twice a year. The audit supervisors request the directors to review the audit report, and present the important business reports of the Company and the subsidiaries to the independent directors. The overall independent director attendance rate reached 100%.



2.2 Risk Management

Risk Management

With the aim to secure the functions of risk management and the responsibility of the board of directors, Largan has established "Risk Management Measures" approved by the Board of Directors to effectively identify, manage and analyze potential risks. The purpose is to raise crisis management awareness for all employees and to do risk control within a reasonable range and subsequently optimize the overall business operation.

●Risk Management Mission:

Here at Largan we continuously improve risk management system with the aim to reduce operational costs and ensure the company is profitable. We hope to create a desirable working environment for our employees to achieve sustainable development for the business. The practical objectives commitments and management measures are as stated in the table:

Risk Management
Management Measure
<p>Objectives: To get a head start over the global economic situation and the risks of climate change and energy supply, at Largan we actively act upon developing strategies and adjusting the business models beforehand.</p> <p>Commitment: Largan pays close attention to global industry dynamics and climate change and adjusts the development goals and business strategies accordingly to reduce potential risks.</p> <p>Policy and Management : Largan holds management meetings as preventive measures to adjust operation strategies in response to operational risks.</p>

Type of Risk, Potential Operational Impact and Countermeasure

Type of Risk	Potential Operational Impact	Countermeasure
Physical Risk	Earthquakes, Floods, Typhoon, Untreated Effluent	<ul style="list-style-type: none"> Establish water resource monitoring system. The existing water storage capacity is able to support demand for 3-5 days. Set up a typhoon emergency response team to carry out precaution measures against the typhoons. Perform inspection on the production equipment of each Factory. Set up effluent management policy.
	Drought, Power outage	<ul style="list-style-type: none"> Prepare water trucks to support water shortage area Utilize Uninterrupted Power System (UPS) to support power demand. The generator is set to automatically turn on for emergency power demand The reserve generator oil and tanker supply can support emergent demand for more than a few days
Transition Risk	Rising Temperature	<ul style="list-style-type: none"> Increase in electricity consumption and greenhouse gas emissions Promote the concept of energy conservation Change to energy conservation bulb and inductive power
	Emission Control	<ul style="list-style-type: none"> Need of increasing carbon control equipment Increasing operating costs Manage exhaust emissions by importing monitoring systems. Assess and control hazardous gas emissions during the producing process
	Corporate Image	<ul style="list-style-type: none"> Expectation of reducing environmental footprint of the products from customers Negative feedback from the stakeholders ESG Sustainability Committee is in charge of relevant management measures Strengthen the implementation of energy-saving, water-saving, and relevant green production policies



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Operational Risk Management

Major Risks	Regulatory Risk	Procurement Risk	Sales Risk	Climate Change Risk
Management Measures	Pay close attention to and comply with the latest laws and regulations to reduce the impact of legal changes on business operations.	Work with multiple suppliers for critical raw materials and reserve secure inventory to avoid material supply interruption.	Avoid high customer concentration risk by actively developing a new customer base.	<ul style="list-style-type: none"> Procurement planning beforehand includes aspects such as selection of supply sources, place of origin, production methods, etc. to avoid possible impact on costs by climate change and natural disasters. Plan alternative materials at the R&D stages.

Environmental Risk

Major Risks	Energy Saving & Carbon Reduction	Water Resources	Waste Management
Management Measures	<ul style="list-style-type: none"> Launch ISO 14064: 2018 Voluntary Greenhouse Gas Inventory investigation in 2020 The goal of energy saving and carbon reduction is by saving 9 million kWh/ year through green production and facilities improvement. Publish paperless policy to reduce paper usage Bring our own environmentally friendly tableware to reduce usage of disposable utensils Green building planning with the aim to effectively control carbon emissions 	Maximize the usage efficiency of water resources through recycling, water quality distributary, and pollution prevention with the aim to reach 90% water recycling rate every year.	<ul style="list-style-type: none"> The total weight of waste produced in 2021 is 2,718.7 tons. Establish "Industrial Waste Management Regulation" to standardize the procedures for the classification, collection, storage, and treatment of industrial waste 90.35% of processed raw materials/ wastes in the factory that were meant for incineration can be recycled and reused.

Safety and Health Management Risk

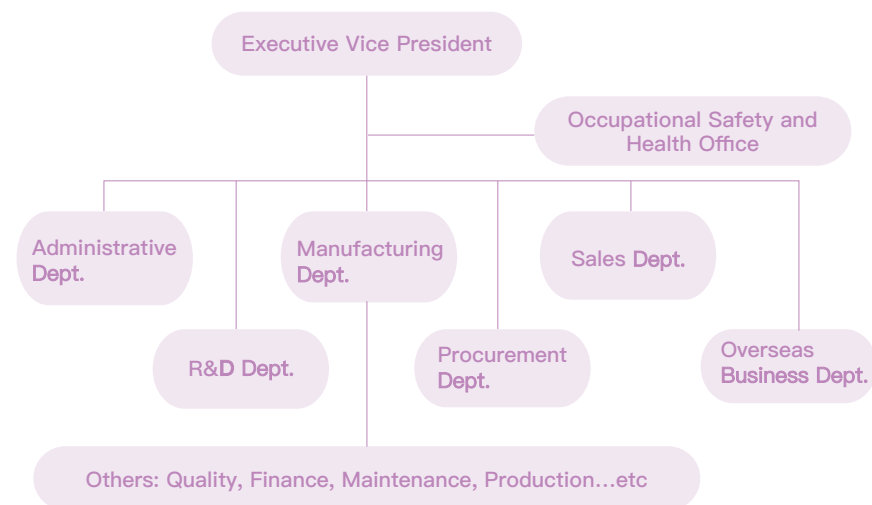
Major Risks	Occupational Safety Risk
Management Measures	Largan set up Occupational Safety and Health Department. As an executive of the Occupational Safety and Health Management Unit, we formulated a Guidebook of Occupational Safety and Health Management and related regulations approved by the Taichung City Government Labor Affairs Bureau. We also promoted safety and health management tasks and improved processing and equipment to ensure that the safety and health management complies with the rules. Establish occupational safety and health hazard identification and risk assessment methods and corresponding management, supervision, and improvement measures, to prevent safety and health-related disasters in the factory and reduce related risks

Emerging Risk: the COVID-19 Outbreak



Largan is a multinational company. After the suspected case of unidentified pneumonia outbreak in mainland China at the end of 2019, we have immediately taken related risk control measures by January 3, 2020. We have also established the "Covid-19 Epidemic Prevention Team" (as shown in the left picture below) in response to the Covid-19 outbreak. The epidemic prevention meetings are held on a daily basis with the aim to monitor the overall epidemic prevention status, develop countermeasures, and keep track of the supply chain and market condition and health status of all stakeholders. All Largan's domestic subsidiaries, and offshore subsidiaries were required to adhere to relevant disease prevention/control measures to ensure effective control over the pandemic, guarantee employees' safety, and maintain day-to-day operations. We have also taken relevant supporting measures to avoid people from getting sick in response to the epidemic prevention for the company staff and visitors. Practical measures such as adapting substitutes systems, enlarging office safe working space, flexible working hours, alternative and split shifts, and working from home...etc. We keep ourselves adaptive in accordance with government policies and regulations.

Organizational Structure of the Covid-19 Epidemic Prevention Team



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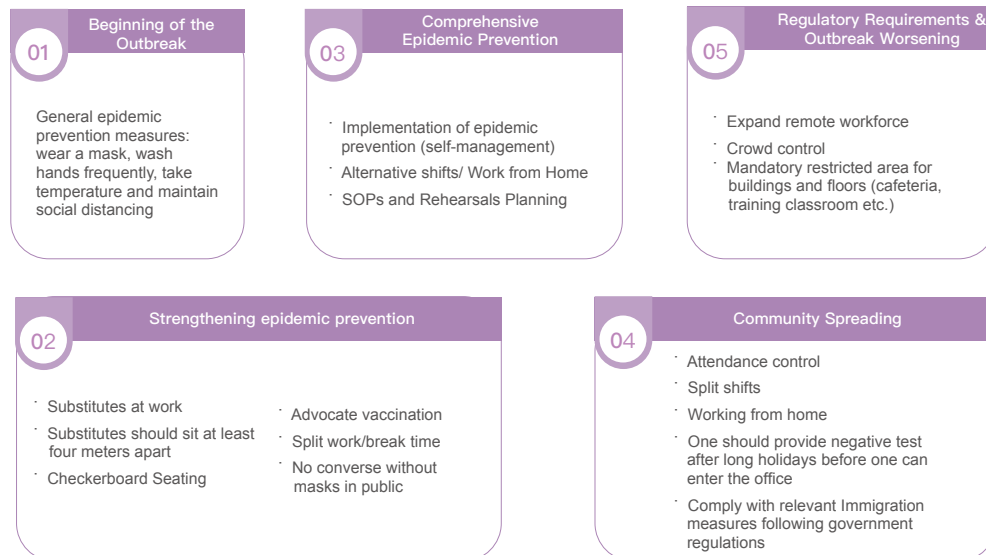
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Organizational Structure of the Covid-19 Epidemic Prevention Team



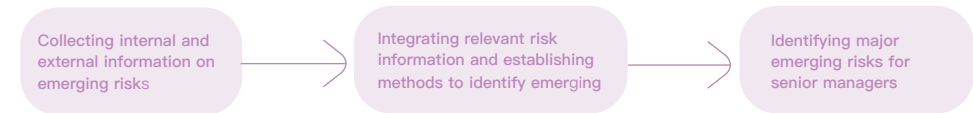
The epidemic prevention measures taken at Largan are divided into ten aspects which are suspected case tracing, health care for employee, attendance management, regulatory compliance, supplies preparation, visitors' management, subsidiaries management, and supply chain/ business-end management. We treat the pandemic and practice the measures cautiously hoping that we can prevent any potential losses. The epidemic prevention comes in five stages: Beginning of the outbreak; Strengthening epidemic prevention; Comprehensive epidemic prevention; Community Spreading; and finally Regulatory requirements & Outbreak worsening. The overall management measures are as shown in the table:



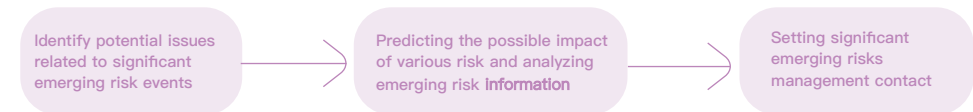
Emerging Risk Assessment and Management

At Largan we are sensitive to the changes of the economic environment. We strive to adapt ourselves and adjust the operational strategies in accordance to long-term risks as well as opportunities with the aim to achieve sustainable business goals and good operating performance. We utilize risk management teams to collect related domestic and overseas information for long-term operational risk evaluation. We first identify potential material risk issues through questionnaires or senior managers meetings and come up with countermeasures after reviewing the severity of the potential impact. Then, we report the discussion to the risk management team as reference for final decisions and operational strategies for the future.

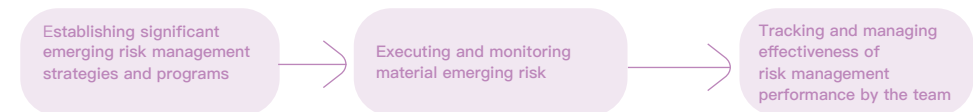
Yearly Emerging Risk Identification



Emerging Risk Assessment



Emerging Risk Management



We have collected and consolidated significant emerging risk by the supervisors of management team in 2021, the major topic selected was the continuing spreading of the COVID-19 variant virus. At Largan we actively develop countermeasures and improve continuously, hoping to reduce the overall impact on the company. Please refer to Chapter 6 section 8 Health Promotion for more details regarding measures taken.



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The Relationships among Sustainability Management, Integrity Management, Regulatory Compliance and Significant Material Issue Management

With the aim to practice sustainability management internally, "Largan's Articles of Association" should be established in accordance with the Company Act, which the content should include regulatory compliance, integrity management, avoidance of conflicts of interest, ethics and such management approaches. By actively advocating and implementing relevant training, we hope for the employee to develop good professional work ethics and behavior and naturally create a corporate culture that is based on a virtuous cycle.

The table shown is the relatedness between Significant Material Issues and Sustainability Management based on Task Force on Climate-Related Financial Disclosures framework (TCFD):

Management Level	Relatedness between Significant Material Issues and Sustainability Management based on the TCFD framework.
Corporate Governance – Integrity management – Ethics and Integrity Management – Regulatory compliance	<ul style="list-style-type: none"> The practice of corporate governance includes internal governance structure establishment, composition and tasks of directors, members of organizations, and it must abide by the domestic laws and relevant regulations. It is also required to comply with the overseas applicable laws and regulations for exportation with the aim for the business to grow and survive. In the sustainable operation management, the Company establishes the code of conduct in accordance with the relevant regulations such as the articles of association, ethical and moral policies as well as integrity management, avoidance of conflicts and interest, anti-corruption and bribery, no violating rules of market monopoly and other misbehaviors. The company should conduct fair trade and competition, educate and train employees, with the aim for all staff to practice business in a decent manner. The public disclosure of corporate finance and ESG reports are supporting documents for corporate governance and sustainable management.
Operational Strategy and Management	<ul style="list-style-type: none"> Commonly used business strategies are: financial or cost orientated, customer service and satisfaction orientated, product or production differentiation oriented, product oriented of core operating process, organizational learning and growth dimensions...etc. Utilizing short, medium and long-term plans and objectives with the establishment of management and control systems to achieve expected goals. Assess, classify and prioritize the substantial risks to the Company's assets brought by climate change. Establish corresponding strategies, precise and cautious preventive measures and plans of emergency response. Take immediate actions, response measures and recovery plans when a crisis or disaster occurs to reduce the likely impact of damage and instability caused. In terms of transition risks, we follow the trend of energy diversification and comply with the regulations and objectives of the "Renewable Energy Development Act" to plan procurement of renewable energy and invest in renewable energy certificate projects.
Risk Management	<ul style="list-style-type: none"> According to TCFD's climate risk classification, there are substantial risks and transition risks. The former includes earthquakes, floods, typhoons, untreated effluent discharge, drought, power outages and water outages. The latter includes rising temperature, energy saving, carbon reduction and waste emission control, and corporate image. There was historical data of substantial risks for verification and comparison, as well as emergency response measures and plans that should be able to effectively control damage caused; Transition risk captures the uncertain rate of adjustment towards carbon neutrality for the company. With extreme weather conditions such as floods, typhoons and drought caused by increasing temperature in the past 10 years, the United Nation has required EU countries to implement Carbon Tariff measures by 2023. The first stage of taxation target audiences are the most carbon-intensive industries such as petrochemicals, steel and cement. The measures taken and equipment to reduce carbon emission may subsequently increase the cost of the business. Traditional risk issues in business operations include financial scheduling and customer credit, high rate of defective products, demand for compensation or repetitive work due to return of goods, employee complaints or fines by government for violating environmental protection, labor, and company-related laws and regulations. These issues will cause financial losses to the company. The amount of compensation and the subsequent impact on the business operation can be assessed depending on the scale and severity of the case
Plans and Objectives	<ul style="list-style-type: none"> Short, medium and long-term plans and objectives of corporate governance, sustainable operation, product innovation, and social welfare promotion. Short-, medium- and long-term plans and objectives of green energy, green production, energy conservation and carbon reduction, and environmental protection. Short-, medium- and long-term plans and objectives of friendly workplace, labor rights and occupational health and safety.

2.3 Information Security

Information Security Risk Management Structure

At Largan we intensify the information security management in accordance with the applicable regulations. The management structure: the vice president leads the Information Security Management Department followed by the Administrative Department, Information Security Office, Internal Audit Dept., and Legal Affair Dept. The vice president plays the role of overseeing and providing guidance to the Company's comprehensive security management strategies and suggestions for improvements; reports issues to the chairman and the CEO, and assigns tasks for execution accordingly.

Information Security Policy

- Carry out risk assessment of information assets, and ensure the validity and compliance of software and hardware authorization, structures of the system, network security, and resource management, as well as include improvement plans regarding any risks detected.
- Propagating the importance of confidentiality policy and data protection; Managing files and records; Monitoring mobile devices; Managing access authorizations; Compiling and checking records with Internal Audit and Legal Affair Departments; Coordinating; Reporting abnormal information; Reducing risks of information breaching; Maintaining important assets and competitiveness of the business.
- Promote ideas and knowledge about information security for the employees to reinforce the awareness regarding their daily work.
- Working closely with information security companies to conduct investigation, tackle and prevent any potential information security breach and weakness promptly.

Implementation of the Measures

Multilayered Information Security Defense

- Build different branded multilayered firewall devices to enable multiple advanced functions such as detection technology, traffic monitoring, applications identifying, unknown malware analyzing, and blocking unknown and hostile connections in advance.
- Network control and monitor across factories and devices. Strengthen firewalls and network access control to prevent the spreading of viruses attack across devices and facilities.
- Adopt multilayered email protection gateways, enable functions such as Attachment Defense, real-time detection for URL, BEC scam, phishing, ransomware attack protection, multi-dimensional detection, anti-evasive threats...etc with the aim to intercept advanced persistent threats and attacks.

Endpoint Security

- Install more than one type of antivirus protection software on the computer according to its features. We import the new-generation APT endpoint protection system to monitor abnormal operational behavior by using its behavior detecting function in addition to enhancing basic antivirus protection with the aim to Instantly block and remove hostile malware and reduce lateral movement. We utilize machine learning and behavioral analysis to block attacks on RAM from fileless malware.
- Purchase intrusion prevention services to prevent large-scale intrusions and provide alerts and warnings in time.
- Establish incoming machinery examination mechanism to prevent malicious software from entering the factory along with system loopholes.
- Endpoint device control, strictly prohibits the use of portable storage devices or wireless devices.
- Network behavior monitoring, controlling and sandboxing to effectively manage and reduce the risks of accidental clicking on Phishing sites and downloading malicious software to personal computers while doing paperwork and websites browsing, as well as prevent hackers lurking from the outside.



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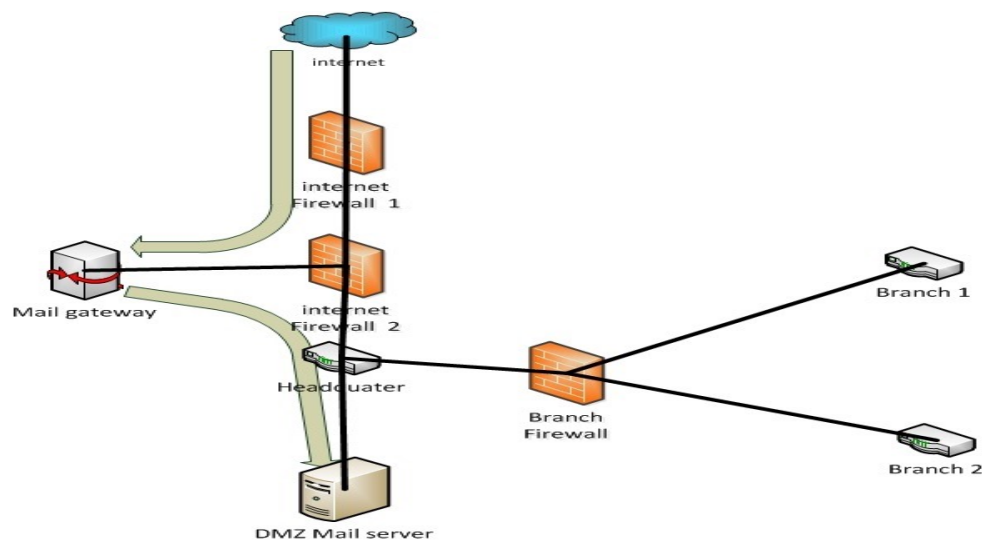
Data Security Protection

- (1) Import file encryption protection system, archives access control, record archives operating activities to prevent data breaching.
- (2) Manage and monitor copying and scanning equipment. Unauthorized operations of the equipment are unavailable. Import the printing record saving software. Complete record keeping all login, operating, documents copying and scanning activities.
- (3) Outbound and inbound mail monitoring.
- (4) Cloud storage access control.
- (5) Import data backup system, establish backup and offline saving mechanism.
- (6) Prohibition of software piracy: The use of software in the company must be legally authorized. Installing unauthorized software on personal computers or company laptops is an act of copyright infringement.
- (7) Inspection mechanism: Comprehensive information security check is held on the fourth week of each month.

Information Confidentiality Policy

Employees should take appropriate protection measures regarding the business secrets and confidential information. the protection measures are as the followings:

- (1) A confidentiality agreement should be signed before making authorized disclosure to a third party.
- (2) Abide by the labor contract and other relevant confidentiality management regulations.
- (3) Take necessary and reasonable protective measures to avoid unauthorized actions and obtain business secrets or confidential information.
- (4) Principles for company information disclosure: Employees shall not disclose any company information such as scope of business, technical information, any other tangible or intangible business secrets and confidential information to other third parties without authorization and permission as the information are valuable assets to the company.



Note: Schematic diagram of multilayered information security protection

2.4 Business Philosophy, Integrity, Ethics and Compliance

Business Philosophy

Business Philosophy

Largan's business philosophy is "Innovation, Professionalism, Speed and Flexibility." Our priority is to protect the rights and interests of our shareholders and we are committed to ensure the transparency of information disclosures. We hope to achieve ultimate success by continuously enhancing the functions of the board of directors and improving management leadership capability.

Business Code of Conduct

All employee at Largan are required to learn, understand and abide by the Company's Code of Business Conduct (hereinafter referred to as "the Code") based on the operation policies. By complying with the Code, we aim to create an honest and open working environment where the employees can work with full commitment to follow the integrity requirements and to be proud of being part of the family. We take immediate legal actions to resolve problems encountered by violating the Code and establish corrective mechanisms as preventive measures to avoid similar problems from happening again in the future.

Honesty and Integrity Management

Largan values the idea of honesty and integrity. Following the principles of honesty, transparency, and responsibility, Largan has established the "Integrity Management Code of Conduct and Whistleblowing System" to assist the company in building up integrity management culture and a comprehensive healthy business development. We require everyone to uphold integrity as the basic principle when performing their duties, and strictly prohibit any actions of corruption, bribery and unjust enrichment.

We have also set up a full-time unit composed of Legal Affairs and Internal Audit Departments to promote ethical corporate management under the Board of Directors. The team is responsible for overseeing policy execution, providing guidance regarding integrity management and reporting to the board of directors of the performance every six months. The Ethical Corporate Management Practice Principles and Channels of Making Complaints was established in 2016 to prevent conflicts of interests and to provide channels for complaints. The practical measures taken are as stated:

- (1) Assist in integrating the value of integrity into the company's business strategy and initiate relevant anti-fraud measures in accordance with laws and regulations.
- (2) Establishing preventive measures, work-related principles and guidelines to follow regarding dishonest behaviors.
- (3) Set up supervision and balancing mechanisms for dishonest and risky activities that are potential threats to the business.
- (4) Advocate integrity management and promote related policy training.
- (5) Drafting whistleblowing policy and ensuring the effectiveness of policy execution.
- (6) Assist the Board of Directors and managers in evaluating and inspecting the effectiveness of preventive measures taken and regulatory compliance status

Business Activities with Integrity

Conduct business activities fairly and transparently based on the principle of ethics and integrity management. Take the legitimacy of distributors, suppliers, customers, and other business partners into account to see if there are records of dishonest behaviors and avoid dealing business with companies with disciplinary records. Ensure to include the contract termination terms when signing contracts with distributors, suppliers, customers and other business partners for when they are in breach of contract entitling or dishonest behaviors, we are allowed to terminate the contract at any time.



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Integrity Management Prevention Measures

- (1) Engaging in unfair competition practices.
- (2) Providing illegal political contributions.
- (3) Improper charitable donations or sponsorships.
- (4) Offering or accepting unreasonable gifts, hospitality, or other improper benefits.
- (5) Giving and receiving bribes.
- (6) Infringement of business secrets, trademark rights, patent rights, copyrights and other intellectual property rights.

At Largan we maintain high ethical standards by conducting educational training, self-assessment and inspection, and anonymous reporting system with the aim to establish a good image of the Company. We hope to enhance the effectiveness of the integrity management at Largan by proactively and publicly disclosing integrity management related information on our website, following up the latest domestic and overseas integrity management trend and development and encouraging all staffs to provide suggestions regarding better management approaches for policy improvements in addition to personal integrity regulation compliance.

Educational Training

- (1) Regular communication from senior managers to the directors, employees and appointees regarding the importance of integrity.
- (2) Organizing educational training and policy advocacy events regularly. Invite the Company's counterparties to participate in such commercial activities.
- (3) Integrating the integrity management policy with employee performance evaluation and HR policies to establish an explicit reward and punishment system.

2021 Performance

- (1) Advocating the core values of integrity management regularly.
- (2) Arranging relevant training courses for the new employees such as: intellectual property rights and information protection, business secret infringement prevention and prohibition of insider trading, etc. with the aim to raise awareness of integrity management for all employee.
- (3) 941 people participated in the internal education and training of integrity management, with a total number of 7,528 class hours.

Year	2020	2021
Number of Participants	973	941
Class Hours	7,784	7,528

Whistleblowing System

- (1) Set up an internal complaint mailbox and provide a reporting service on the Company website.
- (2) Assign a dedicated unit to find out relevant facts immediately and seek assistance from regulations or related departments when necessary.
- (3) All files and records should be kept in archives for five years or until the termination of the lawsuit.
- (4) Whistleblowers and the disclosed content shall be kept confidential to protect them from improper mistreating behavior.
- (5) Establish incentive measures for whistleblowers and award bonuses based on the severity of the circumstances

2021 Performance: No violations of honesty and integrity principles by supervisors and employees.

Information Disclosure

Based on the integrity management policy, the Company is required to submit annual reports and public prospectuses within the regulated time limit in accordance with the regulations, and publish relevant disclosures on the public Market Observation Post System and the Company website.

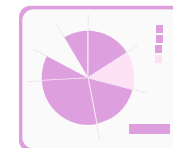
Ethics and Regulatory Compliance

Ethics and Regulatory Compliance
Management Measure
<p>Objectives: Keep running the business with continuous growth to expand business scale and improve the overall competitiveness of the Company. Commitment: Uphold transparency of the integrity management in corporate governance goal and protect the rights and interests of stakeholders.</p> <p>Commitment: Uphold transparency of the integrity management in corporate governance goal and protect the rights and interests of stakeholders.</p> <p>Policy and Management :</p> <ol style="list-style-type: none"> (1) Establish an effective accounting system and internal control system to ensure the practice of integrity management. (2) Follow relevant regulations in accordance with government regulations to promote the sustainable development of the petrochemical industry. (3) Establish an internal control mechanism, seek for value creation and risk reduction strategies with the aim to protect the rights and interests of shareholders (4) Strengthen the relations among stakeholders and strive to meet the expectations of all stakeholders for the Company's sustainability development.

Largan has established Corporate Governance Code of Conduct for the employees to follow and stakeholders to better understand the company's ethics standards with the aim to improve corporate governance and create a sustainable business environment.

Morals and Ethics Compliance

- (1) Prohibition of directly and indirectly offering or accepting improper benefits when conducting business.
- (2) Prohibition of offering or promising any facilitation payment and bribery.
- (3) Prohibition of disclosing confidential information of the Company and comply with the confidentiality agreement.
- (4) Prohibition of engaging in insider trading.
- (5) Prohibition of engaging in commercial transactions with dishonest business.
- (6) Protect and ensure that company assets can be used effectively and legally in official business
- (7) Comply with government and the Company's regulations, bylaws and procedures



Responsibility of Supervision

- (1) The dedicated unit of ESG Sustainability Committee regularly reports to the Board of Directors every year.
- (2) No violation of integrity management and discovery of dishonest behavior was found during the Board of Director's meeting on February 22, 2021.



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Declaration Compliance and Signature

A statement on the internal control system for 2021 was approved by all directors, stating that the design and implementation of the internal control system for 2021 were effective and all measures taken were declared to comply with applicable laws and regulations. Directors and managers signed the Code of Conduct Compliance Statement and abided by honesty and integrity principles when they took office, and there were no violations of honesty and integrity found in 2021.

Avoidance of Conflicts of Interests

The directors of the Largan uphold a high degree of self-discipline. If a director is involved in a situation in which he or she or the legal entity he or she represents has an interest that may jeopardize the company's rights and interests, the director may present their statements and answer upon questions asked, but may not join the discussion and decision voting.

The Company's personnel shall not use company resources for external business activities and shall not affect their work performance by participating in external business activities.

At Largan we follow applicable laws and regulations for publicly listed companies to regulate business operations and make adjustments accordingly. All employees are strictly required to comply with the rules and operating standards for daily work with the aim to gain trust and respect from our customers, suppliers, and business partners.

We have also established regulations such as infringement prohibitions, personal data protection management, information security management and other relevant measures in addition to incorporating confidentiality obligations into labor contracts with the aim to regulate all employees. We hope to raise awareness of regulatory compliance for our employees through continuous education and training.

Largan has been operating the business in compliance with applicable laws. There were no significant monetary fines or other non-monetary penalties issued in 2021.

2.5 Internal Control and Management System Verification

Internal Control Mechanism

The Company's internal auditor regularly checks the compliance status, records the behavior patterns and consolidates the information to make an audit report for reviewing to ensure the effectiveness of the Company policies and improvement mechanism.

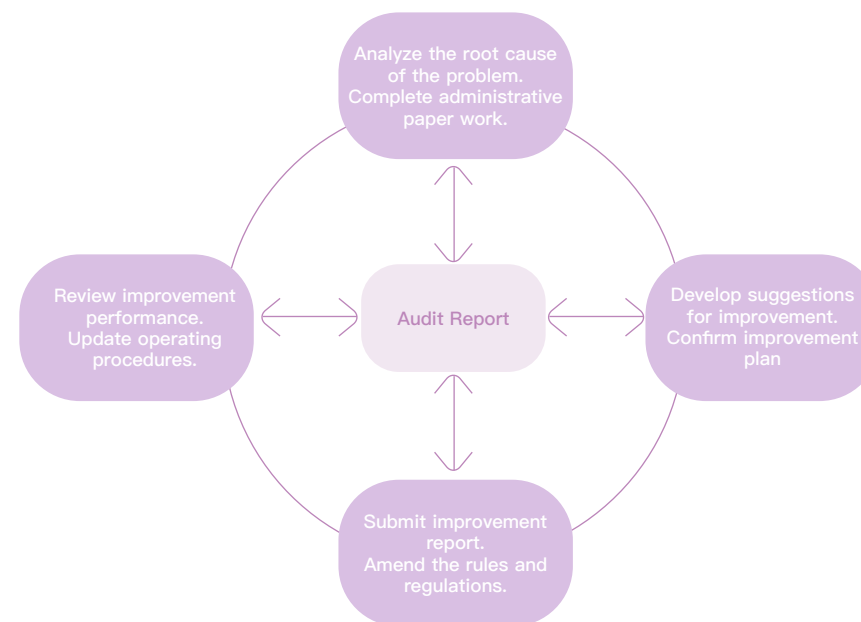
Internal Control Mechanism	
Scope:	Evaluate the adequacy and effectiveness of the internal control system and the efficiency of operating activities.
Target Audience:	The audit targets include all business units of the Company.
Management Measure:	
Problem Based Method	→ The Internal Audit Department will draft the next year's audit plan based on the regulations released by the end of the last year and results of risk assessment then submit it to the Board of Directors for review and approval.
Project Based Method	→ The senior executives or the head of the Internal Audit Department shall designate the audit subjects and work timeframe. The auditors shall conduct audit tasks within the determined time.



Auditing Process

- (1) Draft an annual audit plan based on the results of the risk assessment result.
- (2) Carry out audit operations following the annual audit plan.
- (3) Perform project audits as needed and report existing deficiencies or potential risks to managers promptly.
- (4) Issue an audit report and provide suggestions for improvements after performing the audit.
- (5) Continue to track the deficient items in the audit and make a quarterly follow-up report until deficiency corrected.
- (6) The audit-report and follow-up report should be submitted to independent directors before the end of the following month for review when the audit items are completed.

The general scheme of the internal audit performed by the PDCA cycle as shown in figure:



There was no significant internal control deficiencies in 2021, and the effective declaration of the control system is disclosed in the annual report.

Internal Management System

Largan's Board of Directors and managers have established an internal management system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and relevant laws and regulations to improve the effectiveness of business management and product quality. The internal management system is mainly divided into three aspects:

(1) Internal Control System

The internal control system covers the entire company's business operations, including the functions of management aspects such as planning, organizing, and controlling, as well as the nine pillars of internal control procedures such as sales, production, procurement, financing, salary, fixed assets, information technology, investment, research and development. The main purpose is to facilitate the effective operation of business organizations, the three basic objectives are as stated:

- ① Ensure that the Company complies with policies and operating procedures.
- ② Avoid wasteful, theft and inefficient use of assets.
- ③ Ensure the accuracy and validity of accounting and business operating data.

(2) ISO Management System

At Largan we have established an ISO management system for managing issues such as production, quality, and environment. The relevant ISO certifications that have been approved are: ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Health Management System and ISO 14064 Greenhouse Gas Inventory Audit.

(3) Individual Management Measure

We have established relevant management measures for special projects such as credit management and expense approval authority to reduce high operational risks.

The corporate culture, core value of the employees and professional ethics are the foundations for advancing effectiveness of the business operations and continuous improvements of the three management systems mentioned above in accordance with the requirements of Largan's sustainable management philosophy. The aim is to improve operational performance, product quality and reliability and ultimately achieve sustainable management prospects and mission.

The diagram of the internal control management system is as shown :



2.6 SDGs Goals and Prospects



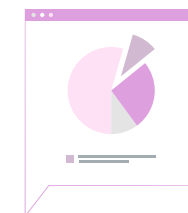
Sustainable Development Objectives and Plans

Factors that have a significant impact on business operations include: fires, floods, droughts, earthquakes, typhoons, COVID-19, inflation, server outages, material outages, infringement of intellectual property rights, water and power outages, wars, exchange rates, business cycles, customer complaints, and manpower shortage, etc. We classify the events as low, medium or high risk based on the severity and probability of occurrence and develop corresponding approaches and recovery plans for continuous operation.

(1) Low Risk: The responsible supervisors will handle the situation occurred, report the process result to the operation team.

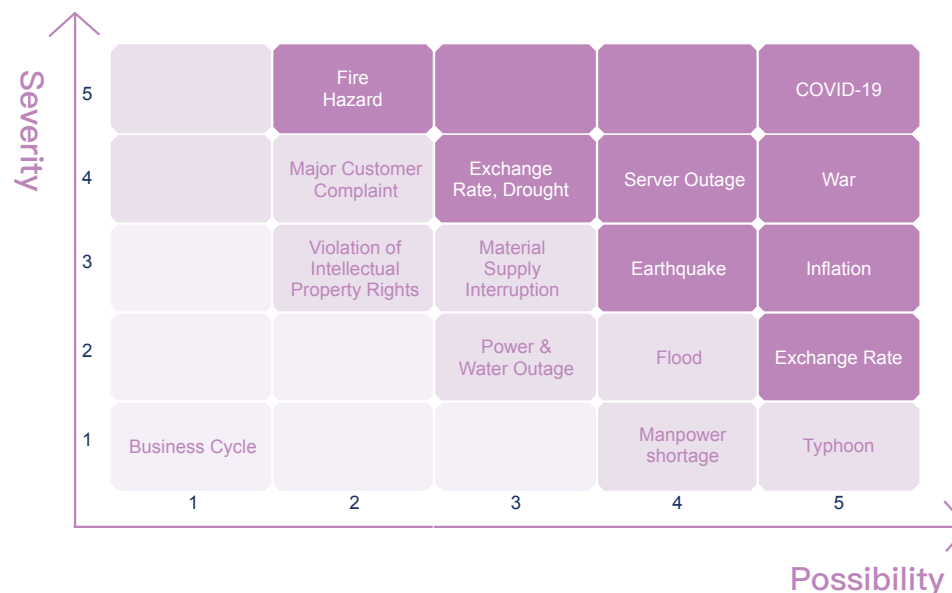
(2) Medium Risk: It is up to the operation team to decide whether to develop a Business Continuity Plan (BCP).

(3) High Risk: Activate the continuity plan, emergency response and operation recovery plan in response to the situation that occurred.



Risk Analysis:

- – High Risk
- – Medium Risk
- – Low Risk



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(1) Business Continuity Plan (BCP) Development and Action

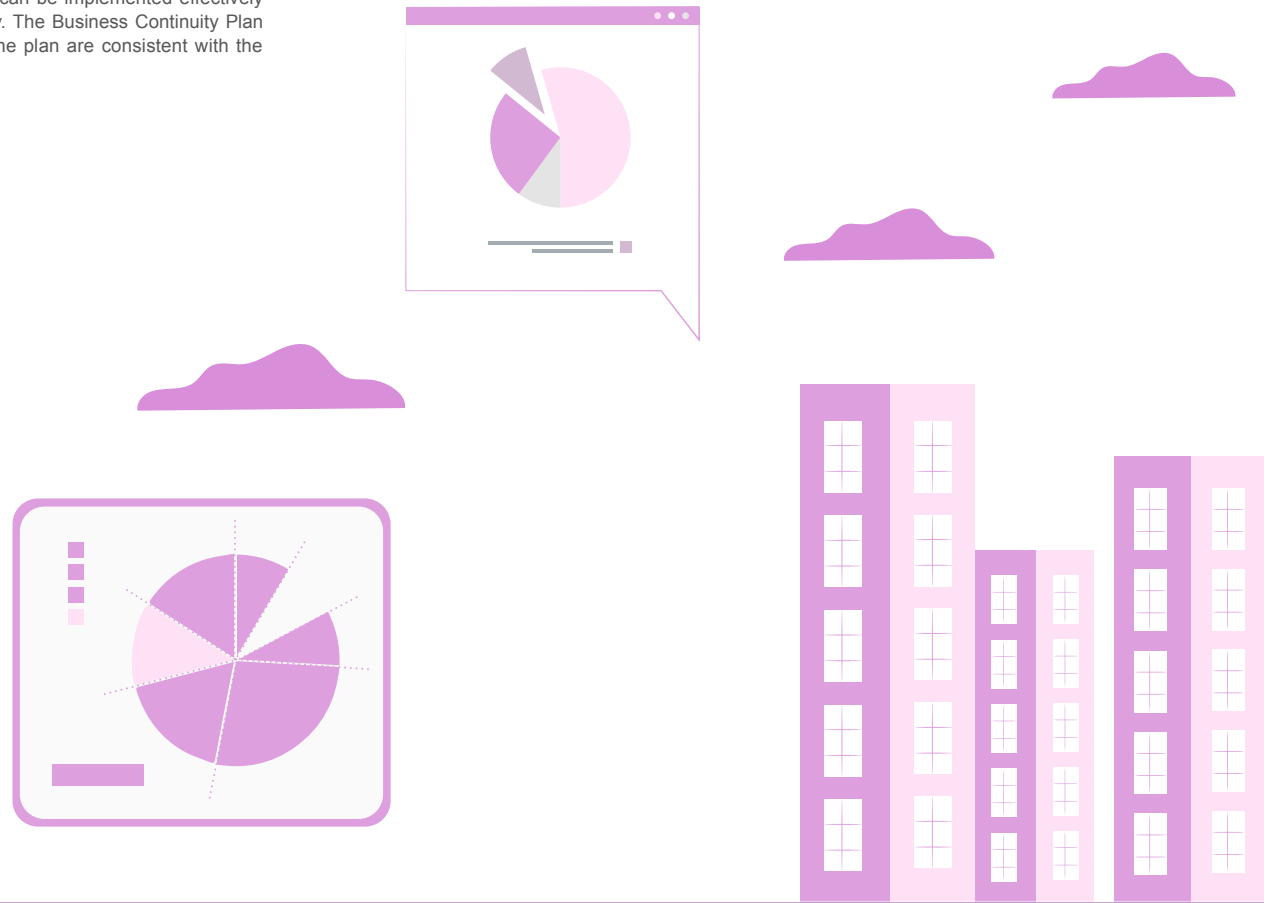
The Business Continuity Operations Team assesses factors that are high risk and come up with corresponding plans after issues are reviewed by the General Manager. The purpose of the plan mainly focuses on risk assessment with the aim to develop emergency response and business recovery plans. The emergency response is set to mitigate the impact of the disastrous event at an early stage with the aim to minimize potential losses. The business recovery plans are used by the operational teams to help resuming work quickly and reducing interruptions in the aftermath of an incident.

(2) Determination the Business Continuity Plan (BCP)

Business Continuity Plan includes: a BCP team member list and contact numbers, contact list of external organizations, emergency evacuation procedures, checklist of important machinery and equipment, list of important suppliers, list of important customers, IT Data Center Continuity Plans and more to effectively restore vital functions needed to operating the business with the aim to reduce personnel and property losses.

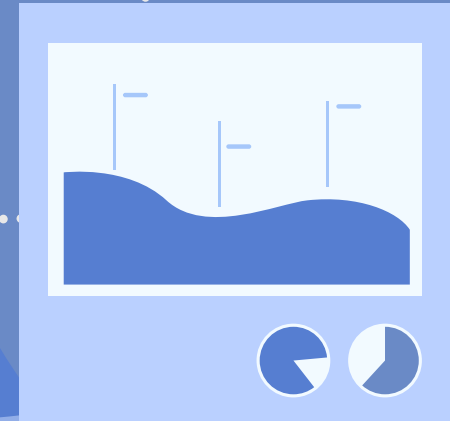
(3) Do and Regular Check of BCP

Depending on the actual demand, the Business Continuity Plan should be tested regularly every year for all departments to familiarize the recovery procedures with the aim to ensure that it can be implemented effectively during the disastrous event, as well as make advanced improvement continuously. The Business Continuity Plan should be reviewed on an annual basis to ensure that the scale and nature of the plan are consistent with the current operating situation and future needs of the Company.

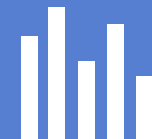


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Operational Performance & Sustainable Supply Chain Management



- ▼ 3.1 Performance and Challenges 
- ▼ 3.2 Tax Policy
- ▼ 3.3 Client Relationship Management and Service
- ▼ 3.4 Client Privacy
- ▼ 3.5 Sustainable Supply Chain Management



3 Operational Performance & Sustainable Supply Chain Management



The sustainable operational goals at Largan are to provide a steady and stable financial performance, increase the value for product innovation, comply with the regulations while providing satisfactory service to our customers, and finally play a role in sustainable supply chain operation. We have come up with a few objectives for short-, medium- and long-term goals with the aim to maximize the profits and achievements as shown in the chart.



Performance and Goal of Material Issue

At Largan, we have set the objectives and performance guidelines with the aim to increase the overall business growth. We also hope to provide satisfying service to our customers, increase the added value of our products and to play an influential role in sustainable management of the supply chain. Please find our objectives as shown in chart:

2021 Target Performance	2021 Achieving Status	2022 Target Performance
Customers Satisfactory		
Customer Satisfaction Score over 90 points	92.3 → Achieved	Customer Satisfaction Score over 92 points
Sustainable Supply Chain		
Minerals: 100% utilization rate of conflict-free minerals and conduct source investigation on the supply of raw material of precious metal	100% → Achieved	Minerals: 100% utilization rate of conflict-free minerals and conduct source investigation on the supply of raw material of precious metal
Signing the Supplier Code of Conduct: 100% completion rate conducting investigation on inapplicable /prohibited substances used by key raw material suppliers	100% → Achieved	Signing the Supplier Code of Conduct: 100% completion rate conducting investigation on inapplicable / prohibited substances used by key raw material suppliers
Supplier Audit: 100% completion rate performing supplier audit and social and environmental responsibility investigation on key raw material suppliers	100% → Achieved	Supplier Audit: 100% completion rate performing supplier audit and social and environmental responsibility investigation on key raw material suppliers
Regulatory Compliance		
Violation of Fair-Trade Law: 0 case	0 case → Achieved	Violation of Fair-Trade Law: 0 case

Payment Collection Terms and Payment Terms
Management Measure
<p>Objectives: Be the role model of sustainable operation in the industry by showing stable operational results, economic value and development.</p> <p>Commitment: Provide good customer services and products to strength the relationship with customers.</p> <p>Management Measurement :</p> <p>(1) Conduct regular evaluation and review for transaction to ensure customer satisfaction.</p> <p>(2) Formulate "Supplier Management Measures" to ensure stable and mutual trust relationships with suppliers.</p>

The business philosophy at Largan is "Innovation, Professionalism, Speed, and Flexibility." We hope to take the business operation to the next level by committing ourselves to provide transparency of information and make continuous efforts to excel in our professionalism and enhance leadership management capabilities with the aim to protect the interests of our shareholders.

Hereunder are Largan's operating strategies based on different functions:

Production Strategy	<p>Upgrade the production technology and efficiency using the existing equipment.</p> <p>Management of raw material and finished goods</p> <p>Ensure the execution of ISO 9001& ISO 14001 to achieve quality control management</p>
Sales Strategy	<p>Existing customers → Provide services and products that are competitive and attractive to the customers.</p> <p>Potential customers → Actively expand the customer base and prospecting using the feature optical technology.</p> <p>End users → Make connections and introduce the products directly to the end users.</p>
R&D Strategy	<p>Get ahead of the future market trend and develop new products.</p> <p>Actively invest in the latest optic/mechanic R&D.</p>
Operational Strategy	<p>Working to achieve horizontal management and project management reinforcement.</p> <p>Intensifying internal staff training while recruiting new outstanding talents to increase business competitiveness.</p>
Financial Strategy	<p>Maintain a good financial structure and provide strong backing for sales, production, research and development.</p> <p>Plan the use of long- and short-term funds to create the maximum return of the investment.</p>



3.1 Operational Performance and Challenges

Operational Performance
Management Measure
<p>Objectives: Sustainable operation and stable financial performance.</p> <p>Commitment: Create stable economic value.</p> <p>Policy and Management :</p> <p>(1) To maintain a good financial structure to provide a strong back up for sales, production, and R&D.</p> <p>(2) To plan for both short term and long-term capital operation strategies to maximize return on capital under the principle of stability.</p>



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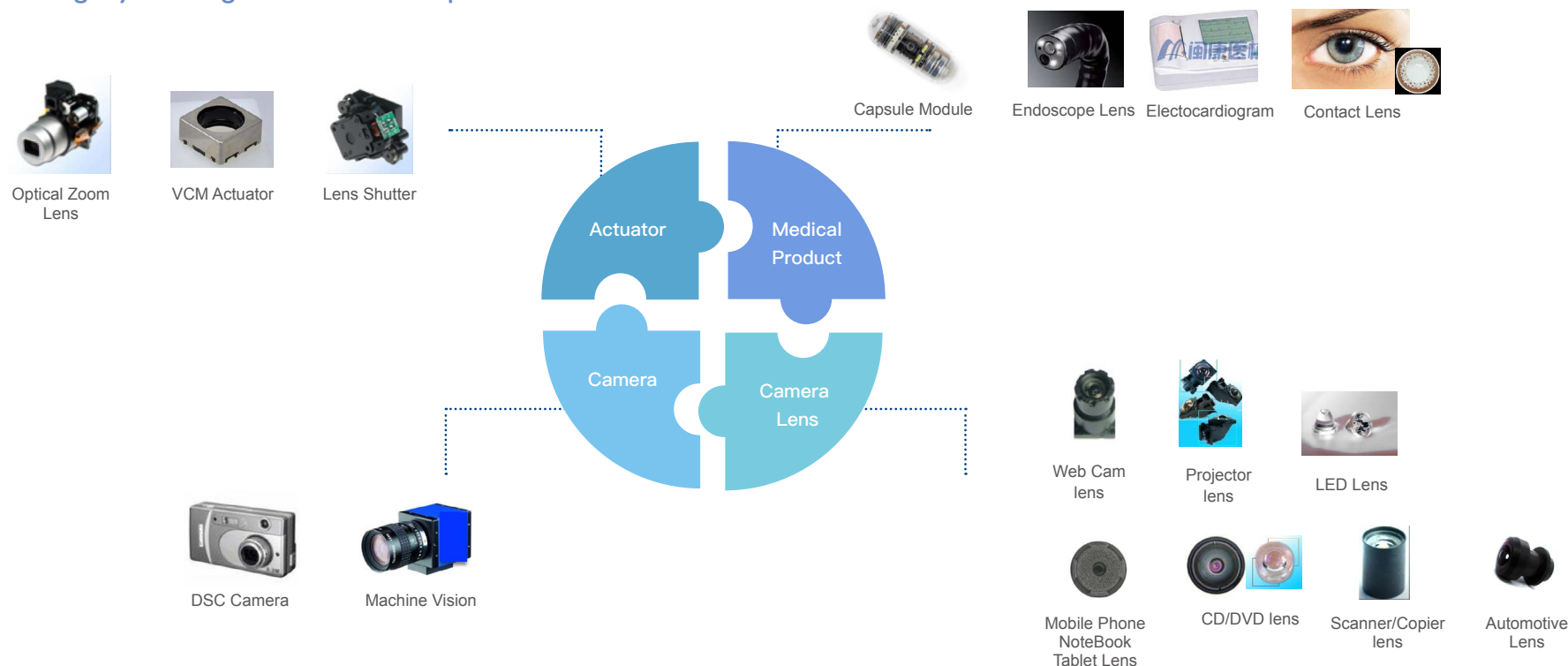
Largan provides services that focus on the R&D, design, production, sales, and after-sales technical services of various optical lens modules and optoelectronic components. Our products include cell phones, 3D structured light, Time of Flight (ToF), In-Display Optical Fingerprints, drones, tablets, wireless webcams, smart TVs, Augmented Reality (AR), Virtual Reality (VR), Internet of Things (IoT), wearable devices lens, iris recognition lens, medical devices lens, car lens, glass, and related optoelectronic components.

We are the leading manufacturer of plastic precision optical lenses in the world. In addition to developing various light, thin, short and small optical components to fit the market needs, our subsidiaries also manufacture products such as voice coil motors (Largan Digital Co., Ltd.), contact lenses (Largan Medical), sleep monitoring devices (Largan Health). We actively expand product categories and production capacity with the aim to get ahead of the development trends and fulfill the demand of the market.

Main Product and its function as shown in chart:

Main Product	Function
Optical Camera Lens	Mainly used in scanners, multifunctional printers, mobile phones, drones, wearable devices, tablets, and smart TVs.
Optical Glass Product	Mainly used in DVD readers and optical mice.

Product Category at Largan as shown in picture:



As smartphones' popularity increased, the market has reached its plateau. Largan is committed to invest in R&D with the aim to create continuous business growth.



Operational performance regarding direct economic value of production and distribution in the last 3 years:

Unit: Thousand (NT\$)

Item	2019	2020	2021
Consolidated Revenue	60,745,008	55,944,489	46,962,402
Operating Profit	41,940,620	37,472,234	28,149,651
Net Profit Before Tax	36,578,855	31,693,767	23,026,610
Net Profit After Tax	28,263,082	24,534,131	18,671,230
Other Comprehensive Gains and Losses	(348,256)	468,664	97,165
Total Comprehensive Income	27,914,826	25,002,795	18,768,395
Earnings Per Share	NTD 210.70	NTD 182.90	NTD 139.28
Debt Ratio	17.83%	17.79%	18.87%
Return on Equity	24.16%	18.36%	13.22%
Board of Directors Shareholding Ratio	20.73%	28.36%	28.36%

Note: Subsidiaries included in the consolidated statement are Largan (Hong Kong) Ltd, Astro International Ltd, Amtai International Ltd., Net International Trading Ltd, Largan (Dongguan) Optronic Ltd., Largan Industrial Optics Co. Ltd, and Fang Yuan Co. Ltd

Percentage of Main Product Sales Revenue in the last 3 years

Unit: Thousand (NT\$)

Product	2019		2020		2021	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Commodity Sales	60,602,683	99.77%	55,769,861	99.69%	45,820,230	97.57%
Other	142,325	0.23%	174,628	0.31%	1,142,172	2.43%
Total	60,745,008	100%	55,944,489	100%	46,962,402	100%

Sales Performance of main products by region in the last 3 years

Unit: Thousand (NT\$)

Area	2019		2020		2021	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
China	40,413,938	66.53%	32,405,079	57.92%	20,494,791	43.64%
Vietnam	Note*	-	6,301,395	11.26%	9,626,103	20.50%
Korea	7,049,747	11.61%	7,158,829	12.80%	9,581,816	20.40%
Japan	7,915,594	13.03%	8,327,699	14.89%	4,888,473	10.41%
Other	5,365,729	8.83%	1,751,487	3.13%	2,371,219	5.05%
Total	60,745,008	100%	55,944,489	100%	46,962,402	100%

Note: The number is not disclosed because the revenue ratio is less than 10%.

Largan focuses on the R&D, design, production, sales, and after-sales technical services of various optical lens modules and optoelectronic components. As smartphones' popularity increased, the market has reached its plateau. We are committed to invest in R&D with the aim to launch new technology and products as well as create continuous business growth.

Region Diversified Marketing Strategy

As of now, major sales revenue at Largan comes from China, which accounts for 43.64%, followed by Vietnam with 20.50%, and 20.40% from South Korea. Only the top 3 regions take up 84.54% of total sales revenue which is relatively high. Therefore, we are looking into developing a new customer base in other regions such as India, South East Asia, Europe and America for future development. The aim to diversify the market is to allocate risks to prevent potential labor and logistic losses caused by city lockdown or regional pandemic.

Green Deposit

In response to ESG Sustainable Development Goals, Largan has transferred partial foreign deposits to green deposits through Sumitomo Mitsui Banking Corporation. The fund will only be reserved for use in environmentally friendly projects such as renewable energy and sustainable supply chain with the aim to help the environment and pursue social sustainability development as a whole.



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3.2 Tax Policy

Largan supports tax policy that encourages enterprise innovation and sustainable development. We are committed to manage tax risks with clarity and the aim of pursuing sustainable development and fulfilling corporate social responsibility. At Largan our commitments are as the followings:

- All operational activities will comply with all applicable tax laws and regulations.
- Financial reports will be disclosed in accordance with applicable tax regulations and reporting standards.
- Any transaction for tax avoidance purposes will be prohibited.
- Develop strong, mutually respectful relationships with tax authorities based on transparency and trust.
- Operational performance.

3.3 Customer Relations and Services



Customer Maintenance and Satisfaction Survey

We conduct customer satisfaction surveys routinely based on the operating procedure LPS00-B-021. The Sales Department conducts customer satisfaction surveys by door-to-door visits, fax, email, or mail on yearly basis.

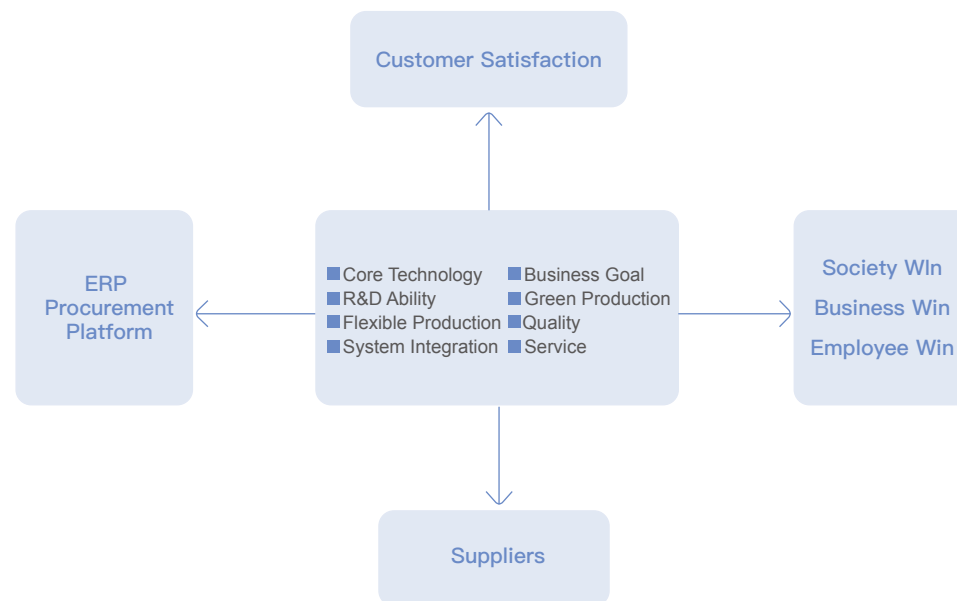
- Complete the customer satisfaction survey for by customers
- Sales personnel return the surveys to the responsible department and propose corresponding countermeasures based on the unsatisfying items
- Customer satisfaction survey and improvement result will be included in the management review meeting

In addition to the customer satisfaction survey, the following KPI goals are also included in the improvement analysis to better our service:

- Delivery accuracy rate or delivery achievement rate, numbers of excess freight
- Numbers of customer complaints per month
- Number of external failure costs/compensation amount
- Number of cases of the claim compensation due to an interrupted production line
- Number of cases for quality cost of the return, recall, and re-repair by customers
- Special conditions notified by customers (disqualification, compensation)



The purpose of the customer survey is to help us to achieve our long-term ambition. With the foundation of having satisfying customers, we are one step closer to the door of success. We aim to enhance customer satisfaction rate by adapting resources such as ERP management system, and procurement management platform. We actively make constant adjustment and improvement to optimize our service with the aim to create a triple win and bright future among the company, customers and our suppliers.



Customer Satisfaction Survey, the top 10 customers in 2021 are all from overseas

Item	Overseas (2020)	Overseas (2021)
Quantity Collected/ Issued	10/10	10/10
Response Rate (%)	100%	100%
Average Satisfaction Score	93.7	92.3
Target Satisfaction Score	90	90
Achievement Status	Achieved	Achieved



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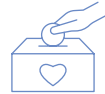
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Top 3 Factors of Customer Satisfaction:

1.The professionalism of the staff	1. Environmental protection requirements/delivery accuracy/service attitude of business personnel
2.The attitude of the service provided	2. Development capability/product packaging/sample offering/professionalism of business personnel/ efficiency of business dealings/speed of logistics
3.Development capability/ delivery accuracy/ sample offering	3. Ability to respond to product diversification / ability to adjust delivery deadlines

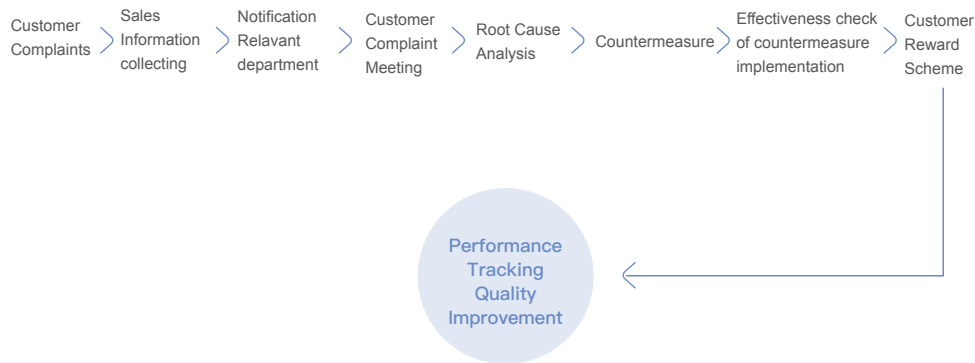


Customer Feedback and Response

The Company has set up a message system on the official website in response to dealing with customers' inquiries in time. Customers can easily find contact information on our website and tell us what they think via channels through email or customer service hotline. Once receiving the feedback, we will immediately forward customers' opinions to the internal office for processing with the aim to protect the customer's interest and rights.

Customer Complaint Management Procedure

- Activate customer complaint management procedure as soon as a complaint is made to make sure the request and need of the customer is handled immediately and therefore reduce the recurrence rate of the same incident from happening again.
- Use the 8D problem solving measures to find the root cause when an abnormal complaint occurs. Make continuous improvement by intensifying internal training after reviewing the effective countermeasures taken.



3.4 Customer Privacy

Customer Privacy
Management Measure
<p>Objectives:Build a steady and strong partnership with the customers with the aim to expand the business.</p> <p>Commitment:Customers are important partners of Largan. It is our duty to provide strict protection over customer privacy and confidential information.</p> <p>Management Measuremen :</p> <p>(1)We make a commitment that the production process of all products follows applicable international regulations and guidelines to ensure its safety and quality.</p> <p>(2)Maximize the profit by applying principle of stability through planning short, mid-and long term schedule of funding operation.</p>

Largan provides the best customer service and we believe that appropriate engagement is an important key to maintaining customer relationships. And good customer relationships will help build customer loyalty, and better customer loyalty will help us to create a strong bond with our customers and ultimately help us to expand our business.

The customers are important partners of Largan, and the privacy and confidential information of the customer are strictly protected at Largan in accordance with applicable regulations and requirements. We make a commitment that the production process of all products follows international regulations and guidelines to ensure its safety and quality. We provide channels of complaints and feedback to our stakeholders with the aim to protect their rights and interests from any direct or indirect harm caused by the products or service.

Here at Largan, we hope to increase customers' satisfaction rate, loyalty and trust by making continuous improvement on our services and products. As of the end of 2021, Largan has achieved remarkable results in the protection of customers' personal information. We received no complaints from the customers and there have been no incidents of violating the protection of private information, nor have we violated laws or regulations on product and service information and labeling.

3.5 Sustainable Supply Chain

Sustainable Supply Chain
Management Measure
<p>Objectives:Build a trustworthy, reliable and sustainable partnership with our suppliers to grow together.</p> <p>Commitment:Ensure that all suppliers of raw materials and components are qualified legitimate suppliers, and are capable of providing stable material supply to meet the Company's requirements.</p> <p>Management Measurement :</p> <p>Set up supplier management guidelines, conduct supplier evaluation and delivery management.</p>

With the desire to promote business development at Largan, we need support and collaboration from partners of the supply chain. All partners must also comply with the social responsibilities of the supply chain, including environmental protection, labor and human rights, conduct of morals and ethics, health and safety, risk management, and no use of conflicted minerals and metal.

Largan has established "Supplier Code of Conduct" to ensure that all suppliers of raw materials and components are qualified legitimate suppliers, and are capable of providing stable material supply to meet the company's requirements. We hope to establish mutual trusting and sustainable partnerships with our suppliers to grow together.

(1) Supplier Relationship and Philosophy

The suppliers of Largan can be divided into five categories: raw material, workpiece, purchased goods, contract engineering, and waste disposal. As of now, we are working with 1,855 domestic suppliers which accounts for 95.13% and 95 overseas suppliers accounting for 4.87%. Total 1,950 suppliers.

Year	Domestic Supplier						Overseas Supplier	Total	
	Raw Material Supplier	Raw Material	Workpiece	Purchased Goods	Contract Engineering	Waste Disposal			Sub Total
2020		38	122	1,575	88	17	1,840	113	1,953
2021		15	125	1,605	99	11	1,855	95	1,950

With the aim to support Taiwan's local economy and employment opportunities, we have made great effort to develop local suppliers as our primary choice. We actively require our main material supply partners to provide signed commitment and documentation proving they are certified, qualified and meet the international standards of RoHS 2.0/ REACH/ and other relevant regulations during the time of supply and cooperation. The commitment of using conflict-free minerals signing rate by our suppliers was 100% in 2020, and we continue to keep the same evaluating standards for new vendors with the aim to put our promise of green production into action.

(2) Goal of Supplier Management

We use procurement ERP software to overall manage our supplier data. The system features immediate updates and requests from our procurement team to the suppliers for instructions and targets such as "running incoming material quality control inspection (IQC)," or "overdue delivery" to better and easily manage the material supply status and expected payment amount. The same data can also be used as reference for performance evaluation later.

(3) Communication with Suppliers

Here at Largan we hope to cooperate with our suppliers with the aim to create mutual benefits and growth while meeting the ethical and environmental requirements. In addition to engaging in regular communication with our suppliers to keep track of the quality of incoming material and production process related matters, we also regularly conduct performance assessments of our partners. For those that offer outstanding cooperation and performance, we provide incentive rewards by managing annual procurement deals with the top tier suppliers to create a win-win situation for both parties.



Supplier Selection

The general principle of materials supplier selection is to ensure the domestic vendors are accredited by ISO 9001 and IATF 16949 certifications. An on-site evaluation will be arranged if the vendors cannot meet the certification requirements.

Comply with the regulation : Responsible Business Alliance Code of Conduct, Prohibition of slavery and forced labor; No use of conflict minerals and metals; Hazardous chemical transportation safety management; Run the business with honesty and integrity.

All Largan suppliers need to pass relevant certifications for environmental protection, safety, and hygiene requirements as well as its method of transporting and delivering hazardous substances according to the "Supplier Code of Conduct." The suppliers are also required to provide self-assessment mechanism and on-site check policy to ensure the overall supplier management.

Supplier Environmental Protection Mechanism

All procurement made involving environmental materiality including raw material, equipment, and service are required to meet the relevant environmental protection regulations and are evaluated based on supplier social responsibility assessment in addition to following the standard Supplier Code of Conduct.

All of our suppliers meet the environmental protection standards in 2021.



Sample Acknowledgement and Delivery Management

Largan ensures all decisions made regarding exportation follow government policy and comply with regulation established by the International Trade Bureau of the Ministry of Economic Affairs.

Our procurement team will notify the suppliers guidelines to follow regarding relevant environmental regulation as well as request an ICP test report and SDS Data Sheet when a sample is approved.

ICP Test Report:

For high-risk material, a valid one-year ICP test report must be provided yearly.

For low-risk substandard material, a valid five-year ICP report must be provided every 7 years.

Safety Data Sheet (SDS):

If there is any change in the ingredient formula, the supplier should update and inform in parallel.

Certificate of Non-use for Hazardous Substances: Submit once a year.

Supplier Inspection Item List: Submit once a year.

EU REACH (SVHC) compliance survey: Submit once a year.

Audit and Evaluation

Suppliers that have a significant impact on product quality will be evaluated following the regulations of supplier evaluation management. Audit service includes inspection and calibration.

There are 15 major material suppliers in 2021 and the evaluation ratings are: 14 (Excellent); 1 (Good)

There was no supplier on the rejection list in 2021



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Qualified Supplier Auditing

There are two types of auditing based on its frequency: Regular audit/ Irregular Audit

(1)Regular Audit :

Perform annual regular audits on major raw material suppliers with significant influence to ensure its supply stability and service quality. Audit range includes supplier's irreplaceability, materiality of finance and other factors that may cause impact on supply stability.

- The auditing is performed based the supplier audit evaluation survey and social responsibility evaluation survey.
- The audit method includes on-site assessment or written review (supplier self-assessment).

(2)Irregular Audit :

- Special audit when the management status changes or the incoming material has a major abnormality.
- Requested by senior executives.

Social Responsibility Self-Assessment of Suppliers

In addition to auditing and evaluation, Largan also provides social responsibility self-assessment surveys for our critical raw material suppliers. The assessment aims to find out the active performance of our suppliers regarding aspects in environmental protection, human and labor rights, safety and hygiene at the workplace...etc to truly fulfill the purpose of social responsibility.

15 Supplier Social Responsibility Self-Assessment Surveys are fully collected in 2021

Conflict-Free Minerals

Largan requires suppliers to comply with our Conflict-Free Minerals Sourcing Policy and sign a statement to ensure that the sources of Largan's purchase are not from the disputed areas. The conflict-free minerals for products containing gold, tantalum, tungsten, tin, cobalt, palladium and other sources are not from the conflict zone such as the Democratic Republic of the Congo.

Largan Conflict-Free Minerals Sourcing Policy Statement

- The Company and our suppliers are willing to jointly take responsibility for society and environmental protection.
- The Company does not accept illegal mining of gold, tantalum, tungsten, tin, cobalt and palladium from Congo and neighboring conflict areas.
- The Company must inform and require its suppliers to fulfill the aforementioned statement.



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Innovation Development



- ▼ 4.1 Product Innovation and Research
- ▼ 4.2 Performance of Patent Research and Development
- ▼ 4.3 Performance of Trade Secret Protection
- ▼ 4.4 Management of Product Quality
- ▼ 4.5 Market Prospect

4

Innovation Development



Here at Largan we are committed to product development and quality improvement. In order to create sustainable profitable growth, in this chapter we primarily focus on aspects such as product R&D and innovation, performance of patent protection, trade secret protection and regulatory compliance, product quality control management and finally evaluation on the market prospects. The table shows the summary of our short-term, medium-term and long-term goals:

Short-Term (2021~2022)

Medium-Term (2023~2026)

Long-Term (2027 and Beyond)

Product Quality Control Management

- Pass the yearly quality management system ISO 9001/IATF 16949
- No violation of European Union Restriction of Hazardous Substances
- No violation of REACH Substance of Very High Concern

- Pass the yearly quality management system ISO 9001/IATF 16949
- No violation of European Union Restriction of Hazardous Substances
- No violation of REACH Substance of Very High Concern

- Pass the yearly quality management system ISO 9001/IATF 16949
- No violation of European Union Restriction of Hazardous Substances
- No violation of REACH Substance of Very High Concern

Legal Compliance

No product labeling or patent regulation violation 0 case



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Friendly Workplace

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Appendix

Targets and Performance of Material Issue

Largan is committed to product development and innovation, patent development achievements and product quality control management in compliance with the regulations. The major achievements and performance for the last two years is stated in the table:

2021 Target Performance	2021 Achieving Status	2022 Target Performance
Product Quality Control Management		
Pass the yearly Quality Management System ISO 9001 / IATF 16949	Pass the yearly Quality Management System ISO 9001 /IATF 16949 → Achieved	Pass the yearly Quality Management System ISO 9001 /IATF 16949
No violation of EU RoHS hazardous substances regulation	0 case → Achieved	No violation of EU RoHS hazardous substances regulation
No violation of REACH SVHC regulation	0 case → Achieved	No violation of REACH SVHC regulation
Regulatory Compliance		
No product labeling or patent regulation violation 0 case	0 case → Achieved	No product labeling or patent regulation violation 0 case

There is a wide range selection of optical components to choose from when manufacturing imaging products based on its function and purpose. Choices of lens are such as glass, plastic, spherical or aspherical lenses... etc. As of the trend now, the consumers have certain requirements and expectations for the size, resolution, features and function of the optoelectronic imaging products. It generally needs to be lighter and smaller with the aim to be cost effective. Therefore, Largan, competing in the optical industry, has invested 7.67% of the total revenue in R&D expenditures in 2021, and it is expected to put 5~10% for R&D expenditures in 2022. We will continue to excel and improve our current products and technology following the global market trends along with our company's future prospects in R&D. As shown in the map is our ambition to develop mainstream products for the following few years:

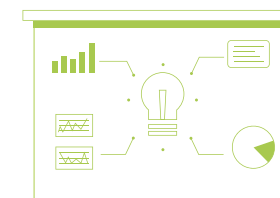


4.1 Product Research, Development and Innovation



Largan is committed to product development and quality improvement. We make continuous efforts to excel in our ability to create profitable growth. Our R&D strategy is to stay ahead of the product-developing trend and actively develop products by investing our latest optical/mechanical technology. We promise to continue to elevate and improve our production skill and capacity, maintain the current advantage regarding the competitive manufacturing costs with the aim to excel in the overall production and sales market. The management measures taken include the followings:

- Upgrading existing facilities, equipment and production technology
- Stay ahead of market trends while actively develop new products
- Intensifying the internal staff training, while actively recruiting the outstanding talents
- Improve the overall company competitiveness



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Appendix

Technology and Products Development

List of technology and products developed in 2020-2021

Item	Technology and Products Successfully Developed
Phone Camera	Development of new 6P 21M AF mobile phone lens
	Development of new 6P 23M AF mobile phone lens
	Development of new 4P 13M AF mobile phone lens
	Development of new 6P 8M AF mobile phone lens
	Development of new 6P 24M AF mobile phone lens
	Development of new 5P 24M AF mobile phone lens
	Development of new 5P 20M AF mobile phone lens
	Development of new 5P 32M AF mobile phone lens
	Development of new 6P 48M AF mobile phone lens
	Development of new 6P 13M freeform surface mobile phone lens
	Development of new 6P 108M AF mobile phone lens
	Development of new 7P 40M AF mobile phone lens
	Development of new 7P 50M AF mobile phone lens
	Development of new 7P 50M freeform surface mobile phone lens
	Development of new 7P 200M AF mobile phone lens
	Development of new 8P 108M AF mobile phone lens
	Development of new 8P 50M AF mobile phone lens
Backup Camera Lenses for Cars	Development of new 3P3G V GA wide angle design
	Development of new 6G 1.3M wide angle design
	Development of new 6G V GA wide angle design
	Development of new 8G V GA narrow angle design
	Development of new 1G4P wide angle design
	Development of new 2G2P wide angle design

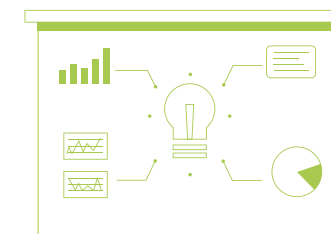
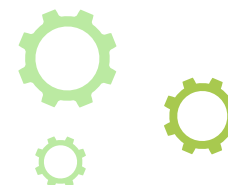
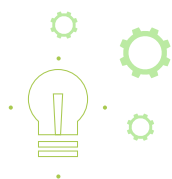
List of patents of product approved in the last three years

Total patents approved: **2,525** invention items, **323** utility models, and **2** appearance design as listed in table:

Year \ Category	Numbers of Invention	Numbers of Utility Model Patent	Numbers of Appearance Design	Total
2019	262	5	0	267
2020	260	22	0	282
2021	247	19	1	267
Current Valid Patents	2,502	132	2	2,636
Total patents approved	2,525	323	2	2,850

Product Expenses in the last three years as shown in table:

Year \ Expense Item	R&D Expenses	Income	Percentage of Revenue (%)
2019	3,764	60,745	6.20%
2020	3,794	55,944	6.78%
2021	3,602	46,962	7.67%



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Appendix

4.2 Performance of Patent Development

Total of **790** Largan global patent applications are in progress with **2,502** patents already obtained globally. (Statistics dated until 2022/06/24)



4.3 Performance of Trade Secret Protection

At Largan we understand that the trade secret is the key to sustainable development of the business. Therefore, we not only just proactively take protective measures, but also take actions such as joining trade secrets protection associations, putting efforts in amending the laws, and hosting relevant seminars to raise the overall awareness of trade secrets protection. We have actively pursued the justice of the trade secret theft that was committed by the unethical business competitors. We solemnly pressed criminal charges since 2013 and requested for a huge compensation against the unlawful party to set the record with the aim to show our determination and commitment here at Largan to protect the confidential technology as well as maintain our competitiveness in the industry.

4.4 Product Quality Management

Product Quality and Delivery	
Management Measure	
Objectives:	To have high self expectation and strive for products development and quality improvement with the aim to create continuous profitable growth.
Commitment:	Actively improve production technology and production capacity to maintain the competitive advantage in production and sales in terms of manufacturing costs.
Policy and Management :	(1)Upgrading existing facilities, equipment and production technology (2)Stay ahead of market trends while actively develop new products (3)Intensifying the internal staff training, while actively recruiting the outstanding talents

Quality Control Policy: "Commitment, Quality Assurance, Efficiency Improvement, Customer Satisfaction" At Largan we insist on the importance of quality management, and we are committed to the policy as follows:

- Ensure that all policy decision-making is in consistent with the needs of our customers
- Provide guidance and target regarding quality control management
- Expected to meet reasonable demands and requests
- Make continuous improvements on quality control management system
- Verify the appropriateness of all policy and decision-making



We value how our products have an impact on the customers in terms of safety and health aspects. We aim to increase the reliability and safety of our products by carefully assessing and evaluating the overall product performance throughout the entire development and verification stages as well as getting customer's feedback of their experience for future reference. We also establish "Control of Hazardous Substance Regulation" based on the regulations of RoHS and REACH SVHC to strictly control and request our suppliers regarding the use of prohibited/restricted chemicals substances for manufacturing material and components with the aim to meet the requirement of the overall regulation and customers expectation.

We will make continuous efforts to meet the requirements in accordance with international regulations, customer expectation, and the environmental protection trends, as well as keep track on and update the current hazardous substance management status with the aim to help reduce the impact and burden made on the ecosystem. To do that, we set up a hazardous substance investigation group to cautiously examine every step during the production process from knowledge learning, material importing and exporting, production process monitoring, to goods delivery, as well as enhance the fundamental education on topics such as the requirements of RoHS for our colleagues to strengthen the daily awareness of environmental protection.

We also adhere to our commitment to material and supplier management. Following the monitoring system that is built by the quality control department, we aim to manage the quality of the incoming material effectively. The purpose of the system helps the internal organizations to reduce the defect rate of the products produced, enhance the process control of the production, and detect defects at early stages to prevent any abnormal events happening that would potentially have impacts on the customers.

We offer product quality training courses and improvement programs to help the staff with their problem resolving skills. The quality management of 3 inspection and 3 noes measures are as stated:

The three inspection principles: Self-inspection ; Mutual inspection; Special inspection.

■ Requirements as listed:

- (1) Self-inspection**
The producers make an initial inspection of the products they produce then decide whether the products are qualified or not.
- (2) Mutual inspection**
The next stage of personnel performs random inspection on the products coming from the previous process.
- (3) Special inspection**
Professional inspectors conduct product inspections.

The three Noes principles: No manufacturing defective products; No passing defective products; No accepting defective products.

■ Requirements as listed:

- (1) No Manufacturing Defective Products**
This is the fundamental step and promise that all on-site personnel shall keep so that the production process won't deteriorate to "No Passing" and "No Accepting."
- (2) No Passing Defective Products**
Once the operator inspects a defective product, he/she needs to stop operating the machine (line) immediately to intercept the product upstream, and come up with a countermeasure to avoid the defects from happening again.
- (3) No Accepting Defective products**
Once the back-end process personnel inspect the defects, they need to stop the manufacturing process (line) immediately and notify the front-end staff to stop processing immediately to investigate the root cause of the defects and take countermeasures accordingly.

Continuous Improvement

- ISO quality management system optimization and improvement
- IATF 16949 quality management improvement
- Goal of reaching zero defect
- Internal audit
- Intensify educational training for staffs
- 8 Disciplines Problem Solving 8D

Manufacturing and Quality Control Management

- Control plan
- Measurement System Analysis
- Statistical Process Control
- Quality Tracing System
- Quality Management Policy 3 inspection and 3 noes Measure
- Reduce abnormality
- Improve output quality control

Quality Control Management

- Customer's requirement and specification
- Customer and external documents control
- Third party certifications



Lens Design Requirement for Cellphones

- Process development and design
- Process development and product validation

Lens Design Requirement for Cars

- Advanced Product Quality Planning
- Design failure model and effects analysis
- Process failure model and effects analysis
- Product sent for approval by customers

Supplier Management

- Raw material quality management
- Supplier hazardous substances monitoring
- Supplier classification management

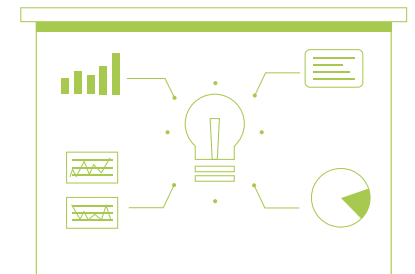
4.5 Market Prospects

With the rapid advancement of technology, almost all image input and output devices require some kind of optical glasses or lenses. Devices such as digital cameras, telescopes, microscopes, printers, fax machines, laser printers, barcode scanners, computer cameras, video cameras, security cameras, TVs, projectors, and camera phones...etc, or even optical communication devices and disc players (CD/ DVD Player, CD/DVD-ROM Drive).

Based on the market prediction and sales strategy, the demand and requirements for video phones are getting higher. People expect the pixel resolution to be higher while the product remains miniaturized. As a result, ensuring precision during the manufacturing process for manufacturers like us is the key to success getting ahead of the market.

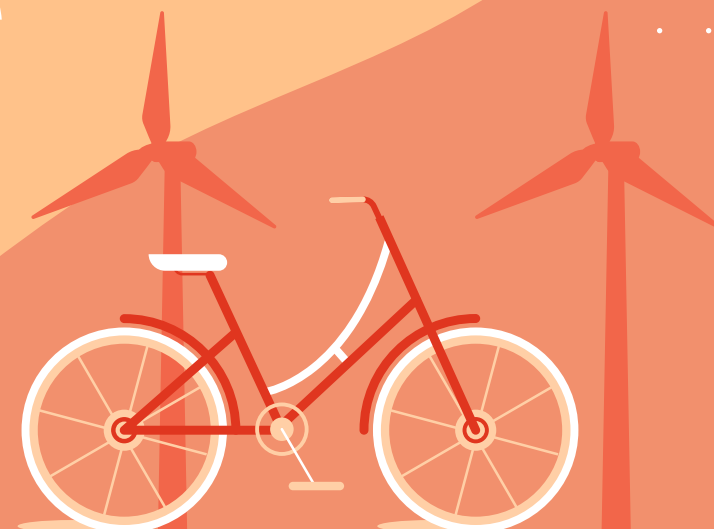
Marketing Strategy :

1. Existing customers: Provide services and products that are competitive and attractive to the customers.
2. Potential customers: Actively expand the customer base and prospecting using the feature optical technology.
3. End users: Make connections and introduce the products directly to the end users.



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Green Production



- ▼ 5.1 Environmental Policy and Commitment
- ▼ 5.2 Climate Change & Energy Conservation
- ▼ 5.3 Renewable Energy & Resource Conservation/Efficiency
- ▼ 5.4 Water Resource Management
- ▼ 5.5 Waste Management
- ▼ 5.6 Air Pollution Prevention
- ▼ 5.7 Packaging Improvement
- ▼ 5.8 Promotion of Environmental Sustainability



5 Green Production

Climate change is one of the environmental issues that the United Nations, all governments, society and business are concerned about nowadays. Following the framework of Task Force on Climate-Related Financial Disclosures (TCFD) published by the International Financial Stability Board in 2019, Largan sets its corporate governance, strategy, risk management and objectives as follows:

Management Level	Corresponding Measures at Largan
Governance	<ul style="list-style-type: none"> The ESG Committee is responsible for conducting risk identification, priority sorting, countermeasures, and regularly reports to the Board of Directors and senior management team to review the effectiveness of risk control and provide decision-making and guidance. The ESG Committee formulates policies and improvement objectives based on the discussion results or decisions made by the Board of Directors; instructs the relevant units to adjust their operations; and reports the implementation status regarding climate change related issues to the Board of Directors on a regular or irregular basis according to project requirements. The purpose is for the Board of Directors to better understand the overall operational risks when facing climate change.
Strategy	<ul style="list-style-type: none"> Assess, classify and prioritize the substantial risks to the Company's assets brought by climate change. Establish corresponding strategies, precise and cautious preventive measures and plans of emergency response. Take immediate actions, response measures and recovery plans when a crisis or disaster occurs to reduce the likely impact of damage and instability caused. In terms of transition risks, we follow the trend of energy diversification and comply with the regulations and objectives of the "Renewable Energy Development Act" to plan procurement of renewable energy and invest in renewable energy certificate projects.
Risk Management	<ul style="list-style-type: none"> Identify the issues of climate risk based on the TCFD framework, reports of international institutions, analysis reports by fellow industry, and relevant laws and regulations. Evaluate the significance of the value at risk by judging the weight of the intensity and possibility of the financial or strategic impact, and sort the material issues based on its importance.
Objectives	<ul style="list-style-type: none"> Greenhouse Gas Emission Reduction Continuous reduction of air pollution emissions Developing renewable energy (e.g., solar energy) Enhancing the resilience and effectiveness of enterprises in response to climate change

Short-, medium- and long-term objectives at Largan for environmental management facing the issues of climate change are as shown:

Short-Term (2021~2022)	Medium-Term (2023~2026)	Long-Term (2027 and Beyond)
Energy Saving and Carbon Reduction		
Target electricity saved: 1 million kWh/ year	Target electricity saved: 4.5 million kWh/ year	Target electricity saved: 4.5 million kWh/ year
Greenhouse gas emission reduction: 500 tons CO ₂ e/year	2,000 tons CO ₂ e/year	3,500 tons CO ₂ e/year
	Adopting use of renewable energy, 1,100kw solar photovoltaic produced in the new factories. Purchase more than 10% of renewable energy according to the contracted consumption.	Purchasing more than 10% of renewable energy according to the contracted consumption, amount adjusted depending on the renewable energy supply market conditions.
Waste		
No violation of waste regulations 0 case	No violation of waste regulations 0 case	No violation of waste regulations 0 case
Waste reduction: the proportion of non-recyclable waste is reduced to 9%	The proportion of non-recyclable waste is reduced to 7%	The proportion of non-recyclable waste is reduced to 5%
Proper disposal: all waste is 100% taken care of by the legitimate professionals	All waste is 100% taken care of by the legitimate professionals	All waste is 100% taken care of by the legitimate professionals
Regulatory Compliance		
No violations of air pollution regulations 0 case	No violations of air pollution regulations 0 case	No violations of air pollution regulations 0 case
Air pollution control: VOCs emissions and concentrations comply with regulations	VOCs emissions and concentrations comply with regulations	VOCs emissions and concentrations comply with regulations
Water Resource Management		
Effluent discharge is in compliance with regulations	Effluent discharge is in compliance with regulations	Effluent discharge is in compliance with regulations
Usage of recycled water up to 1,000 CMD	Usage of recycled water up to 1,200 CMD	Usage of recycled water up to 1,400 CMD
Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%
Water pollution prevention and control: water quality is qualified to meet management standard; Ammonia nitrogen <100 mg/L	Water quality is qualified to meet management standard; Ammonia nitrogen < 75 mg/L	Water quality is qualified to meet management standard; Ammonia nitrogen < 30 mg/L
Water Management: Production loss due to water restriction: 0PCS	Production loss due to water restriction: 0PCS	Production loss due to water restriction: 0PCS



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Innovation Development

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Appendix



Performance and Goal of Material Issue

Largan is committed to fulfilling its environmental protection responsibilities and becoming a sustainable enterprise with the aim to make continuous improvement. The overall performance of energy conservation and carbon reduction in the last two years based on the short-, medium-, and long-term objectives with the aim to reduce the impact on society and the environment is as shown in the table.

2021 Target Performance	2021 Achieving Status	2022 Target Performance
Energy Saving and Carbon Reduction		
Target electricity saved: 1 million kWh	1.13 million kWh → Achieved	1 million kWh
GreenHouse Gas emission reduction: 500 ton CO ₂ e/year	579 ton CO ₂ e/year → Achieved	GreenHouse Gas emission reduction: 500 ton CO ₂ e/year
Waste Management		
No violation of waste and environmental protection regulations 0 case	0 case → Achieved	No violation of environmental protection regulations 0 case
Waste Reduction: Non-recyclable waste is reduced to 9%	9 % → Achieved	Waste Reduction: Non-recyclable waste is reduced to 9%
Waste Disposal: 100% managed by legitimate business	100% → Achieved	Waste Disposal: 100% managed by legitimate business
Regulatory Compliance		
No violation of air pollution protection regulations 0 case	0 case → Achieved	No violation of air pollution protection regulations 0 case
VOCs emissions and concentrations comply with regulations	No violation found 0 case → Achieved	VOCs emissions and concentrations comply with regulations
Water Resource Management		
No violations of effluent discharge regulations 0 case	0 case → Achieved	No violations of effluent discharge regulations 0 case → Achieved
Usage of recycled water up to 1,000 CMD	1,000 CMD → Achieved	Usage of recycled water up to 1,000 CMD
Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94%	Recycle rate of the whole factory is 94% → Achieved	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94%
Recycle rate during production is 99%	Recycle rate during production is 99% → Achieved	Recycle rate during production is 99%

5.1 Environmental Policy and Commitment

In terms of environmental policy, Largan is committed to fulfilling its environmental protection responsibilities, becoming a sustainable enterprise with continuous improvement, and strive to achieve:

Regulatory Compliance: Comply with relevant environmental protection laws and regulations, and strive to comply with relevant international environmental protection standards.

Production Waste Reduction: Continuously promote production waste reduction to fulfill the commitment of pollution prevention.

Green production: The newly established factories are in compliance with green building regulations, and continue to improve energy conservation and carbon reduction.

Recycling strategy: Review and evaluate the possibility to reuse and recycle the resources used in company activities such as water, metal, plastic and chemical items. Advocate the importance of recycling and environmental protection for all staff with the aim to raise the overall awareness.

Largan has established an environmental management system following ISO 14001:2015 regulation (as shown in picture) and set up a dedicated unit responsible for environmental management and maintenance. Through internal management and environmental assessment of the product life cycle, we aim to reduce pollution produced, minimize the negative impacts on the environment, and seek to make contributions to environmental protection.

Largan actively identifies the risks brought by climate change such as floods, droughts, typhoons, and power outages in order to perform periodic risk control and management, as well as formulate countermeasures with the aim to cope with the impact and damage caused by extreme weather. We have been certified by EEWB at the address No.13 Jingke Road (as shown in picture) since 2018 as a proof of practical effort made to help improve energy conservation and carbon reduction.



5.2 Climate Change & Low Carbon Manufacturing

Energy Saving and Carbon Reduction

Management Measure

Objectives : Track the company's greenhouse gas emission status and formulate preventive measures against climate change in response to the global environmental protection trend and overall national greenhouse gas reduction strategy.

Commitment : Perform greenhouse gas inventory inspection and formulate corresponding emission reduction measures.

Policy and Management :

- (1) Carry out greenhouse gas inventory to track the overall emission status.
- (2) Establish the "Greenhouse Gas Emission Inventory Inspection Team" to implement related improvement plans with the aim to achieve the objectives set.



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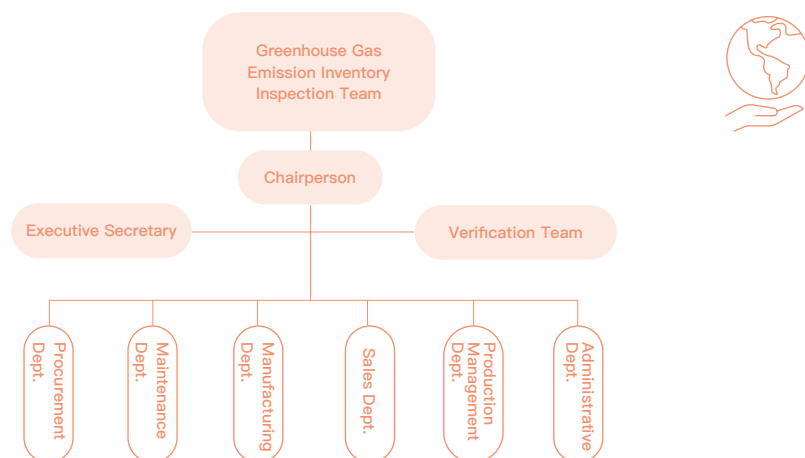


Climate Change

Climate change is an inevitable issue that all governments and enterprises must pay attention to along with the Paris Agreement adopted by the UN. In response to the possible impact of climate change on the economy and society, Largan formulates preventive measures of climate change based on environmental assessment of the product life cycle with the aim to reduce the impacts and external costs caused by climate change.

Greenhouse Gas Policy Statement

Due to the increase of greenhouse gasses, the average global temperature on Earth has increased by at least 1 ° Celsius and already resulted in profound alterations to the natural system including in droughts, floods and some other types of extreme weather that subsequently led to impacts on economic development in various regions. As one of the members of the global village, Largan is committed to comply with the planning and objectives of energy saving, carbon reduction and sustainable development in accordance with the ISO 14064-1:2018 standard. We have carried out an initial Greenhouse Gas inventory in 2020 with the aim to grasp an idea of overall emission status as an improvement reference for the future. We have also set up a dedicated unit of Greenhouse Gas Emission Inventory Promotion Team with the aim to effectively implement the policy and improvement plans. The organizational structure is as shown:



Energy Conservation and Carbon Reduction

Energy Saving and Carbon Reduction

Base year: In 2020, this was the first time that Largan conducted greenhouse gas inventory and obtained third-party verification.

Objective setting: The inventory results indicate that the largest proportion of the greenhouse gas emissions categorized as Scope 2 (indirect energy). After discussion, the greenhouse gas inventory team has decided to prioritize energy conservation as primary goals and formulate detail-structured electricity saving plan with the aim to achieve the ultimate objective to deduct carbon dioxide emission.

Energy Saving Measures:

1. Adjust the air-conditioning maintenance frequency and items checked
2. Adjust the temperature control device or alternatively replace to time setting device to reduce the power consumption during operation
3. Replacing energy-consuming and old equipment
4. Improve lighting methods in public areas, or replace them with induction lighting, LED lamps, solar lamps.



Execution results:

Statistics on energy-saving measures in 2021 indicate that a total of 1.13 million kWh of electricity was saved after implementation. According to the electricity carbon emission coefficient announced by the Ministry of Economic Affairs on September 27, 2021, the carbon emission coefficient of electricity is 0.502 (kg CO₂e/kWh) (note), and the reduction amount of carbon dioxide greenhouse gas is about 567 tons (scope 2), which proves the energy saving measure taken was effective, and we will continue to adopt the same management measure for reaching the sustainable goal of carbon dioxide reduction.

(Note) The carbon emission coefficient of electricity refers to the amount of greenhouse gas emissions generated for each kilowatt-hour of electricity sold by the public power sales industry. Since the greenhouse gas emitted by power plants is not only carbon dioxide (CO₂), other Greenhouse gasses such as methane (CH₄), nitrous oxide (N₂O), etc., are converted into an equivalent amount of carbon dioxide (CO₂e) based on the global warming potential (GWP), which has been calculated uniformly.

Source: Taipower GreenNetwork.

Green Fleet System

At Largan we aim to use more hybrid electric and battery electric vehicles to cause less impact on the environment. As of now, we have purchased 1 unit of hybrid electric car and 1 unit of battery electric car in storage. We will be looking into buying cars with less carbon emission if there is a demand for replacement or upgrade in the future.

5.3 Renewable Energy & Resource Conservation/Efficiency

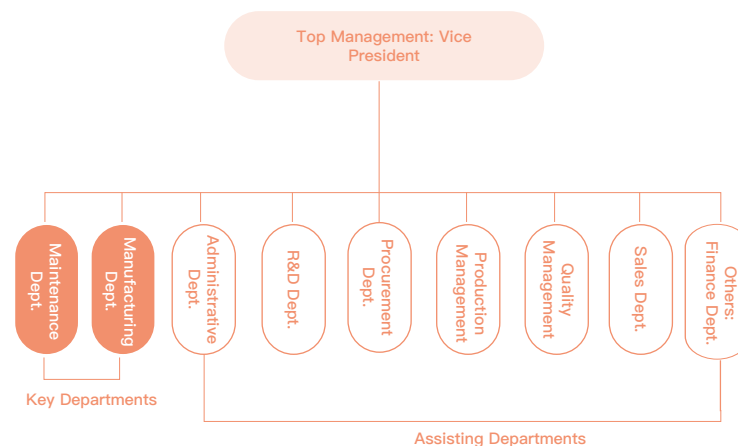
Renewable Energy

Largan is committed to comply with Greenhouse Gas emission regulations in response to the goal of carbon reduction. We have made continuous effort in improving energy saving aspects in all sorts as well as adopting green production in 2021 by planning to set up an 1100 kW solar photovoltaic energy system at our new manufacturing facilities in the short term. We hope to effectively reduce and control carbon emissions and adopt renewable energy in line with government policies before 2050. The aim is to reduce indirect CO₂ emissions from electricity used and therefore achieve an environmentally sustainable future. In order to achieve the objective of adopting renewable energy in 2050, Largan has started an energy transition program to increase the usage proportion of renewable energy such as solar and wind power.

Resources Conservation and Efficiency

The Energy Conservation Committee is organized by key departments such as the Manufacturing and the Maintenance Departments to launch a monthly review meeting to track the consumption of energy resources (water, electricity, gasoline, and paper). We aim to achieve the goals of resource conservation and efficiency improvement, as well as reducing social costs through ways of integrating production energy-saving planning and operations, executing the solutions shared by the monthly team meeting, and propagating environmental protection and carbon reduction concepts during staff training to raise and strengthen overall awareness.

The organizational structure of the Energy Conservation Committee is as shown:



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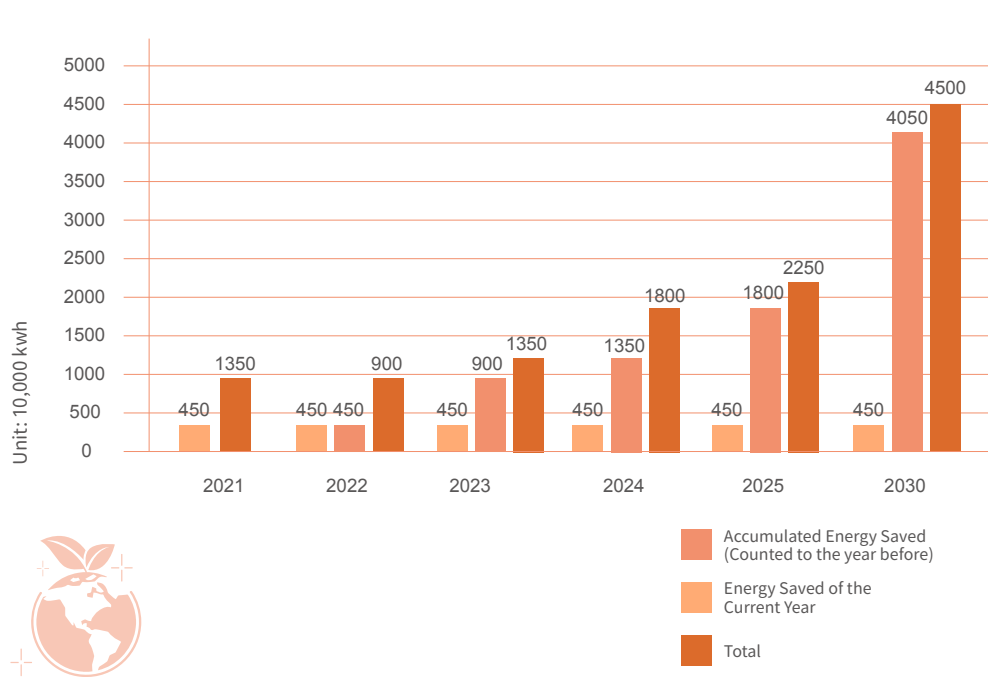
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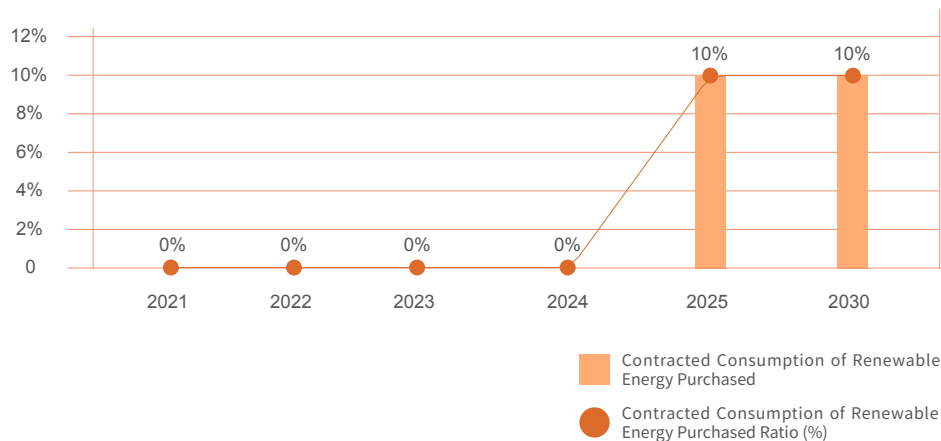
10-Year Energy Saving Target

Note 1: The 10-year energy saving target is adjusted according to the actual implementation status.



Use of Renewable Energy and Ratio %

Note 2: The usage proportion of renewable energy is adjusted according to the market conditions of power supply released by renewable energy power plants.



5.4 Water Resource Management



Water Resource Management

Management Measure

Objectives: Ensure the production line to operate normally and smoothly even under disastrous events in response to the extreme climate conditions.

Commitment: Comprehensively review and track the water reserving and recycling status, and strictly exam the quality of water discharged.

Policy and Management :

- (1) Keep records of the water consumption and source of water
- (2) Establish water-saving measures to avoid waste of resources.
- (3) Industrial wastewater sampled, examined and analyzed by a qualified testing agency to reduce the impact made on the environment in accordance with the Water Pollution Control Act.

Water Resource Risk Management

At Largan we take water supply amount and water quality of effluent discharged as key indicators to identify potential water risks in the factories as well as establish and continuously improve emergency response procedures, expand source of regional water resources, reuse and recycle reclaimed water to effectively manage available water resources.

Risk Type	Categories	Potential Operational Impact	Corresponding Measures
Water Resource Risk	<ul style="list-style-type: none"> ·Droughts ·Floods ·Untreated Effluent Discharge 	<ul style="list-style-type: none"> ·Production capacity is affected that leads to declining revenue. ·Unable to deliver or delivery interrupted 	<ul style="list-style-type: none"> ·Establish and improve the regulation of water resources management ·The existing water storage capacity is able to support demand for 3-5 days (3 days fighting against droughts) ·Prepare water trucks to support factories with water shortage ·Inspect the production equipment of each factory ·Effluent Management Policy

Usage of Water Resource

Largan factories of Taichung Precision Machinery Technology Innovation Park and Taichung Industrial Park are rated medium water risk areas according to the Water Risk Atlas. The water source mainly comes from Techil/Liyutan Dam and recycled water within the factory.

The daily water consumption in the factories is about 2,479 tons which accounts for about 0.17% of the daily water consumption from the Dam, meanwhile underground and surface water is not used as a source of water. In 2021, the total tap water consumption in each factory is 904.9 million liters. The water consumption in the last two years is as shown in the table:

Item	Year	2020		2021	
		Precision Machiner Park	Taichung Industrial Park	Precision Machiner Park	Taichung Industrial Park
Water Usage		781.5	122.2	767.9	137.0
Total		903.7 million Liters		904.9 million Liters	



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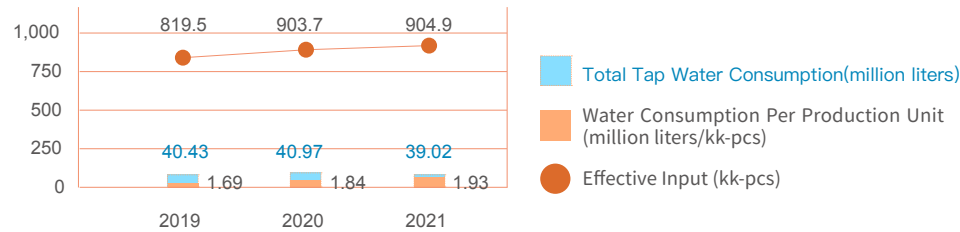
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Water Consumption Per Production Unit



Water Saving Measure

Largan prioritizes and strives for continuous innovation and improvement with the aim to cut costs and increase profits by implementing water-saving measures, and constantly look for water conservation opportunities:

- Collect and reuse rainwater and condensed water for watering equipment.
- Reduce the water discharged by increasing the chemical solutions used in the washing tower.
 - Recycle discharged wastewater from the production
 - Recycle wastewater produced during production and process the water collected by MBR and RO for water reuse in the next production.
 - Regenerate recycled RO water using pure water producing system (2B3T).
- Cooling Tower Management
 - Increase the solution's concentration to improve water quality and reduce effluent discharge.
 - Water quality monitoring & chemical solution assessment
 - The cooling tower water discharge is recycled after filtered and processed by thin film to be reused.
 - Extensive use of recycled water from the factory.
- The bathroom facility in the factory adopts water-saving devices approved by the state to achieve the goal of water conservation.
- The domestic and restaurant effluent produced in the factory is collected, treated by biological systems, then processed by MBR and RO, and finally recycled to the secondary water tank for recycling. The effluent recycling rate is about 80%.
- Digital record and analyze daily water consumption, and conduct immediate unit maintenance when an abnormal water consumption occurs to avoid water waste.
- Advocate water-saving related information and awareness to all staff from time to time.



The annual water recycling rate during the production process at Precision Machinery Park remains above 99% from 2020 to 2021.

Item	Year	2020	2021
Recycling Rate		99.6%	99.6%

Effluent Management Measure

At our factory we regularly monitor wastewater status to ensure the discharge water quality is better than the legal standards. We also follow closely to relevant domestic environmental protection regulations and requirements to keep ourselves up to date of the latest trends and norms.

According to the Water Pollution Control Act, a qualified testing agency will be appointed to sampling and analyzing every six months, and then submitting a waste (polluted) water testing declaration form. After submission, they are required to report to the local environmental protection authority for approval.

There was no overflow or significant leakage in the factory area, and there was no pollution impact loading on the surrounding environment during 2021.



Largan is equipped with monitoring equipment (pH, chemical oxygen demand in wastewater, suspended solids) at the discharge outlet of the factories. We conduct self-testing of discharge water quality every week and outsource water testing at least three times a year. The data is provided for comparison and correction to the online dashboard with the aim to ensure the stability of the online monitoring system. According to the factory effluent quality testing data report, Largan's COD (chemical oxygen demand in wastewater) detection value was lower than the standard value of 300 mg/L, and SS (wastewater suspended solids) was lower than the standard value of 250 mg/L during 2017 to 2021.

Test Items	Year Area	2020				2021			
		Precision Machinery Park		Taichung Industrial Park		Precision Machinery Park		Taichung Industrial Park	
		Management Standard	Factory Self-Inspection Standard	Management Standard	Factory Self-Inspection Standard	Management Standard	Factory Self-Inspection Standard	Management Standard	Factory Self-Inspection Standard
COD (mg/L)		300	250	480	420	300	250	480	420
S.S (mg/L)		250	200	320	240	250	200	320	240
pH		5-9	5-9	5-9	5-9	5-9	5-9	5-9	5-9

Preventive Measure of Water Pollution

- Use rolling wave planning and reviewing by adopting PDCA management framework in response to reduce the environmental impacts made by the pollution caused during production.
- The equipment is designed in the N+1 method, and operates stably for 24 hours a day, 365 days a year. It is equipped with a real-time monitoring system to record the operating parameters. If the value exceeds the preset value, an alarm will be sent out immediately.



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5.5 Waste Management

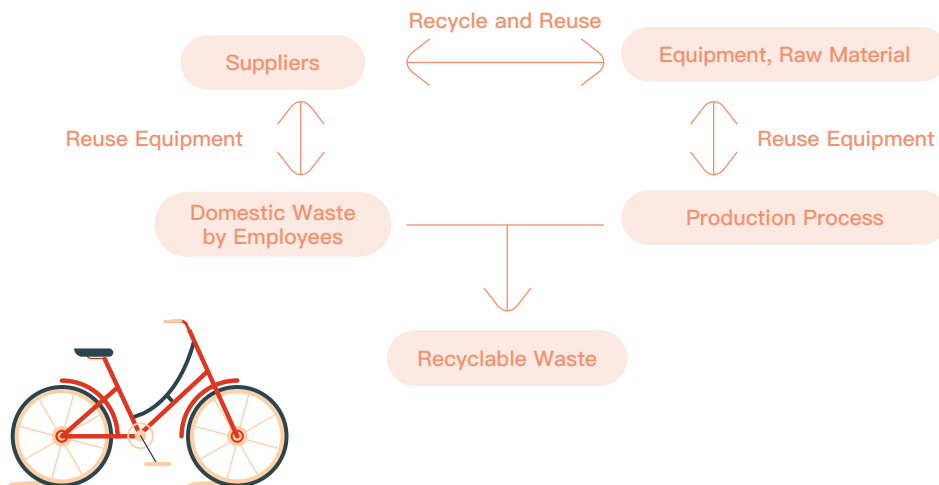
Waste Management	
Management Measure	
Objectives :	Promote circular economy, increase the proportion of waste reuse in the factory, and use resources effectively.
Commitment :	Reduce waste from the source, and encourage the suppliers, equipment manufacturers and employees to reuse resources.
Policy and Management :	(1) Actively promote to convert product waste into refuse derived fuel rod through the process of incineration. (2) Set recycling targets and track their achievement year by year. (3) Review the waste reduction strategy after classifying and analyzing the stats.

Largan has established an "Industrial Waste Management Program" based on the product life cycle which regulates the procedures for classification, collection, space, and disposal of industrial waste in accordance with the environmental regulations. We hope that the management measures can effectively help to reduce the waste generated with the increasing production capacity, improve environmental sanitation and therefore reduce the threats and impacts caused on the environment.

Requirements for Suppliers: Reusable and non-reusable containers must be recyclable materials; the waste generated during the supply process must also be recyclable reusable items.

Requirements for Production: Avoid using raw materials and equipment that are unprocessable for recycling with current environmental protection technology by managing the source of the incoming materials. Review the availability of processed raw material/wastes for reusing and recycling purposes to reduce the chance of wasting necessary materials.

Requirements for Employees: Employees will be asked to go through environmental safety and health educational training on the first day of employment with the aim to teach them the concepts about occupational health and safety and the classification of recycling to improve the overall quality at the workplace. We deliberately place trash cans in approachable places such as employees' walking routes, tea rooms and next to vending machines, so that all staff are aware of the rules for littering at all times. There are at least 5 kinds of recycling in each place, and this is one of our ways to make an effort and social contribution to help protect the environment.



Requirements for Waste Treatment: Yearly review on whether the channels of waste treatments are appropriate and choose the most environmentally friendly method as the requirement for selecting waste treatment contractors. In 2020, the waste incineration rate accounts for 28.6% of the total waste treated. In 2021, the number has dropped drastically to 9.65%, and the proportion of waste recycled for the purpose to reuse has increased positively from 71.4% to 90.35%. There were five waste treatment methods in 2020 and had increased up to 8 methods by 2021 (all sort of materials recycling is counted as 1 type of method).

Turning waste into energy: The company has actively promoted to convert product waste into refuse derived fuel rod through the process of incineration since 2021. The improvement was obvious to all, and the total amount accumulated in 2021 had reached 476.98 metric tons; We will continue to make best efforts to turn waste into renewable energy with the aim to contribute to protecting the earth.

Waste Classification	Ratio	Year	2020		2021	
		Hazardous	General Industrial Waste	Hazardous Industrial Waste	General Industrial Waste	Hazardous Industrial Waste
		Approach	Amount Cleaned Up (Ton)			
9.65% Non-Recyclable Waste	9.60%	Incineration (landfill) D-0299,1801	368.26	—	262.32	—
90.35% Recyclable Waste	32.25%	General Recycling & Reuse (Include Recycling)	—	—	876.68	—
	27.78%	Physical Processing D-1504	482.46	—	755.27	—
	17.54%	Announcing for Reuse R-0201, R-0701, R-0401	—	—	476.68	—
	2.47%	Incineration (Extractive Distillation) D-1703, D-1799/ Type C (Hazardous)	94.04	—	41.75	25.27
	2.74%	Heat Treatment D-0901	128.64	—	74.53	—
	8.12%	Announcing for Reuse R-0106 (Food waste)	214.05	—	220.7	—
Total			1287.45	—	2702.23	25.27
Remark	C-0301: Waste liquid with a flash point below 60 Celsius degrees D-0299: Waste plastic mix D-1504: Non-hazardous organic waste liquids or waste solvents D-1799: Waste oil mix R-0401: Waste glass R-0106: Food waste to animal feed		D-0901: Organic sludge D-1801: General waste from business operations D-1703: Waste lubricant R-0201: Waste plastic R-0701: Waste wood			



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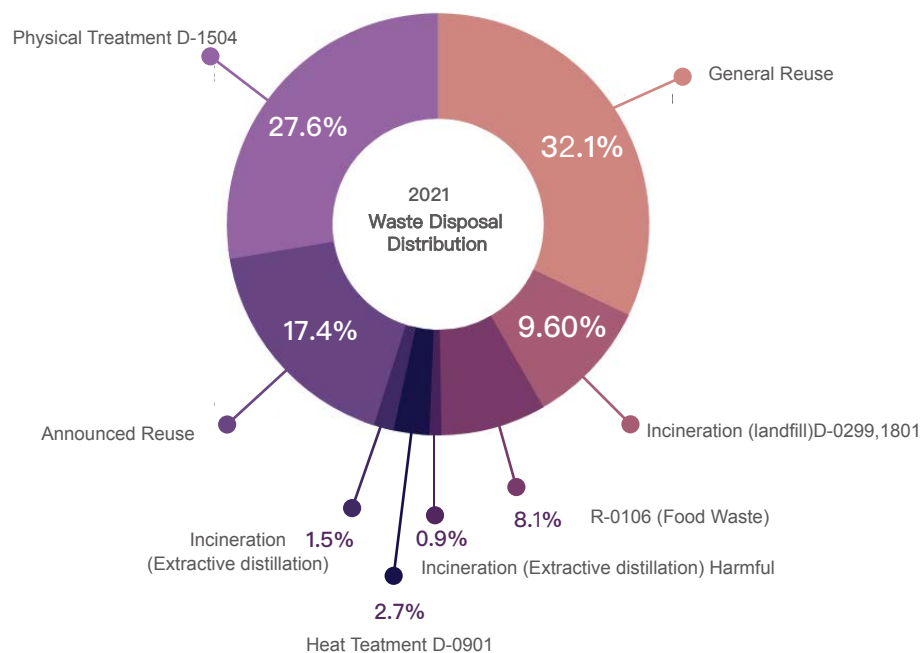
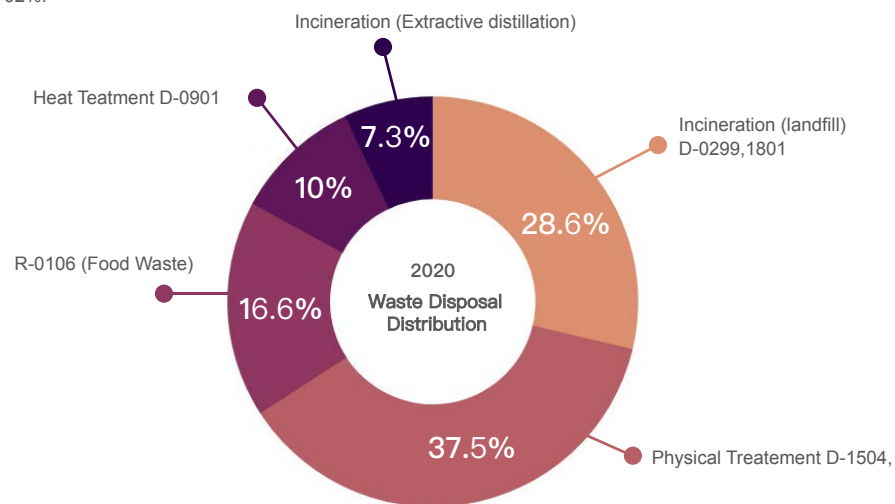
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Largan's 2021 policy: Under the principle of "reuse, reduce, and recycle", the total weight of material recycled and reused has reached 2,000 metric tons, which achieved the expected requirement.
 Largan's 2022 target policy: Under the principle of "reuse, reduce, and recycle", the expected recycling rate is to reach 92%.



The proportion of incineration and landfill waste in the total waste had been greatly reduced from 28.6% in 2020 to 9.60% in 2021, and the waste output had also dropped from 368.26 tons to 262.32 tons, which was the most significant improvement achieved at Largan in 2021.

5.6 Air Pollution Prevention

Air Pollution Management

Air quality improvement is high on the global agenda and air pollution is widely recognised as a threat to the environment. Largan has started planning and implementing air pollution prevention since the establishment of the company in response to the global issue. We are committed to make effective and continuous improvement and hazard prevention by following the pollution prevention regulations, executing internal audit and self-inspections, and conducting preventive machinery maintenance and training lessons. We had no monetary penalty issued for violating the Air Pollution Control Act in 2021.

Optimization of Air Pollution Equipment

- (1) Make pre-assessment on the pollution factors that cause harm to the environment during the production process, and try to lessen the impact on the environment.
- (2) Set up well equipped air pollution control systems such as Activated Carbon Adsorption Process and Wet Scrubber to effectively prevent odor and reduce volatile organic compound (VOCs) emissions, and manage the occurrence of air pollution.
- (3) Import the Total Hydrocarbon Analyzer (THC), which can provide immediate analysis of emission monitoring and other related emission information, and report the result to the monitoring center on duty in the factory to ensure the flue gas emission complies with regulations.
- (4) To ensure the stable operation of pollution control equipment to run 24 hours non-stop, all air pollution control equipment shall be equipped with at least one backup system (N+1 design) with the aim to achieve zero failure management, and ensure the continuous monitoring of pollution emission.

Volatile Organic Compound (VOCs) Emission Monitoring

- (1) Comply with (VOCs) environmental protection regulations, each factory produces less than 30 tons/year; alcohol (ethanol) is less than 1,000 ppm
 2020 actual total weight is 77.361 tons
 2021 actual total weight is 70.447 tons

5.7 Packaging Improvement



Individual Part

When transporting items, Largan adheres to the spirit of green production and environmental sustainability. We review and optimize the bulk packaging methods and use recyclable packaging to advance towards the goal of environmental protection and passion for protecting the earth. There are two operation mode as the followings:

- (1) The B-type components are transported using hard plastic boxes as containers, which the containers can be washed by water to be recycled and reused again after.
- (2) The L-type components are transported using sheet metal and placed in the acrylic box. The packaging can be returned for washing and recycling. A repair mechanism will be initiated in response to the deformation caused by the sheet metal after recycling. The repair rate is 98.71%. The above-mentioned packaging can also be used with plastic boxes in parallel, and is fully recyclable.

Final Product

Following the customers' demand, our finished products are loaded in plastic packaging trays for transportation. The plastic packaging can be washed and reused within the company, but once the products are shipped to the customers, it is difficult to retrieve the packaging back due to the complexity of international shipping. However, the plastic material can fully be recycled and reusable on the customers' end. We currently use cardboard boxes for external packaging, which is also recyclable with the aim to reduce wastes produced.



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Purchased Goods

With the aim to make continuous effort on improving our recycle policies, we have recently required our suppliers to improve their packaging methods. For instance, the tapes and labels on the packaging should be changed to easy-to-remove materials so that the remaining packaging can be fully recycled and reused, as well as the boxes for transportation should be changed from plastic to carton board, so that the boxes can be folded when recycled to reduce the space used.



5.8 Promotion of Environmental Sustainability

Aiming at environmental sustainability, Largan continuously promotes the following measures to reduce waste generation and use of primary resources to enhance the concept of green recycling.

Factory Greening and Organic Composting

Each factory at Largan has a large area of trees planted. The coffee grounds collected and the fallen leaves cleaned by the employees are used to make organic fertilizer, which helps to maintain the soil structure and increase its nutrient capacity. With its non-toxic and easily biodegradable, the fertilizer helps to reduce the harm of environmental pollution and improve the environmental friendliness. The "phytoncide" derived from plants and trees is well-known for its stress-relieving and mental-refreshing effects as well as forest bathing. By having a large green space at work, it helps to improve the physical and mental health of our employees.

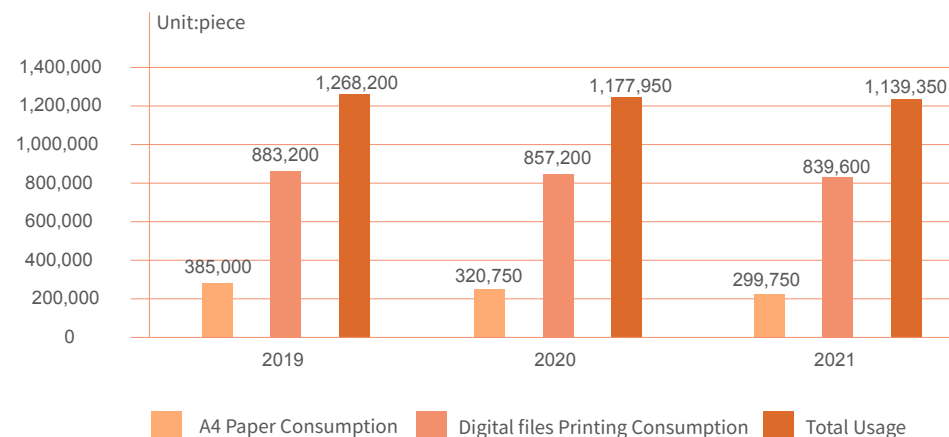
Tree Planting Program

With the raising awareness of global warming, greenhouse gas is one of the commonly recognized root causes by most scientists. To effectively reduce the greenhouse gasses on earth has become the common objective for everybody. For this reason, Largan has launched an afforestation plan step by step in 9.4 hectares of agricultural land in Dacun Township, Changhua County. In addition to preserving the native trees in the area such as Camphor Tree, Taiwan Acacia, Chinese Hackberry, and Taiwan Crape Myrtle, we have also planted the selection of Taiwanese native tree species such as Taiwan Zelkova and Formosan Ash. Take Taiwan Zelkova and Formosan Ash for example, when the trees are 20 years old, the annual carbon absorption will reach more than 300 metric tons per hectare. We have planted 3,200 Taiwan Zelkova in 2021. In 2022, we aim to create an ecological habitat by building a fish pond and wetland area in addition to planting another 200 Bald Cypress and 800 Formosan Ash hoping to increase the regional biodiversity.



Paper Saving and Promotion of eSign Off Policy

Take paper usage as an example, at Largan we regularly track the amount of paper used with the aim to reduce waste of paper. We strive to promote paperless policy for operations that consume a large amount of paper, set up a recycling section in the photocopying area, and regularly arrange recycle procedures for confidential documents. We have been successfully reducing the paper usage and printing demand of 40,000 pieces of paper each year on average since 2019 with the aim to improve the overall accuracy and efficiency of waste declaration in the industry.



Energy Saving Activities and Promotion

In addition to manufacturing green products that comply with the EU regulations, Largan also spares no effort to promote energy saving and carbon emission reduction policies. The practical ways adopted to effectively save energy are replacing all lighting devices with energy-saving LED lamps, sensor lights, and installing VFD devices and solar panels in all new factories.



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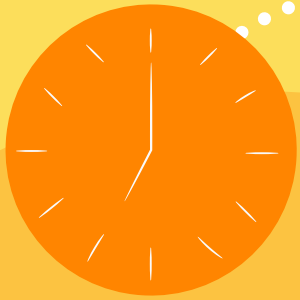
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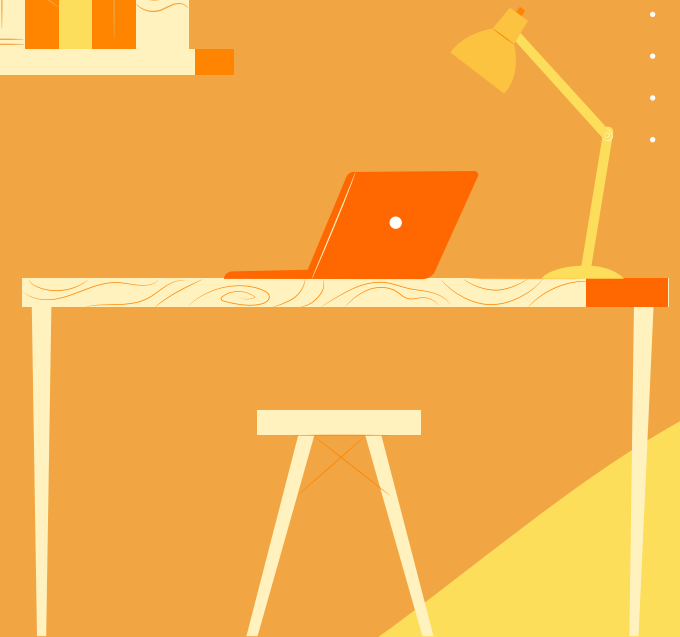
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Friendly Workplace



- ▼ 6.1 Recruiting Policy and Commitment
- ▼ 6.2 Talent Training & Development
- ▼ 6.3 Talent Cultivation
- ▼ 6.4 Human Rights
- ▼ 6.5 Compensation and Welfares
- ▼ 6.6 Employee Care and Communication
- ▼ 6.7 Occupational Safety and Health
- ▼ 6.8 Health Promotion



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Friendly Workplace

Friendly Workplace: With the aim to maintain a harmonious labor relation, Largan has proposed a short-, medium- and long-term employee care objectives to achieve friendly workplace management as the table shown:

Short-Term(2021~2022)	Medium-Term (2023~2026)	Long-Term (2027 and Beyond)
Labor Relations		
Turnover Rate: <15%	<13%	<13%
Retention rate of new hired Taiwanese employees (3 months retention): 75%	Retention rate (3 months retention): 78%	Retention rate (3 months retention): 80%
Training & Development		
Number of people complete orientation training courses once a year (6 months) ≥ 15 people	Number of people complete orientation training courses once a year (6 months) ≥ 17 people	Number of people complete orientation training courses once a year (6 months) ≥ 20 people
Number of first-time managers promoted: 6.0%	Number of managers promoted: 6.5 %	Number of managers promoted: 7.0 %
Average number of training hours per person: 19H 100% passing rate of new hired training examination	Average number of training hours per person: 21H 100% passing rate of new hired training examination	Average number of training hours per person: 23H 100% passing rate of new hired training examination
Human Rights Protection		
Workplace Wrongful Assault/Bullying 0 case	Workplace Wrongful Assault/Bullying 0 case	Workplace Wrongful Assault/Bullying 0 case
Employee complaint/mediation 1 case	Employee complaint/mediation 1 case	Employee complaint/mediation 1 case
100% completion rate of employee professional ethics training	100% completion rate of employee professional ethics training	100% completion rate of employee professional ethics training
Safety and Health		
100% completion rate of occupational hazard identification and risk evaluation	100% completion rate of occupational hazard identification and risk evaluation	100% completion rate of occupational hazard identification and risk evaluation
100% safety training rate for high-risk workers	100% safety training rate for high-risk workers	100% safety training rate for high-risk workers
Health check participation rate 90%	Health check participation rate 90%	Health check participation rate 90%
Employee safety incident (excluding death) ≤ 5 cases/year	Employee safety incident (excluding death) ≤ 4 cases/year	Employee safety incident (excluding death) ≤ 3 cases/year
Occupational disease caused by chemical exposure maintains 0 case	Occupational disease caused by chemical exposure maintains 0 case	Occupational disease caused by chemical exposure maintains 0 case
Disabling injury frequency rate ≤ 3 Disabling injury severity rate ≤ 30	Disabling injury frequency rate ≤ 2.8 Disabling injury severity rate ≤ 28	Disabling injury frequency rate ≤ 2.5 Disabling injury severity rate ≤ 25

Performance and Goal of Material Issue: Talents Development and Sustainability

Largan is committed to building a friendly workplace: Creating an environment of care for the employees, fulfilling the responsibility of selecting and retaining talents with the aim to achieve the goal of sustainable development as well as create continuous growth of the Company. We have set the objectives and performance guidelines as shown in the table based on the above-mentioned important measures taken regarding labor relations, staff training and development, human rights protection, ethics, and health and safety management with the aim to retain the talented with great potentials and stability to help the company to stay sustainable and competitive in the industry.

2021 Target Performance	2021 Achieving Status	2022 Target Performance
Labor Relations		
Staff communication: Feedback case closing rate 100%	Case closing rate 100% → Achieved	Feedback case closing rate 100%
Employee turnover rate: <15%	14.9% → Achieved	Employee turnover rate: <15%
75% Retention rate of new hired Taiwanese employees (3 months retention)	75 % → Achieved	75% Retention rate of new hired Taiwanese employees (3 months retention)
Training and Development		
Number of people complete orientation training courses once a year (6 months) ≥ 15 people	Number of people complete orientation training courses once a year (6 months) > 15 people → Achieved	Number of people complete orientation training courses once a year (6 months) ≥ 15 people
Average number of training hours per person: 19H	Average number of training hours: 19H → Achieved	Average number of training hours per person: 19H
100% passing rate of new hired training examination	100 % → Achieved	100% passing rate of new hired training examination
Human Rights Protection		
Workplace Wrongful Assault / Bullying 0 case	0 case → Achieved	Workplace Wrongful Assault / Bullying 0 case
Employee complaint/mediation 1 case	1 case → Achieved	Employee complaint/mediation 1 case
100% completion rate of employee professional ethics training	100 % → Achieved	100% completion rate of employee professional ethics training
Occupational Health and Safety		
Passing ISO 45001 occupational safety and health system verification	Passing ISO 45001 occupational system verification → Achieved	Passing ISO 45001 occupational safety and health system verification
100% Participation of new hired employees in educational training	100% → Achieved	Employee complaint/mediation 0 case
Health check participation rate 90%	90% → Achieved	Health check participation rate 90%
Significant occupational injuries ≤ 5 cases/year	3 case/ year → Achieved	Employee safety incident (excluding death) ≤ 5 cases/year
Occupational disease caused by chemical exposure maintains 0 case	0 case → Achieved	Occupational disease caused by chemical exposure maintains 0 case
Disabling injury frequency rate ≤ 3 Disabling injury severity rate ≤ 30	Disabling injury frequency: 2.25 → Achieved Disabling injury severity rate: 27 → Achieved	Disabling injury frequency rate ≤ 3 Disabling injury severity rate ≤ 30

Note : 1. Disabling Frequency Rate (FR) = (Disabling Injuries x 100,000)/ Employee-hours of exposure
2. Disabling Injury Severity Rate (SR) = (Total days charged x 1,000,000/ Employee-hours of exposure



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6.1 Recruiting Policy and Commitment

At Largan, we proactively enlarge the scale of production capacity with the aim to create a sustainable profitable growth and to attract and retain the outstanding talent. We are committed to: continuously improve the capacity and quality of production, develop new product lines, and expand the R&D team with the aim to create a diverse and equal working environment that is full of fun and challenges. We hope to attract and retain the outstanding talent as well as increase the loyalty of the current staff for Largan's sustainable development by providing a relatively competitive compensation and welfare benefits in the industry.

We provide fair employment opportunities regardless of genders, religions, races, nationalities, and political preferences. In accordance with the "Employee Welfare Fund Acts", the welfare fund collected from the employee is distributed to participate in labor insurance and health insurance. We also provide a fair, reasonable and objective pay rise and promotion scheme.

At Largan, we abide by labor-related laws and regulations, and formulate "Working Rules" and "Occupational Safety and Health Code of Conduct and Staffing Policy" verified and approved by government departments. The aim is to guarantee working conditions and protect the rights and interests of the employees' occupational safety and health with a legally binding agreement. We also follow the "RBA Responsible Business Alliance Code of Conduct" to provide the employees with a healthy, and safe working environment by setting up diversified and open employer-employee communication channels for topics such as fair remuneration and promotion policy, training and development system, welfare system, and a transparent incentive bonus scheme to allow the employees to contribute their abilities and performance with their full effort and heart. We hope to grow and develop continuously with our employees together and create a warm and harmonious working atmosphere with the aim to lay a solid foundation for the establishment of sustainable operations.

Business Sustainability Policy

Based on the principle of honesty and integrity management, employees at Largan have reached consensus on the business philosophy of "Innovation, Professionalism, Speed, and Flexibility", and strive to make best effort achieving the ESG objectives and policies for sustainable development such as environmental protection, care for the employees, friendly workplace, shared prosperity, integrity management, and full participation from all members of staff with the aim to fulfill social responsibilities, and pursue sustainable management.

To enhance labor rights, Largan is committed to complying with Taiwan's Labor Standards Act and related laws, and has established working rules, sexual harassment prevention protocols, anti-corruption and bribery act, fair trade policy, whistleblowing and appealing system...etc, such management mechanisms accordingly with the aim to protect the rights of our employees.

We have also set up CEO Mailbox with anonymous features in every factory for our employees to express their opinions and suggestions freely without worrying about getting potential unfair treatment or vengeance. We aim to provide an attractive and friendly working environment by enhancing the power distance balance between the employees and employers as well as ensuring the practice of management policy, we are fully committed to:

No hiring child labor under the age of 16	Prohibition of any form of forced labor
Respect employees' right to freedom of association and collective bargaining	Prohibition of any form of discrimination, harassment and vengeance
Provide reasonable compensation & benefits	Provide multiple communication channels to maintain labor relations
Provide a safe work environment and establish precautions	Ensuring employment opportunities for persons with disabilities

6.2 Talent Training & Development

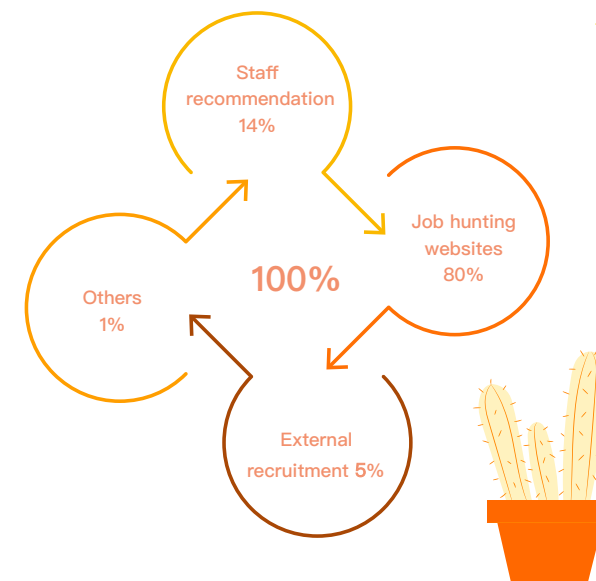


Labor Relations	
Management Measure	
Objectives :	The outstanding talented are important asset of the company, we proactively enlarge the scale of production capacity to create a sustainable environment with profitable growth to attract and retain the outstanding member of staff.
Commitment :	Make continuous improvement of the capacity and quality of production, develop new product lines, and expand the R&D team.
Policy and Management :	<ol style="list-style-type: none"> (1) Provide an overall competitive compensation scheme and provide various welfare programs. (2) Increase the loyalty of the current staff by providing incentives and retirement schemes in accordance with relevant laws and regulations. (3) Attract and retain outstanding talents as it is the source of growth for the company's sustainable development.

As the popularity of smartphones increases, the specification requirements of optical lenses become higher in response to user needs. Largan as the leading manufacturer in the industry has been continuously investing in R&D and innovation, expanding production lines and scale, as well as improving the production capacity and quality. We aim to provide a fun but challenging work environment for the outstanding talented to compete, excel and subsequently help the Company to grow sustainably.

We offer competitive compensation and benefits schemes to recruit professional personnel and provide a reasonable salary range based on their academic, industry backgrounds and professional knowledge. We also provide management policies that are superior to government regulations such as career planning channels, talent cultivation programs, performance evaluation for promotion, and retirement schemes. At Largan we draft recruiting operational strategies on a yearly basis. Each department will come up with a proposal for the intended manpower requirement of the year and submit the employment requests to the human resource department for approval. The HR Department will then refer the requests internally or release the job vacancies through recruitment channels to the public. An internal job referral department is set up to help the employee to improve and expand their professional abilities by switching departments internally. The internal filling rate for job vacancies in 2021 was 77.7%. The number was relatively higher compared to 2020 due to the increase of internal exposure for recruitment information.

2021 talent recruiting channels: job hunting websites, campus recruitment, staff recommendation, government career aid, job fairs, advertisement, headhunting agencies, industry-academia programs, online recruitment, internal recruitment...etc. The four most effective ways and percentage of recruiting new talents are as shown in the graph.



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In 2021, our main recruiting target audience is focusing on the top talents with relevant scientific and engineering backgrounds with the aim to help the company to develop higher-end specification optical lenses. By doing so, we hope to generate more profits and growth by increasing the production scale and capacity.

(1) As of December 2021, the total number of employees at Largan was 7,131. The manpower structure distribution in the last two years is as shown in the table:

Category	Year	2020				2021			
		Female		Male		Female		Male	
		Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio
Occupation	Production	3,206	44.66%	2,110	29.40%	2,948	41.34%	2,185	30.64%
	Management	242	3.37%	640	8.92%	247	3.46%	661	9.27%
	R&D	132	1.84%	848	11.81%	157	2.20%	933	13.08%
Subtotal		3,580	49.87%	3,598	50.13%	3,352	47.01%	3,779	52.99%
Total		7,718				7,131			
Domestic	Age below 30	472	6.58%	1,301	18.12%	534	7.49%	1,515	21.25%
	31~50	1,128	15.71%	2,197	30.61%	1,120	15.45%	2,177	30.53%
	Above 51	21	0.29%	28	0.39%	19	0.72%	27	0.38%
Foreign	Age below 30	1,435	19.99%	21	0.29%	1,268	17.78%	21	0.29%
	31~50	524	7.30%	51	0.71%	429	6.02%	39	0.55%
	Above 51	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Subtotal		3,580	49.87%	3,598	50.13%	3,352	47.01%	3,779	52.99%
Total		7,718				7,131			

At Largan we only offer full-time positions. We do not hire or use temporary workers or contractors. All newly hired employees get equal opportunities, benefits and are treated fairly as other regular employees. We pledge to provide job opportunities to those with disabilities and treat all potential staff and interviewees with respect regardless of their genders and body conditions. We also hope to recruit more female workers to join Largan to help maintain the diversity of the workforce. There were no significant operational changes in 2021, any major changes made would be announced with a 10-30 days' notice accordingly based on Article 16 of the Labor Standards Act.

(2) The ratio of new hired and turnover of male and female employees in the last two years

Category	Year	2020				2021			
		Ratio and Number of People				Ratio and Number of People			
		Female	Ratio	Male	Ratio	Female	Ratio	Male	Ratio
New Hired (Domestic)	Age below 30	231	23.7%	560	57.6%	218	19.3%	553	48.9%
	31~50	66	6.8%	81	8.3%	94	8.3%	141	12.4%
	Above 51	0	0%	1	0.1%	0	0%	0	0%
New Hired (Foreign)	Age below 30	28	2.9%	4	0.4%	121	10.7%	3	0.3%
	31~50	0	0	2	0.2%	1	0.1%	0	0%
	Above 51	0	0	0	0	0	0%	0	0%
Subtotal		325	33.4%	648	66.6%	434	38.4%	697	61.6%
Total		973 people /100%				1,131 people /100%			
Turnover (Domestic)	Age below 30	177	18.5%	328	34.2%	158	12.9%	344	28.0%
	31~50	108	11.3%	111	11.6%	145	11.8%	178	14.5%
	Above 51	2	0.2%	1	0.1%	2	0.2%	1	0.1%
Turnover (Foreign)	Age below 30	192	20.0%	4	0.4%	289	23.5%	3	0.2%
	31~50	27	2.8%	8	0.8%	96	7.8%	12	1.0%
	Above 51	0	0%	0	0	0	0%	0	0%
Subtotal		506	52.8%	648	66.6%	690	56.2%	538	43.8%
Total		958 people /100%				1,228 people /100%			

Here at Largan we are committed to our declaration of Diversity and Inclusion and all potential employees are treated equally regardless of gender, religion, race, nationality or political affiliation. The ratio of female to male employees at the workplace is relatively balanced in the industry.

Employment for People with Disabilities

According to the People with Disabilities Rights Protection Act in Taiwan, the number of disabled people with the capability to work shall be no less than 1% of a company's total employees. In addition, companies that do not employ a sufficient number of people with disabilities shall pay periodical subsidies to the Disabled Employment Funds held by competent authorities for labor affairs based on the deficient amount.

Largan endeavored to provide full-time employment opportunities to those with disabilities. In 2021, the company employed a total of 58 employees with disabilities, yet we are 2 people short to meet the 1% requirement due to the nature of available job vacancies and received a dearth of suitable applicants. We have therefore paid the subsidies according to legal requirements. We keep the vacancies opened for applicants who are eligible and interested in applying for the positions. We are also committed to practice people management with the aim to share our values and visions with our employees. By putting the right person into the right position, we enable our employees to contribute to the company where they are most needed and allow them to develop with the company, thereby generating success for both employees and the business. We had no labor disputes recorded at Largan in 2021.



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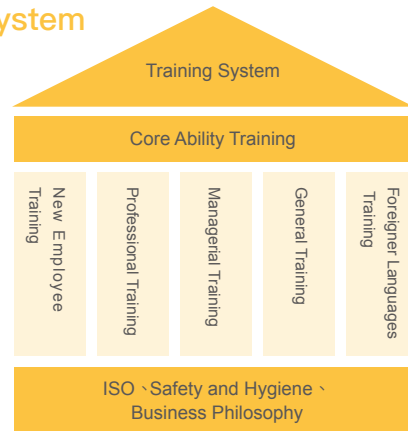
6.3 Talent Cultivation



To enable our employees to acquire the appropriate working skills, we encourage all units to arrange internal and external educational training and all training sessions are flexibly adjusted based on their individual needs. In addition, we also provide cultivation program for career planning as well as hire guest lecturers to give trainings on professional and technical subjects to help elevate our employee's working skills.

Advanced Studies and Training System

At Largan we arrange training programs and learning curriculums (as shown in graph) based on the company's annual operational objectives which includes training session for newly hired personnel, orientation, professional courses, management training, language ability enhancement training...etc., as well as offer general courses about the history, structure, business philosophy, corporate culture, morals and ethics of the company and all other information that help the newcomers to adapt and get on with their role faster. We have also set up mandatory training sessions specifically based on each individual's job responsibility and position to fit their career development and needs. We regularly track the training progress and performance to ensure the efficiency and effectiveness of the training programs with the aim to nurture the talents that can stay and grow with Largan sustainably.



Average Hours of Staff Training

The total staff training hours in 2021 was 37,951 hours, and the total average training hours per person was 18.24 hours in a year. As most of our online training is conducted through watching premade videos and we currently don't have a system to record the click through rate and viewing time, the following statistics do not include the data of online training hours and number of people participating. The statistic of the average staff training hours in the last two years are as shown:

Category	2020				2021			
	Gender	Hours	No. of People	Average	Gender	Hours	No. of People	Average
Administrative	Male	759.9	117	6.49	Male	876	128	6.84
	Female	441.2	87	5.07	Female	589	94	6.27
R&D	Male	2,190.5	168	13.04	Male	1,796.5	177	10.15
	Female	221.5	28	7.91	Female	424	43	9.86
Maintenance	Male	2,037	101	20.17	Male	1,746.5	88	19.85
	Female	30	1	30	Female	0	0	0
Production	Male	12,330.6	798	15.45	Male	12,200.5	675	18.07
	Female	10,775.4	909	11.85	Female	8,165	489	16.70
Quality Assurance	Male	1,609.2	147	10.95	Male	3,083	147	20.97
	Female	2,141.4	285	7.51	Female	9,070.7	240	37.79
Subtotal		32,536.1	2,641	12.32	Subtotal	37,951.3	2,081	18.24

Performance Management and Employee Development

(1) Employee Career Development

Performance evaluation helps the Company to improve the human resources system and further improve the overall management system. At Largan we perform a 3 months' probation evaluation for the new employees. We hope the probation guidelines help the supervisors and all employees to understand and share the Company's value and vision, as well as for the new employees to exceed the Company's expectation personality and characteristics wise. The supervisors conduct the performance evaluation based on the principles of being fair, reasonable, and objective with the aim to help the staff on the team to better understand their role and responsibilities so that they can give the best performance accordingly, as well as providing work and improvement guidance to achieve overall operational goals. The number of new employees who have passed the probation assessment in 2021 was 1,006 (new Taiwanese employees), and a total of 748 people participated in the annual performance assessment. The evaluation system includes two main features which allow the supervisors to assess the performance of the employee and to help develop each individual's ability and strength. The system also allows the supervisors and the employees to reach consensus workwise and ultimately work together to improve the overall operational performance and efficiency. By putting the right person into the right position through internal recommendation, it enables the employees to contribute to the Company where they are most needed and allows the employees to develop with the Company, thereby generating success for both employees and the Company.

Evaluation of new Taiwanese employees: The statistics of the performance evaluation in the last three years are as shown in table:

Year	2019 Total No. of People New Taiwanese:1,210				2020 Total No. of People New Taiwanese: 939				2021 Total No. of People New Taiwanese: 1,006			
	No. of people evaluated		Ratio%		No. of people evaluated		Ratio%		No. of people evaluated		Ratio%	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Technical	193	11	15.95	0.91	178	15	18.96	1.60	222	31	22.07	3.08
Administration	15	15	1.24	1.24	18	19	1.92	2.02	16	22	1.59	2.19
Administration	280	223	31.40	18.4	311	158	33.12	16.83	290	167	28.83	16.60
Total	488	249	48.60	20.58	507	192	53.99	20.45	528	220	52.49	21.87

Largan conducts a performance evaluation every year/quarter to assess promotion requests suggested by managerial supervisors with additional information such as job title, supervisor's feedback and attendance...etc, and give out promotion opportunities to employees with excellent work performance. In 2021, 1,735 people were promoted with 36.30% in technical positions, 3.40% in administrative positions, and 60.30% in OPR direct personnel.

6.4 Human Rights

Diversity and Equality

Management Measure

Objectives : Create a interesting but challenging work environment with diversity and equality for the outstanding talented.

Commitment : Moving towards to achieving gender equality and respect to the diverse society.

Policy and Management :

- (1) Treat all employees equally regardless of gender, religion, race, nationality or political preferences.
- (2) In accordance with the "Employee Welfare Fund Acts", the welfare fund collected from the employee is distributed to participate in labor insurance and health insurance.
- (3) Provide a fair, reasonable and objective pay rise and promotion scheme.



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At Largan we abide by labor laws and regulations and formulate a foreign labor management policy to protect all employees' rights and interests.

Commitment: 100% compliance with relevant labor regulations.

Management measures: Formulate labor human rights protection regulations and assess the risks of forced labor regularly.

Largan is a member of the international labor conventions and complies with the Responsible Business Alliance (RBA) Code of Conduct. We are also committed to complying with Taiwan's labor-related laws and regulations that include the aspects of working hours and wages, humane treatment, non-discrimination, anti-bullying at workplace, and freedom of association...etc., such labor rights protection management measures, as well as aspects of prevention of forced labor, sexual harassment, maternity protection and all other preventive measures of unlawful events at workplace.

The Recruitment & Hiring Measures stated that Largan does not employ child labor and establish protection measures for employees under the age of 18 working night shifts. We also formulate the foreign labor management policies specifically to protect the foreign employees' rights and interests. The Administrative Department regularly evaluates the risks of forced labor incidents and disclose the information to the relevant supervising units for providing suggestions and reminders when there is any violation suspected with the aim to ensure that similar situations will not happen again in the future.

Item	Prohibition of Forced Labor	Prohibition of Child Labor
Risk Assessment	Internal work-time control	Interviewees are required to reach legal age
Target	No forcing or threatening reluctant workers to perform labor service.	No forcing or threatening reluctant workers to perform labor service.
Management Measures	Work-time control. Work hours tracking for continuous attendance and overtime working on holidays. Provide channels of opinions and feedback.	Work-time control. Work hours tracking for continuous attendance and overtime working on holidays. Provide channels of opinions and feedback.
Item	Prevent Unlawful Discrimination	Safe and Hygienic Environment
Risk Assessment	The principle of non-discrimination is disclosed during the interview process in accordance with Taiwan's labor laws.	Implement occupational disease prevention and promote the physical and mental health of the employees.
Target	Applicant's personal information that is not related to the job shall not be asked during the interview.	Establish a safe and friendly working culture and environment.
Management Measures	Assess the regulations periodically.	Establish occupational safety and environmental protection measures. Provide medical assistance and on-site doctor. Personnel education, training and advocacy.
Work-Life Balance		
Risk Assessment	Improve interpersonal interactions among colleagues by participating in leisure activities.	
Target	Low participation rate	
Management Measures	Strengthen the promotion of activities held by the Welfare Committee to increase the participation rate. Distribute questionnaires to collect suggestions for improvement.	



To ensure all employee at Largan understand the policies and practices of labor rights and corporate social responsibility, the Administrative Department will conduct relevant training and tests as the following arrangement:

- (1) Lecture Training: On the day of registration, the new employees will receive a 30-minute corporate social responsibility and labor rights policy lecture training. By showing the training videos, presentation briefing, and explanations, we hope the new staff can get a better sense of human rights regulations and related laws with the aim to help them understand their own rights and interests as well as complaint channels when it's needed.
- (2) Test: To ensure that the employees fully understand the training contents, the employees must take a written test right after the training session and pass the test to be considered qualified. If their score is lower than the expected standard, the employees will need to come back the next day for another round of training and tests.
- (3) Passing Rate of the Test: (40 questions total, scoring 80 points to pass the test)

In 2020, the number of trainees were 939 (new Taiwanese employee), and the training pass rate was 100%.

In 2021 the number of trainees was 1,006 (new Taiwanese employee), and the training pass rate was 100%.

The expected goal for 2022 will be set for achieving another 100%. We expect that all of our employees fully understand and comprehend labor human rights.

Year	No. People Trained	Training Passing Rate
2020	939	100%
2021	1,006	100%



Implementation Status of Human Rights Indicators in the Last Two Years

2020				2021			
No incident of discrimination	No prohibition of freedom of association	No incident of hiring child labor	No major incidents of forced and compulsory labor	No incident of discrimination	No prohibition of freedom of association	No incident of hiring child labor	No major incidents of forced and compulsory labor

6.5 Compensation and Welfare

Compensation, Welfare & Benefits and Promotion Programs

Objectives : Establishing a compensation and benefits system in accordance with the Company's overall economic and cultural development and industrial competitiveness.

Commitment : Improve employee benefits and use operating profit as bonus for compensation and remuneration.

Policy and Management :

- (1) Provide a stable salary structure for employees following the company's salary and welfare system.
- (2) Formulate the provisions of the "Employee Welfare Fund Acts" to allocate employee welfare funds and handle welfare matters.
- (3) Performance evaluation helps to improve the company's human resources system, thereby nurturing and developing employees' personal abilities.



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All employees are important assets of the company. We offer competitive salaries and benefits to attract and retain the outstanding talents as a long-term sustainable developing strategy, a 3% pay rise by the year will be issued based on the individual's work performance. We aim to provide the flexibility for the employees to shine the talents in their field and ultimately grow with the company together. Based on the company protocols, up to 1%-30% of the operating profit is allocated to the employees as bonus, an encouragement and reward for their hard work and contribution to the company. We hope the incentives can help boost up work efficiency as well as make our company desirable to the outstanding talents.

The employee salary structure includes: basic salary, allowances, 3 holiday pay, quarterly bonus, and retention bonus, the salary and number of full-time employees in non-supervisory positions in the past three years are as shown in the table:

Unit (NTD)			
Year	Average Salary	Median Salary	Number of full-time employees who are not in supervisory positions
2019	1,391,764	751,540	6,443
2020	1,259,131	779,351	6,877
2021	1,145,942	842,139	6,784

The Female to Male Average Monthly and Annual Income Ratio for Different Positions in the Last Two Years:

Category	Field	2020		2021	
		Female: Male Monthly Income Ratio	Female: Male Annual Income Ratio	Female: Male Monthly Income Ratio	Female: Male Annual Income Ratio
Position	Production	1 : 1.21	1 : 1.78	1 : 1.22	1 : 1.76
	Managerial	1 : 1.03	1 : 1.23	1 : 1.03	1 : 1.25
	R&D	1 : 1.25	1 : 1.71	1 : 1.25	1 : 1.76

Note: Male workers generally have higher educational experience and seniority than female workers, hence the salary ratio varies.

Employee Benefits

We allocate the welfare funds to the employees following the Employee Welfare Fund Acts for handling welfare business for the staff. We also provide relevant insurance subsidies for insurances such as labor insurance, health insurance, casualty insurance, and group insurance...etc.

Health Care: We launched the on-site medical care service in accordance with relevant regulations and provide our employee with the immediate medical care resources which includes on-site doctors for emergencies. The support system allows the employee to apply for medical services such as free annual health check, eye exam...etc any time when needed to ensure their health condition at all times. We also provide friendly parental services such as: establishing nursing stations and breastfeeding rooms, maternity priority parking spaces, 22 contracted childcare institutions nearby the company to provide our staff with multiple childcare options.

Emergency Aid: According to Largan's Emergency relief policy, in case of serious illness and other difficulties in life, employees can apply to the company for emergency relief funds to ensure basic living needs.

In 2020, 3 employees were unable to attend work due to significant injuries or illnesses that caused difficulties for their families.

The total amount of emergency relief dispensed was TW\$ 594,300 dollars

In 2021, 6 employees were unable to attend work due to significant injuries or illnesses that caused difficulties for their families.

The total amount of emergency relief dispensed was TW\$ 559,529 dollars

Other Employee Benefits are as shown:

Subsidy	Extra Benefits
<ul style="list-style-type: none"> · Meal allowance, travel subsidy · Maternity and marriage subsidy · Birthday, 3 holidays, Labor Day bonus · Healthcare subsidy (Hospitalization), funeral condolences money 	<ul style="list-style-type: none"> · Family Day, meal subsidy · Supermarkets and appointed stores discounts · Free parking lots · Contact lens discount · Distribution of free masks

Employee Pension Scheme

The pension fund is served to protect employee's right to claim retirement pensions in the future. The establishment of the fund is based on the "Labor Standard Act" and the "Labor Pension Regulations."

Retirement Standards:

A worker may apply for voluntary retirement under any of the following conditions:

- (1) Aged fifty-five or above and has worked for more than fifteen years.
- (2) When the worker has worked for more than twenty-five years.

An employer shall not force a worker to retire unless any of the following situations:

- (1) Aged sixty-five or above.
- (2) When the worker is unable to perform his/ her duties due to disability.

Payment Standards (The Old Fund):

For the employees with less than 15 years of service, two bases are given for each full year of service rendered. For those over 15 years, one base is given for each year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half a year when it is less than six months and as one year when it is more than six months.

As set forth in Subparagraph 2 of Paragraph 1 of Article 54, an additional 20% on top of the amount calculated shall be given to workers who are forced to retire due to disability incurred from the execution of their duties.

Accounting Base (The old fund):

The retirement pension base shall be one month's average wage of the worker at the time when his or her retirement is approved.

Payment Period:

The pension shall be paid out to the employees within 30 days from the day of retirement. If the payment cannot be completed in one lump sum may apply to the competent authority for approval to pay the amount in installments.

Other Regulations:

Retirees are required to fill in a retirement application form.

The company would mandate eligible retirees to apply for retirement and all retirees should go through the formal procedure. The employee has the right to claim pension funds from the month of retirement, and the right will expire if no action is taken within five years after the retirement has been approved.

New Pension Fund Scheme:

The amount of labor pension borne by the company is no less than 6% based on the employee's monthly wage to the retirement fund account.

The total number of people applying for retirement in the last two years:

3 people in 2020; 3 people in 2021



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Parental Leave

Parental leave is available to the employees who meet the qualifications for application regardless of genders. The total number of people applied for parental leave in the last two years, and total of 69 people reinstate in 2021 as shown in table:

Category	2019			2020			2021		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of people eligible for parental leave (A)	231	531	762	251	557	808	436	965	1,401
Actual number of applicants (B)	64	10	74	91	11	102	112	6	118
Application rate (B/A) (%)	27.7	1.9	9.7	36.3	2.0	12.6	25.7	0.6	8.4
Annual number of people pending for reinstatement (C)	87	8	95	78	11	89	77	6	83
Actual number of people apply for reinstatement (D)	52	6	58	48	6	54	66	3	69
Reinstatement rate (D/C) (%)	59.8	75	61.1	61.5	54.5	60.7	85.7	50	83.1
Number of people reinstated in the previous year (E)	29	6	35	52	6	58	48	6	54
Number of people reinstated for up to 1 year in the previous year (F)	27	5	32	45	5	50	39	5	44
Retention rate (F/E) (%)	93.1	83.3	91.4	86.5	83.3	86.2	81.3	83.3	81.5

Note: Note: According to Article 16 of the Act of Gender Equality in Employment, the employee is eligible for applying for parental leave with pay up until the child or children reach the age of 3.
 Number of eligible parental leave applicants in 2019 =2017+2018+ 2019
 Number of eligible parental leave applicants in 2020 =2018+ 2019 + 2020
 Number of eligible parental leave applicants in 2021 = 2019 + 2020 + 2021

6.6 Care and Communication

Largan provides a variety of communication channels to facilitate communication and coordination between the employees and managerial supervisors with the aim to establish deep understanding of employees' satisfaction regarding the management and welfare system and strive to maintain a good labor relation. We have successfully maintained a harmonious relationship and bonds with our employees, and we are proud to say it is unlikely for us to experience losses that are due to labor disputes. Through the labor-management meeting, employee representatives can reflect their suggestions and opinions on specific topics, and through the discussion in the forum, both the employee and the Company are able to reach consensus and ensure the effectiveness and efficiency of the communication. Largan provides diversified, transparent, and open communication channels and mechanisms for the employees to express their thoughts and feelings. I hope by doing so we can establish a sustainable and friendly relationship with our employees.

Diversified Employer–Employee Communication Channels

We value and respect the rights of freedom of association granted by the law for our employees, and we don't prohibit such association assembly. At Largan we also set up various associations in our employee's favors such as labor relations communication association, occupational safety and health committee, and welfare benefits committee...etc. The labor representatives are usually more than the management representatives to ensure the labors' rights and interests are not compromised due to positions. The number of representatives of both labor and management is as shown in table:

Channels of Communication	No. Employee Representatives	No. Employer Representatives
Labor-Management Meeting	5	5
Occupational Safety and Health Committee	19	23
Employee Welfare Committee	12	1
Supervisory Committee of Labor Retirement Reserve	8	2

Employee's Feedback

Environment at Workplace

- Install more surveillance monitoring camaras near the emergency exits to reduce blind spots in the factory with the aim to improve overall safety of the working environment.
- Improve the hygiene, safety and labeling instructions in the waste storage area.
- Improve the traffic and road safety in the factory by maintaining the labels and signs, as well as improve the traffic control management measures periodically.
- Increase the times of noise level measure and actively improve the noise control management in the factory area.
- Others



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Appendix

Labor–Management Meeting

The labor-management meeting at Largan is composed of five representatives from the employer side and five labor representatives. All labor representatives are directly elected by all labor members. The top five with the highest number of votes become labor representatives. There are reserved spots for women, men and foreign laborers, which allows opinions from different perspectives to be expressed and discussed. The labor-management meeting is established to promote the cooperation relationship of both parties as well as prevent labor disputes. The fundamental purpose of the meeting is to encourage efficient and effective communications of both sides, to create bonds and bridges and reduce the chance of encountering conflict situations, as well as gather the wisdom and potential from everybody to help the company to thrive and prosper.

Topics Discussed during Labor–Management Meeting

- Incentive bonus for revenue achievement
- Holiday bonus
- Shareholder meeting
- Employee annual health examination and consultation service matters
- Employee compensation matters
- Annual dinner related
- Annual bonus matters
- Establishing official social media to increase communication channels for the employees



Employee Suggestion Box

The company has set up multiple employee suggestion mail boxes at the workplace and dormitory with the location that has privacy for the employees to address their problems encountered at work. We usually encourage our employees to express their opinions directly following the regular management protocols during work. However, the employees are able to share their opinions privately to the Employee Suggestion Box under the following circumstances.

- The issues that are unable to resolve or receive any feedback through the regular management channels.
- When there is illegal or unethical behavior happening in the company.
- Any suggestion that is significant and important to the company's operation and management, but cannot voice it through regular management channels.
- Nominate outstanding colleagues for their significant contributions.
- Other issues that must be through to direct report to the above department managers.

【Employee Suggestion Box】

Opinions can include but are not limited to solving the following related issues:

- Anti-discrimination, anti-harassment, and abuse
- Avoid involuntary forced labor
- Foreign labor agency recruitment management and protection of foreign workers
- Avoid child labor, protect juvenile workers, and protect student workers
- Working hours, wages, benefits, and labor contracts
- Freedom of association and collective consultation
- Occupational health and safety management, accident management, and emergency preparedness and response
- Hazardous waste management, wastewater management, rainwater management, waste gas emission management, and factory noise control management

Employees or potential employees shall not be subject to dismissal, blacklisting, discriminated, harassed, intimidated, retaliated, or other employment decisions against any such employee or potential employee who, in good faith, submits any question, suggestion, complaint, or grievance to a supervisor or managers, or participates in any way in the investigation or handling of any of them.

In 2021, a total of 44 opinion letters were received, and all were resolved as scheduled. The processing results will be reported back to the reporter or by the public announcement (in an anonymous letter).

Year	No. Feedback	No. of Case Closed
2020	56	56
2021	44	44

6.7 Occupational Safety and Health

Safety and Health
Management Measure
<p>Objectives : Perform assessment and evaluation regarding risks and opportunities with the aim to improve occupational health and safety performance.</p> <p>Commitment : Provide the employees with a safe and healthy work environment and ensure the safety at sites for the visitors and suppliers.</p> <p>Policy and Management :</p> <ol style="list-style-type: none"> (1) Implement the ISO 45001 Occupational Health and Safety Management Systems and Occupational Safety and Health Act as standards and guidelines to follow. (2) Comply with occupational safety and health regulations and other requirements as well as establish hazard identification methods to reduce occupational safety and health risks. (3) Occupational safety and health system and self-inspection management. (4) Occupational safety and health education and training, emergency response drills, and work environment examination.

Largan promises to provide employees with safe, healthy, and high-quality work while maintaining the safety of suppliers and visitors. Following the "ISO 45001 Occupational Health and Safety Management Systems" and the "Occupational Safety and Health Regulations," it formulates occupational safety and health regulations, assists the department in identifying operational hazards and establishing safe operation standards. We conduct the evaluation and control risks to improve occupational safety and health performance.

After completing the ISO 45001 system transfer and obtaining third-party verification in 2020, Largan supervised occupational safety and health inspections and implemented occupational safety and health policies. Through the process of planning (Plan), implementation (Do), assessment (Check), and improvement (Action), Largan has been constantly improving its safety and health management performance.

Occupational safety and health policies and management measures taken:

Implement the ISO 45001 occupational safety and health management system to provide a safe and healthy working environment and personal safety protection. Comply with occupational safety and health related laws and other requirements, establish hazard identification and reduce the risks at the workplace. Facilitate good communication channels regarding participation and consultation.



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Work Environment and Personal Safety Protection

When a plant is built or partly rebuilt, relevant units such as manufacturing, management, information, and security will conduct safety and health risk assessments. The number of professional occupational safety and health personnel with legal certificates in the security unit is as shown in table:

Titles of Occupational Safety and Health Certification	Number of People
Occupational Safety and Health Management Specialist	7
Level B Technician for Occupational Safety and Health Management Personnel	13
Nurse	7
Class-1 Occupational Safety and Health Affairs Managers	32
Fire Safety Officer	18
First Aid Personnel	154



Occupational Safety and Health System and Self-Inspection and Management

Largan has established the "Occupational Safety and Health System" in accordance with the law that includes: safety and health management system and training, inspection of production equipment, work environment examination, internal safety and health audit inspection, medical care and health check, emergency response and drills, occupational disaster management, statutory matters reporting, contractor management and construction inspection.

The occupational safety and health self-management measures taken at Largan include pre-employment training, on-the-job training, and license training, etc. We make continuous effort and improvement in identifying potential hazards at the workplace and manage the risks at different levels, providing necessary protective measures for employees, implementing work environment safety measurement, as well as providing relevant emergency management methods with the aim to prevent and reduce disasters from happening on sites.

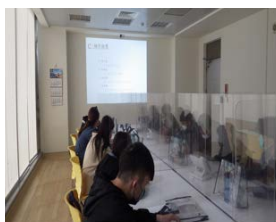
For hardware facilities, we carry out planning, designing, and constructing plans according to relevant requirements, international regulations, and company standards. The auditing unit is in full charge of safety and health management to help improve and oversee the performance and ensure the efficiency of the regulation implementation.

Operational safety and health management include: High-risk operation control / Contractor entry management / Construction safety management/Chemical safety management / Occupational disaster analysis and statistics/ Operating environment examination / Disaster emergency response procedures / Periodical fire escaping drills. All management measures are taken to minimize the potential damages and impacts done to the Company in response to the event of a disaster.

Occupational Safety and Health Educational Training

In order to enable our new employees, familiarize with the company's related operation regulations when they are first on board, we arrange series of occupational safety and health education trainings for the new employees, and conduct assessment and evaluation according to the course content to actively promote personnel safety and health protection awareness. The overall sessions and hours arranged and numbers of participants in 2021 are as shown in the table:

Training Category	No. Class	No. People	Hours	Total Hours
Safety and Health Educational Training for New Employees	114	1,131	8	9,048
Safety and Health Educational Training for Existing Employees	64	5,138	3	15,414
Safety and Health Internal Auditor Educational Training	1	49	3	147
Emergency Response Educational Training	9	275	4	1,100



Work Environment Examination

To ensure the safety condition of the working environment on sites, the working environment examination is carried out every six months. Through the examination, we can understand the actual situation of hazard exposure in the working environment and monitor and manage the status of the exposure. A few monitored substances include dust, noise, carbon dioxide, and organic solvents. If there is any abnormality in the exam results, the Company will carry out engineering control and administrative management improvements for the threats suspected. In 2020, the Company arranged a total 18 sessions of operating environment examinations and 21 sessions in 2021 in each factory. No abnormalities were found.

Year	Work Environment Examinations
2020	16
2021	18



Emergency Response and Drills

To reduce and minimize the impact caused from a disastrous event on our valuable workers and the Company, each factory has set up self-defense firefighting groups and arranged periodic regional evacuation and disaster prevention drills in situations such as fires and chemical spills every year. We also help to arrange the regional fire brigade to guide, review and educate each factory in terms of emergency response and encourage all employee to participate in the training sessions held.

The emergency response center is equipped with the following facilities:

Contingency Information:

Factory floor plan, evacuation route map, emergency response management procedures.

Fire Protection and Monitoring:

Fire system, gas monitoring system, emergency smoke exhaust system, critical area surveillance system, chemical supply emergency interruption system, broadcasting system, etc.

Contingency Equipment:

Protective clothing, personal protective equipment, respiratory protective devices, leakage treatment equipment, alarming equipment, etc.

Each factory has set up a secondary emergency response center in an appropriate location on the outer periphery, which is equipped to obtain sufficient information and provide continuous response and supportive operations when necessary.

Emergency Equipment :

According to the emergency rescue practice, it is recommended to install AED, emergency shower equipment, eyewash, first aid backpack, and disaster relief kit at the workplace.



Evacuation and Disaster Prevention Drills



Escaping Drill Events



Fire Fighting Drills



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Occupational Hazard Management

Largan is concerned about the cause of each occupational accident. To effectively manage it, the Company has established a series of handling procedures for abnormal activities regarding occupational safety and health. Once an accident occurs, we will immediately report to the security unit, investigate, and analyze the accident, and propose improvement measures to prevent accidents from happening again. At the same time, through education and training, the Company has improved work environment inspections and internal/external audits, the awareness of safety and health of personnel, and potential work hazards to reduce environmental risks.

In addition to controlling the risks of occupational hazards on-site, the Company also values the importance to the safety of employees when going to and off from work. We schedule periodic road safety meetings and lectures as well as promotion signs on the company's bulletin boards and electronic carousel notice boards that employees must pass through every day to deepen the road safety awareness for our employees with the aim to reduce the probability of traffic accidents from happening.

32 Occupational Injury Cases Reported in 2021 , FR=2.25 、SR=27 、FSI=0.25

Occupational Injury Rate/Index	2020	2021
Number of cases reported	35	32
Disabling Injury Frequency Rate (FR)	2.42	2.25
Disabling Injury Severity Rate (SR)	12	27
Frequency-Severity Indicator (FSI)	0.17	0.25
Fatality Rate caused by Occupational Injury	0	0



Note : Occupational disaster statistics to exclude traffic accidents
 Disabling Injury Frequency Rate (FR)= Number of Disabling Injuries/working hours×1,000,000
 Disabling Injury Severity rate (SR)= Total days of loss caused by disability injury (excluding deaths)/workinghours×1,000,000

The Frequency Severity Indicator (FSI)= $\sqrt{(FR \times SR / 1000)}$
 Occupational injury death rate = number of deaths caused by occupational injuries/working hours×1,000,000
 In 2021, several personal factors have accumulated longer work-related injury leave, resulting in a higher injury severity rate and higher injury index.

Internal Safety and Health Inspection

The five essential inspections conducted by the security unit regarding occupational safety and health at the workplace focuses on the aspects which include chemicals misused, mechanical equipment and environment on-site deficiency, fire equipment, and waste disposal...etc. The aim of the inspections conducted is to eliminate potential operational hazards from happening based on daily operations. The Company has completed 17 on-site departmental assessments, and a total of 179 deficiencies were issued in 2020. According to our analysis and statistics report, the top three factors of deficiencies suspected are chemicals misused which accounts for 47.9%, mechanical equipment and environment on-site deficiency that accounts for 19.6%, and fire equipment accounts for 9.5%. The overall improvement completion rate is 100%. A total of 293 deficiencies were issued after a 17 on-site departmental assessment was completed in 2021.

According to the analysis and statistics report, the top three factors of deficiencies suspected are chemicals misused which accounts for 54.6 %, mechanical equipment and environment on-site deficiency that accounts for 20.8 %, and fire equipment accounts for 14.0%. The overall improvement completion rate is 100%.

Year	Number of on-site Departments	Deficiencies Counted	Chemicals	Mechanical Equipment/ Environment on-site	Fire Equipment
2020	17	179	47.90%	19.60%	9.50%
2021	17	293	54.60%	20.80%	14%

Internal Participation in Consultation and Communication Channels



Occupational Safety and Health Committee

Largan has set up an Occupational Safety and Health Committee. Labor representatives are elected in accordance with relevant laws and regulations to form and provide an official platform for managers and employees to conduct face-to-face communication regarding the topic of environmental safety and health at the workplace. A quarterly meeting is held to address environmental-related issues and implementation performance of environmental protection, safety, and health management. A total of 42 members from both employer's and employee's sides participated in the periodic meetings in 2021.

Hazard Identification, Opportunity and Risk Assessment

We have established a hazard identification team across the hazard identification, opportunity, and risk assessment departments to identify routine and non-routine hazard incidents for unit operations, areas, equipment, and personnel's physical and mental health. The personnel will conduct risk assessments regarding occupational safety and health system, risk control, and incident prevention. Twelve departments co-joined the committee, identifying a total 810 hazardous factors, and coming up with corresponding countermeasures.



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6.8 Health Promotion

Health Management Promotion

Objectives: Health care and medical care, human-induced hazards assessment and management, abnormal workload prevention, workplace illegal abuse prevention, maternal health protection and management.

The Company actively promotes health and safety at the workplace. In addition to meeting the requirements of relevant laws and regulations such as labor safety and health care, we truly care for the health status of all of our employees in terms of health awareness, health activities, healthy diet management and other health related issues. We put effort and resources into taking care of the health of every employee sincerely. The relevant health promotion measures taken are as shown in table:

Health Awareness	Healthy Activities
(1) Promotion and announcement on Epidemic Disease Prevention Education	(1) Various sport games (badminton, softball, basketball, table tennis, volleyball)
(2) Promotion of the concept of epidemic prevention	(2) Dragon boat racing
(3) Cancer Screening	(3) Road running
(4) Hepatitis Screening	(4) Family Day
(5) Vaccination arrangement	(5) It is suggested to use the stairs instead of the elevator to avoid the crowds and strengthen cardiopulmonary capacity and immunity during the pandemic times.
(6) Free medical masks are given to employees for use	
Healthy Diet	Health Management
(1) All ingredients, condiments, and oil products used are all qualified products of national certification	(1) Annual health check
(2) No flavoring agent is used	(2) Sleeping quality testing
(3) Low oil, low sugar, low sodium	(3) Children's vision correction
(4) Indicating calories and health information	(4) Adult eye examination
(5) Bring your own eco-friendly cutleries	(5) Skin condition examination
(6) Provide options of health meals	(6) Prevention and improvement of man-made hazard

Health Care and Medical Care

Health Check:

The Company provides employees with free health checks and additional health checks for special operators every year. We conduct statistical analysis of health examinations to find out possible illness causing factors. We also track high-risk health groups based on different levels of risk. We strive to ensure workplace health promotion and occupational disease prevention.

The following table shows the categories of health check-up items and the number of participants in the last two years:

Year Item	2020		2021	
	Item Checked	Participants	Item Checked	Participants
General Health Check	According to Labor Health Protection Regulations	4,723	According to Labor Health Protection Regulations	4,464
Special Health Check (Dust、Noise)		87		237

We regularly arrange doctors on sites to provide services such as professional physician consultation service for abnormal and maternal health checkups, as well as abnormal workloads, and occupational injuries. For those classified as second-level management or above, the physician will comprehensively evaluate the health status to provide appropriateness of the arrangement on the job position. A total of 983 people participated in health consultation services throughout the year.

Health Risks are managed by Levels 1-4

Level 1: 4,262

The results of the health examination are all normal; there is no abnormality.

Level 2: 202

The results of the health examination is abnormal, and the assessment is on unrelated occupational work content. Appropriate re-examination or treatment shall be arranged after receiving health guidance.

Level 3: 0

The health checks results are abnormal, and the preliminary assessment is related to occupational work. Level 3 will be re-determined after arranging the occupational medicine clinic.

Level 4: 0

The result of the health examination is abnormal; doctors suggested that it is associated with occupational work. Doctors then arranged for further occupational disease assessment and examination procedures and treatment.

Partnerships for Sustainable Healthcare

There are __15__ contracted medical units, which we cooperate with by signing partnership contracts with professional institutions. We are provided with discounted medical expenses and comprehensive medical services with the aim to assist our employees to get proper care mentally and physically.



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Emerging Infectious Diseases Prevention Plan

We believe that healthy employees are the backbone of a successful business operation, and it is our responsibility to take care of the physical and mental health of our employees. When facing the potential threats of emerging infectious diseases in the workplace, the Company has a dedicated unit to continuously monitor global emerging infectious diseases, evaluate their subsequent impact, and formulate a workplace epidemic prevention measure. Facing the potential threat brought by the emerging infectious diseases COVID-19 in 2020, we aim to minimize the infection and impact by following the below actions:

- Set up body temperature measuring stations and place alcohol for employees to sterilize
- Set up plastic partitions in the restaurant to reduce droplet infection
- Additional compartment facilities in the office area, staff diversion to work
- Establish an epidemic prevention reporting system to report and track relevant monitored individual
- Visitors apply online before entering the factory for us to get a hold of the contact history in advance, and are required to wear masks at all times
- For those with respiratory infection symptoms, an additional 3 days of paid epidemic prevention leave will be given to reduce the contagion risk
- Purchase video equipment in meeting rooms to reduce risks of exposure
- Regular distribution of free medical masks
- In response to COVID-19 confirmed/quasi-confirmed cases, the plant cleaning and disposal process has been optimized

During the time of pandemic, we actively issued health questionnaires to investigate the health condition of our employees to get a hold of their related contact history to the extent of all of our visitors, suppliers, and interviewees. etc. To keep track closely with the health condition of our employees, we set up epidemic prevention reporting mailboxes with the aim to get first-hand updates on any abnormal health conditions from the staff. We also have nurses on-site to help list and track the reported cases (going abroad, fever, etc.) to follow-up the health condition in case there is any unexpected outbreak.

Pay Attention to Infectious Disease Such as Seasonal Flu

The Company is cautious about seasonal influenza (such as H1N1, H3N2... Influenza Type A or B) and other contagious diseases which might be potential threats against epidemic prevention. We actively improve our disease control management to fight against disease such as tuberculosis and typhoid from having impacts on the operations. We learn from our experiences and make continuous efforts to improve and improvise regarding epidemic prevention by promoting relevant knowledge and announcements to our employees.

Human-Induced Hazard Assessment and Management



The Company has established correct safety awareness and evaluated and improved the project through the human factor engineering safety education and training on the hardware design and handling operations of the machine area for employees. For example, the human factor assessment and improvement of machine maintenance include the provision of spreaders, lifting trolleys, and jigs to replace parts and components. To prevent repetitive work from causing musculoskeletal diseases, the labor health service personnel conduct a questionnaire on all employee's body soreness and the degree of work impact act in concert with the check to identify high-risk groups. In addition, the industrial safety and environmental protection unit will identify human risks and develop improvement plans.

At Largan we provide related human factor engineering safety educational training for the workers who are responsible for heavy lifting machinery operations with the aim to establish the correct knowledge, raise awareness regarding work safety and prevent ergonomics hazard from the beginning. We also provide ergonomics assessment and improvement projects regarding machinery maintenance.

Review the use of automatic and semi-automatic auxiliary equipment to reduce the hazards of personnel work. For work arrangement, we import MES to schedule rotating work tasks, and control working hours for the overworked employee. We slowly introduce image-assisted inspection equipment for personnel who need to use microscopes for visual inspection for a long time with the aim to reduce manual work as we care for our staff's visual health condition. In order to prevent musculoskeletal diseases caused by repetitive work, an annual health examination is scheduled and a health condition questionnaire is given for all employee with the aim to identify the degree of impact on work and mark out the high-risk groups for follow-up assessment and improvement plan.

Maternal Health Protection and Management

Under the law of Act of Gender Equality in Employment for maternal health protection, both male and female workers are entitled to apply for parental leave without pay in addition to the seven days of prenatal examination leave, eight weeks of maternity leave, and seven days of paternity leave for spouses. There are also breastfeeding (collection) rooms and refrigerators set up in the Company, which is convenient and friendly for female employees who return to work after giving birth and having the needs to breastfeed (or collect) breast milk for their children.

To prevent female employees from exposing maternal health hazards in the workplace, the health center in the company has established maternal health protection and management procedures. After a comprehensive evaluation by professional medical specialists, measures such as hierarchical management and on-site improvement are adopted to ensure the maternal health of female employees. To show that we care and are friendly to the pregnant employees, we periodically distribute questionnaires to collect suggestions, arrange physician assessments for people who are in need, as well as provide maternity parking spaces, and sign up appointed stores for discounted prices on maternity related goods.



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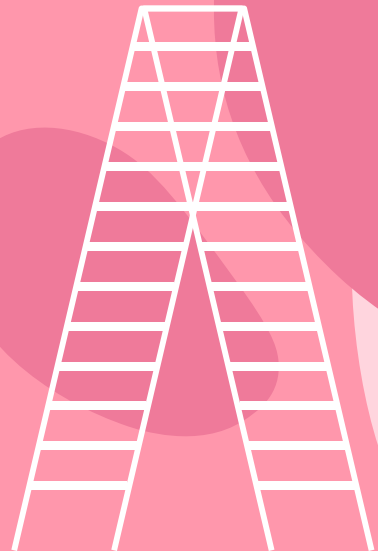
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Shared Prosperity with Society



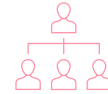
▼ 7.1 Policy and Management

▼ 7.2 Social Welfare Activities

7 Shared Prosperity with Society

At Largan, we aim to achieve social shared prosperity based on four aspects which are industry-academia collaboration, vocational training and job matching, social welfare and caring for the underprivileged. The board of directors of Largan also decided to donate property for establishing a foundation in 2021. The purpose of the foundation is to actively promote care for the underprivileged to practice CSR in a direct manner.

7.1 Policy and Management



Largan is committed to practicing CSR and has actively promoted and hosted activities in accordance with the standards and requirements of the Responsible Business Alliance (RBA). Practical actions taken include establishing an ESG Committee to oversee and disclose the performance and achievement of annual corporate social responsibility management and provide the result in the ESG Report.

Corporate Social Responsibility Policy

Largan's overall ESG-social responsibility policy is divided into six aspects which are environmental protection, friendly workplace, caring for the employees, shared prosperity, honesty and integrity management, and full participation.

(1) Environmental protection:

We aim to achieve and fulfill corporate/environmental sustainability and CSR objectives by optimizing the production process, waste management, air/water pollution prevention, as well as make continuous efforts promoting various energy-saving proposals and plans.

(2) Friendly workplace:

Aiming for all staff to fully comply with the principles to establish a safe and friendly workplace by adopting continuous educational training and cultivation programs as well as hiring a fair share of people with disabilities.

(3) Caring for employees:

To improve labor rights, Largan is committed to comply with Taiwan's Labor Standards Act and related laws by establishing work rules, sexual harassment prevention measures, anti-corruption and bribery act, fair trade principles, channels of complaint...etc such management mechanisms to protect the rights of our employees. A CEO mailbox is set up in every factory for the employees to express their opinions and suggestions as well as a personal data protection mechanism is adapted to prevent potential unfair treatment of the parties concerned with the aim to maintain good labor-management relationships.

(4) Shared prosperity by all members:

Largan strives for sustainable management and, in the spirit of shared prosperity, we actively participate in public welfare activities and care for the underprivileged, as well as value the natural environmental and resources protection. By adapting green production technology and using non-hazardous substances, we aim to help and reduce the harm and wastes generated that are sabotaging the planet earth. We also strike close relationships with our employees to pursue the practice of CSR by encouraging and arranging training programs with the aim to reach consensus internally and externally.

(5) Honesty and Integrity Management:

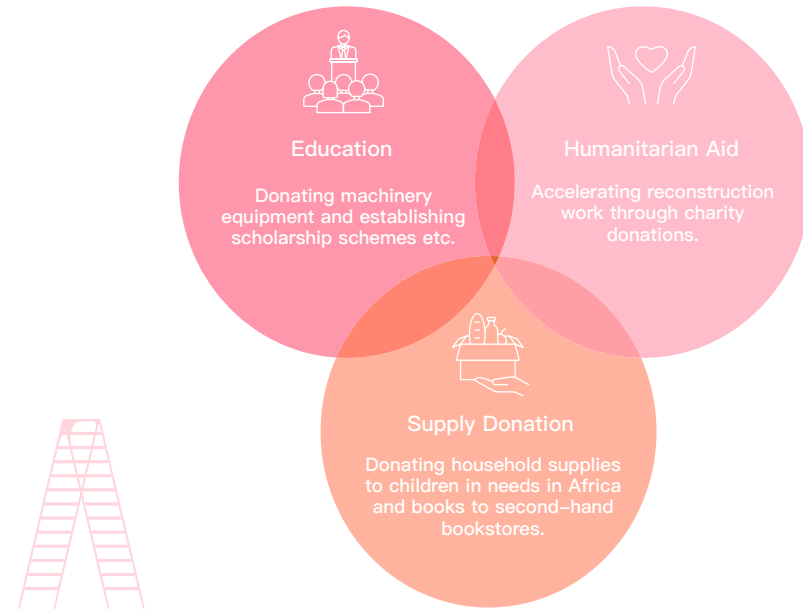
Following the principles of honesty, transparency, and social responsibility when structuring corporate governance, Largan has established the "Ethical Corporate Management Practice Principles and Channels of Making Complaints" to assist the company in building up integrity management culture and a comprehensive healthy business development.

(6) Full Participation:

We encourage all staff to participate in workplace safety supervisory training, and conduct annual evacuation and disaster preventive drills for incidents such as fire and chemical leakage to reduce the impact for when disastrous events happen.

7.2 Social Welfare Activities

The Operation Direction and Promotion Measures of ESG in Social Welfare Activities



Industry-Academia Collaboration

In addition to donating equipment, we regularly provide scholarships to students and arrange business lecturers to encourage and deepen the connections between industry and academia with the aim to help build up practical skills for the future potential talent.

Vocational Training and Job Matching:

Working with Workforce Development Agency, Ministry of Labor Taichung-Changhua-Nantou Regional Branch to arrange vocational training related courses for the unemployed workers and regular employees as well as providing job matching opportunities for the trainees who have completed the training session.

Social Welfare:

Provide necessary resources and donations for when significant social disaster strikes.

Caring for the Underprivileged:

At Largan, we hold event such as second-hand supplies raising to encourage the employees to donate pre-loved items such as clothing, books and household supplies that are no longer in use to and send them to the underprivileged and places that are in need; as well as financial support through ways such as charity sale or donation to the disadvantaged groups and families. All money raised is donated to social welfare charities to serve its own purpose.



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The Board of Directors of Largan decided to donate property for establishing a charity foundation in 2021. The purpose of the foundation is to actively promote care for the underprivileged to practice CSR in a direct manner.

Participation in External Organizations

- Largan has joined several associations with the aim to effectively get ahead and deepen the alliance relationship across the industry. We aim to create shared prosperity with our allies by actively interacting and participating in seminars and conference activities as a member of associations.
- As a member of Taiwan Association for Trade Secret Protection, we actively help to promote the importance of business trade secrets and play a role as the bridge between the industry and government departments for legal reform communication.

Name of the Organization Participated	Status
Taiwan Optics/Optronics Manufactures' Association	Member
Manufacturers' Association of The Taichung City Precision Machinery Innovation Technology Park	Member
Manufacturer 's Association of Taichung Industry Park	Member
Taiwan Association for Trade Secrets Protection	Member

Social Welfare Activities



- Contiguously hosting campus seminars:

Year	2019	2020	2021
Number of Campus Seminars	8	13	20
The number of participants	675	1,125	2,705

- Continuous Scholarship Support for Universities

Largan continuously provides scholarship and sponsorship programs for National Tsinghua University, National Cheng Kung University, National Chung Hsing University and other universities with the aim to encourage and cultivate outstanding young talents. We host scholarship selection events once a year to motivate the students and to contribute to the sustainable development for the talented.



2019~2021 Donation Details:



Year	Month	Donation Details
2019	July	Scholarship for National Chung Hsing University: 100,000 NT
	August/ October	Scholarship program for National Cheng Kung University: 1,150,000 NT
	November	Second-hand household supplies fundraising activities: 67 Boxes
2020	January	Scholarship program for National Cheng Kung University: 1,130,000 NT
	August	Scholarship for National Chung Hsing University: 100,000 NT
	September	Epidemic Prevention Donation: 100,000 NT
	November	Scholarship program for National Tsing Hua University: 1,000,000 NT
	December	Equipment maintenance fee for National Cheng Kung University: 1,200,000 NT
2021	April	Scholarship for National Taiwan University Department of Chemical Engineering: 50,000 NT
	July	Supply Donation to Taichung Veteran General Hospital N95 Masks: 5000 pcs Protective Clothing: 5000 pcs
	September	Scholarship for National Chung Hsing University: 100,000 NT



Campus Talent Recruitment 1



Campus Talent Recruitment 2



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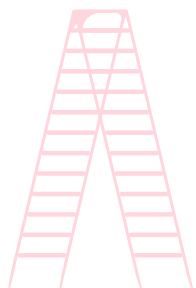
Shared Prosperity with Society

Appendix

Vocational Training and Job Matching in the last two years:



Year	Vocational Training and Job Matching
2020	<p>Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch:</p> <ol style="list-style-type: none"> 1.Job matching and vocational training class: 30 people 2.Self-Organized Production training class: 9 people 3.Industry-academic training program (National Chin-Yi University of Technology): 10 people 4.Youth's Employment Ultimate Program: 50 people <p>Ministry of Education (Industry-Academia Cooperation Program):</p> <ol style="list-style-type: none"> 1.Ling Tung University: 22 people 2.Chung Chou University of Science and Technology: 7 people 3.Employment explore supporting program for high school graduates: 12 people
2021	<p>Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch:</p> <ol style="list-style-type: none"> 1.Job matching and vocational training class: 26 people 2.Self-Organized Production training class: 22 people 3.Industry-academic training program (National Chin-Yi University of Technology): 7 people 4.Youth's Employment Ultimate Program: 95 people <p>Ministry of Education (Industry-Academia Cooperation Program):</p> <ol style="list-style-type: none"> 1.Ling Tung University: 15 people 2.Employment explore supporting program for high school graduates: 3 people



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Shared Prosperity with Society

Appendix

Appendix 1 : CSR Performance

Sustainability Indicators	Unit	2019	2020	2021
Corporate Governance and Integrity Management				
No violation of principle of integrity by supervisors and staffs	Case	0 case	0 case	0 case
No violation of company law or tax regulations	Case	0 case	0 case	0 case
Passed the verification of the 2021 ESG Sustainability Report	Pass	N/A	Pass	Pass (pending)
Customer satisfaction and sustainable supply chain				
Customer satisfaction score maintained above 90 points	Points	90	93.7	92.3
Supplier rating remained constant	Average of 92 points or more	92	93.2	96.5
No violation of product or fair trade laws	case	0 case	0 case	0 case
The best professional and innovative lenses manufacturer				
R&D expenditure accounts for 5~10% of total revenue	%	6.2	6.78	7.67
New product patents passed of the year	Points	247	303	310
Pass the quality management system ISO 9001 / IATF 16949	Pass	Pass	Pass	Pass
No violation of product labeling or patent regulations 0 Case	case	0 case	0 case	0 case
Green Production				
Power saving: 100 Million kWh	kWh	1 Million kWh	1 Million kWh	1 Million kWh
Greenhouse Gas Emissions Reduction: 500	Ton-CO ₂ equivalent	509	509	579
No violation of waste protection regulations 0 case	Points	0 case	0 case	0 case
No violation of air pollution protection regulations 0 case	Points	0 case	0 case	0 case
No violation of effluent discharge regulation 0 case	Points	0 case	0 case	0 case
Friendly Workplace				
Employee Communication: 100% closure rate on employee feedback	%	100%	100%	100%
Retention rate for Taiwanese New Employees (3 months probation) 75%	%	70%	72%	75%
Average training hours per person: 15H	Hour	15.4H	12.3H	18.2H
100% passing rate of training examination for new employees	%	100%	100%	100%
Workplace Wrongful Assault/Bullying 0 case	Points	0 case	0 件	0 件

Sustainability Indicators	Unit	2019	2020	2021
Friendly Workplace				
Employee Complaints/ Mediation 0 case	Case	0 case	0 case	1 case
100% completion rate of employee professional ethics training	%	100%	100%	100%
Passed ISO 45001 occupational safety and health system verification	Pass	Pass	Pass	Pass
100% Participation rate of occupational safety education and training by new employees	%	100%	100%	100%
90% Participation Rate for Health check	%	90%	90%	90%
Occupational disease caused by chemical exposure 0 case /year	Case	0 case	0 case	0 case
Significant Occupational Injuries (hospitalization for more than 3 days) ≤ 5 cases/year	Case	3 case	4 case	3 case
Disabling Injuries Frequency Rate ≤ 3	Number of work days lost / per million employee-hours	2.78	2.65	2.25
Disabling Injuries Severity Rate ≤ 30	Number of work days lost / per million employee-hours	29	28	27
Work related fatality 0 case/year	Case	0 件	0 件	0 件
Promotion of Social Welfare				
Total investment amount grows by 5% /year	%	5.8%	6.5%	7.5%
Campus Seminars 17 times/ year	Number of times/ year	18	18	20



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Appendix 2 : GRI Standards Comparison Table

GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
102-1	Name of the Organization and address	2.1 Company Introduction and Governance	14	
102-2	Activities, brands, products, and services	3.1 Performance and Challenges	30	
102-3	Location of headquarters	2.1 Company Introduction and Governance	14	
102-4	Location of operations	2.1 Company Introduction and Governance	14	
102-5	Ownership and legal form	2.1 Company Introduction and Governance	14	
102-6	Market served	3.1 Performance and Challenges	30	
102-7	Scale of organization	2.1 Company Introduction and Governance	14	
102-8	Information on employees and other workers	6.2 Talent Training & Development	54	
102-9	Supply Chain	3.5 Sustainable Supply Chain Management	34	
102-10	Significant changes to the organization and its supply chain	3.5 Sustainable Supply Chain Management	34	
102-11	Precautionary Principle or approach	2.2 Risk Management 2.6 SDGs Goals and Prospects	19 26	
102-12	External Initiatives	7.2 Social Welfare Activities	66	
102-13	Membership of associations	7.2 Social Welfare Activities	66	
102-14	Statement from Senior decision- Maker	0.Statement from Chairman	3	
102-16	Values, principles, standards, and norms of behavior	2.4 Business Philosophy, Integrity, Ethics and Compliance	23	
102-18	Governance tructure	2.1 Company Introduction and Governance	14	
102-40	List of stakeholder groups	1.3 ESG Committee, Stakeholder Identification and Communication	6	
102-41	Collective bargaining agreements	6.5 Care and Welfares	57	There is no collective bargaining but management and labor council
102-42	Identifying and selecting stakeholders	1.3 ESG Committee, Stakeholder Identification and Communication	6	Stakeholder Identification
102-43	Approach to stakeholder engagement	1.3 ESG Committee, Stakeholder Identification and Communication	6	Performance of Stakeholder Communication
102-44	Key topics and concerns raised	1.4 Material Issue Assessment and Response	9	Material Issue Sorting/ Response
102-45	Entities included in the consolidated financial statements	1.1 Summary and Scope	5	
102-46	Defining report content and topic boundaries	1.1 Summary and Scope	5	
102-47	List of material topics	1.4 Material Issue Assessment and Response	9	
102-48	Restatements of information	1.1 Summary and Scope	5	



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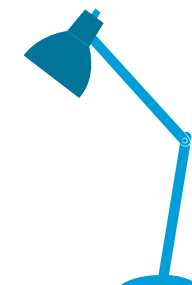
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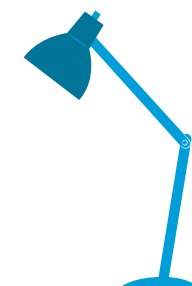
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Appendix

GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
102-49	Changes in reporting	1.3 ESG Committee, Stakeholder Identification and Communication	6	1. Adding government departments as stakeholder. 2. Material Issues 2.1 Merge: Merge: The original issues of employee/ employer relationship to "labor relations." 2.2 Added: "Products Quality and Delivery Date", "Rights and Interests of Shareholders", "Corporate Governance", "Salary and Welfare", "Training and Development", "Payment Collection Terms", "Payment Terms", "Safety and Hygiene", "Energy Saving and Carbon Reduction", "Water Resource Management", "Waste Management." Total 11 issues.
102-50	Reporting period	1.1 Summary and Scope	5	
102-51	Date of most recent report	1.1 Summary and Scope	5	
102-52	Reporting cycle	1.1 Summary and Scope	5	
102-53	Contact person for questions regarding the report	1.1 Summary and Scope	5	
102-54	Claims of reporting in accordance with the GRI Standard	1.1 Summary and Scope	5	
102-55	GRI Index	1.1 Summary and Scope	5	
102-56	External assurance	1.1 Summary and Scope	5	
Material Issues		2.Regulatory Compliance		
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	Explanation of the material topic and its boundary			
103-3	Evaluation of the management approach			
419-1	Non-compliance with laws and regulations in the social and economic area	2.4 Business Philosophy, Integrity, Ethics and Compliance	23	
307-1	Disclosure of violations of environmental regulations	5.1 Environmental Policy and Commitment Regulatory Compliance	45	No records of environmental regulatory violation
Material Issues		3.Ethics and Morals		
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
205-2	Communication and training about anti-corruption policies and procedures	2.4 Business Philosophy, Integrity, Ethics and Compliance	23	2021 Performance
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	2.4 Business Philosophy, Integrity, Ethics and Compliance	23	Preventive Measures for Integrity Management





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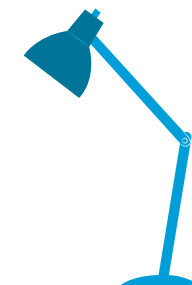
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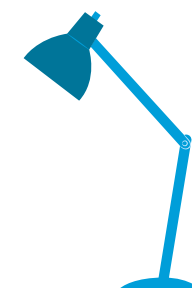
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GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
Material Issues				
4.Labor Relations				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
401-1	New employee hires and employee turnover	6.1 Recruiting Policy and Commitment	54	Including newly hired employees and turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
401-3	Parental leave			
Material Issues				
5. Risk Management				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
201-2	Financial implications and other risks and opportunities due to climate change	2.2 Risk Management	19	
Material Issues				
6. Human Right				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
408-1	Operations and suppliers at significant risk for incidents of hiring child labor	6. Friendly Workplace Business Sustainable Development Policy	54	
412-2	Receive training in human rights inspections or impact assessments, human rights policies or procedures	6.4 Human Rights	56	
Economic				
Material Issues				
7. Operational Performance				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-1	The management approach and its components			
103-3	Evaluation of the management approach			
201-1	Direct economic value generated and distributed	2.2 Risk Management 3.1 Performance and Challenges	19 30	
203-1	Infrastructure investments and services supported	3.1 Performance and Challenges Green Deposit	30	
203-2	Significant indirect economic impacts by development of infrastructure investment and supporting services			



GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
Economic				
Material Issues 8. Shareholder's Rights and Interests				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
201-1	Direct economic value generated and distributed	2.2 Risk Management 3.1 Performance and Challenges	19 30	
Material Issues 9. Payment Terms				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
201-1	Direct economic value generated and distributed	2.2 Risk Management 3.1 Performance and Challenges	19 30	
Material Issues 10. Customer Privacy				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Client Privacy	34	
Material Issues 11. Product Quality and Delivery Date				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
102-2	Activities, brands, products, and services	3.1 Performance and Challenges 3.3 Client Relationship Management and Service	30 33	
Material Issues 12. Payment Collection Terms				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			





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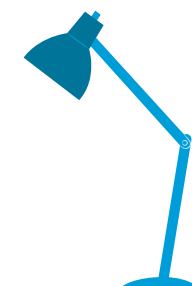
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GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
Economic				
Material Issues 12. Payment Collection Terms				
102-9	Supply Chain	3.5 Sustainable Supply Chain Management	34	
Material Issues 13. Supply Chain Management				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
204-1	Proportion of local supplier procurement expenditure	3.5 Sustainable Supply Chain Management	34	Suppliers screening/ auditing evaluation
308-1	New suppliers that were screened using environmental criteria	3.5 Sustainable Supply Chain Management	34	
308-2	Negative environmental impacts in the supply chain and actions taken	3.5 Sustainable Supply Chain Management	34	
414-1	New suppliers that were screened using social criteria	3.5 Sustainable Supply Chain Management Social Responsibility by suppliers	34	
414-2	Negative social impacts in the supply chain and actions taken			
Environmental				
Material Issues 14. Waste Management				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
306-1	Waste generation and significant waste-related impact	5.5 Waste Management	49	
306-2	Management of significant waste-related impacts			
306-4	Waste diverted from disposal			
Material Issues 15. Water Resource Management				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
303-1	Interactions with water as a shared resource	5.4 Water Resource Management	47	
303-2	Management of water discharge-related impact			





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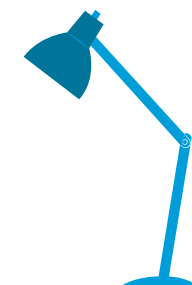
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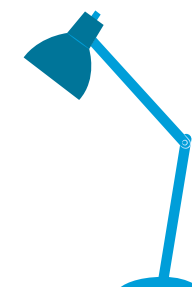
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GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
Environmental				
Material Issues 16. Energy Saving and Carbon Reduction				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
305-5	Reduction of greenhouse gas emissions	5.2 Climate Change & Energy Conservation	45	Environmental Policy and Commitment Green House Gas Emission
301-1	Material used by weight or volume	5.1 Environmental Policy and Commitment 5.7 Packaging Improvement	45	Environmental Policy and Commitment Single part, Final Product
301-2	Recycled materials used		50	
301-3	Reclaimed products and their packaging materials			
302-4	Reduction of energy consumption	5.3 Renewable Energy & Resource Conservation/ Efficiency	46	Environmental Policy and Commitment
Social				
Material Issues 17. Salary and Benefits				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
401-1	New employee hires and employee turnover	6.1 Recruiting Policy and Commitment	54	Including newly hired employees and turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.5 Compensation and Welfares	57	
401-3	Parental leave			
Material Issues 18. Training and Development				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
404-1	Average hours of training per year per employee	6.2 Talent Training & Development Training hours for each occupation Performance management and employee development	54	Training structure and planning
404-2	Programs for upgrading employee skills and transition assistance programs			



GRI Standard	Content of Disclosure	Corresponding Chapter	Page	Remark
Social				
Material Issues 19. Safety and Health				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
403-1	Occupational safety and health management system	6.7 Occupational Safety and Health Environmental Safety Protection Occupational Hazard Management	60	Occupational safety and health policy and measures Occupational safety and health structure Occupational hazard statistics and reports
403-4	Work participation, consultation, and communication on occupational safety and health			
403-4	Work-related injuries			
403-10	Work-related illness			
404-1	Average hours of training per year per employee	6.3 Talent Cultivation Training hours for each occupation Performance management and employee development	56	Training structure and planning
404-2	Programs for upgrading employee skills and transition assistance programs			
405-1	Diversity of governance bodies and employees	6.5 Compensation and Welfares Ratio of annual and monthly salary and remuneration for different positins of women to men	57	Overall salary scheme strategy
405-2	Ratio of basic salary and remuneration of women to men			
Material Issues 20. Diversity and Equality				
103-1	Explanation of the material topic and its boundary	1.4 Material Issue Assessment and Response	9	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
405-1	Diversity of governance bodies and employees	6.5 Compensation and Welfares Ratio of annual and monthly salary and remuneration for different positins of women to men	57	Overall salary scheme strategy
405-2	Ratio of basic salary and remuneration of women to men			



Appendix 3 : SASB Comparison Table

Code	Accounting Metrics	Category	Units of measurement	Chapter/Page
Topic Product Security				
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion/ Analysis	Discussion/ Analysis	2.3 Information Security/2-22
Topic Employee Diversity & Inclusion				
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	Percentage (%)	6.2 Talent Training & Development Distribution of manpower structure in recent two years/6-54 (1)Managerial personnel: female/male ratio 3.46% / 9.27% (2)Technicians: female/male ratio 2.20% / 13.08% (3)Others: female/male ratio 41.34% / 30.64%
Topic Product Lifecycle Management				
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%)	N/A
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	Percentage (%)	Verifying requirements and revising current edition, information temporarily not applicable
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	Percentage (%)	N/A
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	mt Percentage (%)	5.5 Waste Management / 5-49 Recycled and Reused Recycled ratio of end-of-life products: 22.9% Electronic product waste: 755 pcs were recycled, weight ratio not counted



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Code	Accounting Metrics	Category	Units of measurement	Chapter/Page
Topic Supply Chain Management				
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Quantitative	Percentage (%)	3.5 Sustainable Supply Chain Management/3-34 Supplier Social Responsibility We don't require a third-party RBA audit and CSR self-assessment survey from all of the suppliers but only from the raw material suppliers. The aim of the assessment and the audit are done to ensure the CSR policies implementation and to evaluate the measures taken in terms of environmental protection, labor rights protection and safety and health regulations.
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	Speed	3.5 Sustainable Supply Chain Management/3-34 Supplier Social Responsibility We don't require a third-party RBA audit and CSR self-assessment survey from all of the suppliers but only from the raw material suppliers. The aim of the assessment and the audit are done to ensure the CSR policies implementation and to evaluate the measures taken in terms of environmental protection, labor rights protection and safety and health regulations.
Topic Material Procurement				
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Discussion / Analysis	N/A	3.5 Sustainable Supply Chain Management/3-34 ICP Test Report 2-8
Table 2: Activity Metrics				
Topic Product Lifecycle Management				
TC-HW-000.A	Number of units produced by product category	Quantitative	Numeric	3.1 Performance and Challenges/3-30 Main products account for the percentage of revenue Product sales: 97.57% others: 2.43%
TC-HW-000.B	Area of manufacturing facilities	Quantitative	Square Meter m ²	Not Counted
TC-HW-000.C	Percentage of production from owned facilities	Quantitative	Percentage (%)	Not Counted

Appendix 4 : Independent Assurance Opinion Statement



Independent assurance statement

Scope and approach

LARGAN PRECISION CO., LTD. ("LARGAN" or the "Company") commissioned DNV Business Assurance Taiwan ("DNV") to undertake independent assurance of the 2021 Sustainability Report (the "Report") for the year ended 31 December 2021.

We performed our work using DNV's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The report also incorporates relevant sustainability reporting guidelines such as "HARDWARE Sustainability Accounting Standard 2018" which are recommended by SASB (Sustainable Accounting Standards Board) "Sustainable Industry Classification System*", and TCFD.

We understand that the reported financial data and information are based on data from the company's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

The Report has been prepared in accordance with the GRI Standards 'Core' option. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'moderate level' of assurance of the reporting principles for defining the sustainability report content and the quality as expressed in the GRI Standards.

Responsibilities of the Directors of LARGAN PRECISION CO., LTD. and of the assurance providers

The Directors of LARGAN have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of LARGAN; however, our statement represents our independent opinion and is intended to inform all of LARGAN stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

We have no other contract with LARGAN and this is the 1st year that we have provided assurance. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current ESG issues that could affect LARGAN and are of interest to stakeholders;
- Review of LARGAN approach to stakeholder engagement and recent outputs;
- Review of information provided to us by LARGAN on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of corporate responsibility issues and review of selected evidence to support issues discussed;
- Site visited to the Headquarter and plant in Taichung City, data checked from both locations to review processes and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy;
- Review of supporting evidence for key claims and 2021 data in the report. Past two years' data reported in the report are not within the scope of our work. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.



- An independent assessment of LARGAN's reporting against the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core Option).
- The verification was conducted based only on the Chinese version Report.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe LARGAN's adherence to the Principles. In terms of reliability of the performance data, in accordance with Moderate level assurance requirements, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion we also provide the following observations.

- Improving the structure for addressing the management approach of material topic.
- Strengthening the materiality assessment process by integrating the key issues raised from relevant management system, i.e., QMS, EMS and GHG management system, etc.
- Standard process for collecting data/information from operation and conducting audit to verify the accuracy of the data/information to improve the data reliability and accuracy is suggested.

Stakeholder Inclusiveness

The Company has identified the expectations of stakeholders through internal mechanisms in dialogue with different groups of stakeholders. The stakeholder concerns are well identified and documented. The significant ESG issues identified through this process are reflected in the Report.

Sustainability Context

Sustainability Report provides an accurate and fair representation of the level of implementation of related ESG policies, and meets the content requirements of the GRI Standards.

Materiality

The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.

Completeness

The Report covers performance data against the GRI Standards core indicators that are material within the Company's reporting boundary. The information in the Report includes the company's most significant initiatives or events that occurred in the reporting period.

Accuracy and Reliability

The Company has developed the data flow for capturing and reporting its ESG performance. In accordance with Moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified ESG data and information presented in the Report is not reliable.

For and on behalf of DNV Taiwan

Date: 04 August 2022

Nasa Chen
Lead Verifier
DNV – Business Assurance Taiwan

David Hsieh
Sustainability Service Manager,
Greater China

Statement Number: C545644-2021-CSR-TWN-DNV

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Appendix