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In alignment with the ESG Sustainability Report, we reflect on 2023, highlighting Largan Precision's advancements in environmental sustainability, social responsibility, and corporate governance, showcasing our unwavering commitment to sustainable development.

Since our inception, we have upheld the spirit of "hands-on implementation," driving strategic reforms for the company's future development through various projects and targets. We firmly believe that laying a solid foundation at every step, with each part interconnected, is essential for achieving breakthroughs.

Largan Precision has achieved significant results in technological innovation and market expansion in the past. However, these efforts are just part of our journey to success. We will continue to invest resources, develop innovative technologies, enhance corporate governance, and prioritize close collaboration with all stakeholders, including investors, employees, customers, and the supply chain.

The success of an enterprise is not only reflected in performance figures but also in the drive for sustainable operations, which is crucial for long-term value growth. Looking ahead, true accomplishment lies in the profound impact on societal development. Through the "Largan Precision Education Foundation," we deepen our cooperation with schools, fostering interactive relationships with the belief that "investing in education is investing in the future." We dedicate resources and support to education, nurturing future technological talents, and igniting the passion for science and technology in the younger generation, thereby giving back to society and education.

I sincerely thank all the partners who have trusted and accompanied us on this challenging journey. Your trust and encouragement have enabled Largan Precision to traverse this thorny path. Upholding the principles of innovation, excellence, and responsibility, all of us at the company will continue to work hand in hand with you, creating a future of shared prosperity and sustainable development.

Chairman 林恩平

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Summary and Scope

Summary

The content of this report is prepared in accordance with the guidelines and framework of the GRI Standards issued by the Global Reporting Initiative (GRI), and introduces the details of Largan Precision Co., Ltd. (hereinafter referred to as “Largan,” “The Company,” and “We.”) fulfills Corporate Social Responsibility, and practices sustainability management (including ESG organization and responsibility, identification of stakeholders, communication and analysis of Material Topics, priority sorting and response of Material Topics, influence of sustainability management, practice of the United Nations Sustainable Development Goals, sustainable development goals and plans), corporate governance and sustainable management, business performance and customer service, innovation and development, creates sustainable supply chain, green production, friendly and safe workplace and community prosperity and other active measures and actions.

Report Period

This report presents data from January 01, 2023 to December 31, 2023, disclosing Largan's sustainability management policy, risk assessment, priority sorting of Material Topics, response and list management and performance of ESG actions. Part of the contents are written to improve readers' grasp of the report.

Largan's ESG report will be revised and published on a yearly basis.

Coverage

- This report focuses on Largan's ten domestic sites, subsidiaries in Taiwan and China are not included here. The disclosure of major issues 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.
- Since the Taiwan subsidiary and Largan shares factory area, the environmental indicators of Green Production in Chapter 6, such as water resources, waste, air pollution...performance indicators, are calculated and disclosed in a consolidated manner.

Principles and Guidelines

To continuously strengthen the comparability of performance and the materiality of the report, all the information published in this report is reviewed and verified by ARES International Certification Co., Ltd.(ARES), the verification results conform to the spirit of AA1000ASv3 Type 1 and the requirements of GRI:2021 Sustainability Reporting Guidelines. ARES Independent Third-Party Assurance Statement can be found in the Appendix 4 of this report.

- Global Reporting Initiative (GRI Standards:2021)
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of ESG by TWSE Listed Companies
- Revision of Corporate Social Responsibility practice principles
- TCFD: Climate-Related Financial Disclosures
- SASB: Sustainability Accounting Standards Board: Resource Transformation Standards for hardware manufacturing industry's

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Changes of the Report

The 2023 ESG report of Largan material topics change as given below:

Before: 2022 ESG Report

- Material Topics: Adjust” Training and Development” to Secondary Issues.
- Secondary Issues: Payment Terms, Payment Collection Terms, Corporate Governance, Energy Saving and Carbon Reduction

After: 2023 ESG Report

- Material Topics: Stockholder's Equity, Human Rights Defense, Customer's Privacy.
- Material Issue Integration: Labor Relations, Diversity and Equity.

Note: Please refer to 1.4 Prioritization and Response of Identified Material Topics: Material Topics Identified Adjustment of 2023.

Publication Frequency

The report is generated on an annual basis.

Current edition released by August 2024.

Next edition released by August 2025.

Accuracy of Published Information

Internal Confirmations

Every currency unit in the report regarding financial performance is presented in New Taiwanese Dollars (NTD), numeric data is round to two decimal places.

Part of indicators are provided in continuous data from 2021 to 2023 in order to highlight intermediate- and long-term trends.

Every piece of data, numbers, reviews and verified information had been documented, confirmed and approved by the related departments, also has been reviewed by top management.

External Confirmations

Financial Data: KPMG Sustainability Consulting Co., Ltd.

ESG Report: In accordance with AA1000AS v3 Type 1 assurance standards and GRI Standards verified by ARES. Consigned ARES issued Independent Third-Party Assurance Statement (see Appendix 4).

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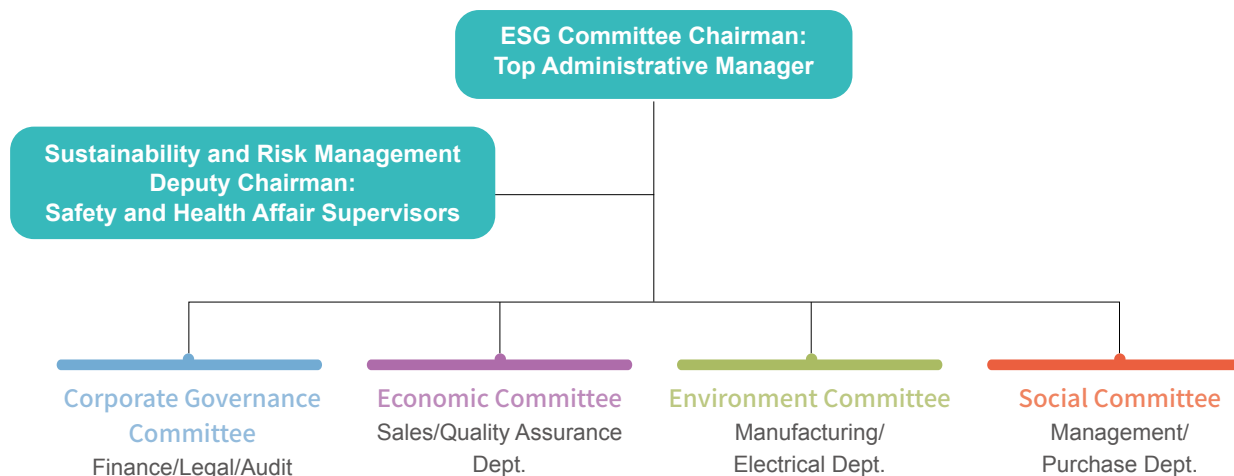
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1.1 ESG Committee & Functions

The Company organized the ESG Sustainability Committee (hereinafter referred to as the ESG Committee) with the Top Administrative Manager concurrently serving as the Committee Chairman. The heads of relevant departments serve as members of the Corporate Governance Committee (including the Economic Committee), the Environmental Committee, and the Social Committee. The Chairmen of ESG Committee reports to the CEO. The organizational chart, functions and responsible department summarized as below:



The ESG Committee is an interdepartmental collaboration and communication platform that serves to plan, execute and monitor the overall operation in three major aspects which are company governance (including economy), social and environment. The Committee ensures the Company is running effectively across different departments to achieve sustainable development objectives and to track its performance. The functions of the ESG Committee are:

- (1) Formulate strategic direction of the annual ESG plan,
- (2) Plan and execute every action of ESG plan,
- (3) Track and review the implementation and performance of ESG plan,
- (4) Make decision of ESG (corporate governance, environmental and social) relevance management mechanisms and goals related issues.
- (5) Hold review meeting annually to discuss ESG relevance topics and promotion effectiveness. Report the implementation result of the review meeting to the Board of Directors, and consolidate the result in the ESG Report. After being auditing by independent third-party verification unit., the ESG report will be revealed on Largan's official website every September.

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Follow by the organization of ESG committee, the critical action item of every aspect of ESG and responsible unit as indicated in the chart below:

Aspect			ESG Critical Action Item	Responsible Unit
 Corporate Governance	Corporate Governance		Corporate Governance(Financial Management System)/Integrity	Finance Dept./Managers of Corporate Governance
			Various of Management System, including Finance/ISO/Personnel Management	
			Ethics Regulation System, including Compliance, Work Ethics, Anti-Corruption and Bribery	Administrative Dept./Employees/ Labor Representatives
			Information Security	Information Technology Dept.
			Risk Management	Administrative Dept.
			Client Privacy	Sales Dept.
			Sustainable Development Management and Goals	ESG Committee
			Create Complaint Management for Employee/Client/Supplier/Shareholder	Administrative/Sales/Audit/Finance Dept.
	Economy		Supply Chain Management (contractor including)	Administrative/Sales/Audit/Finance Dept.
			Operational Performance	Finance Dept
Economy	Product	Product Security and Customer Service Satisfaction	Sales Dept.	
		Quality of Product and Delivery Review	Quality Management Dept.	
 Environment	Environmental Management/Energy Conservation and Carbon Reduction		Energy Management/Greenhouse Gas Emissions (carbon emissions included)/Water Resource Management	Maintenance Dept.
			Waste Management Working Environment Management System	Administrative Dept./ Maintenance Dept.
			Public Area Management System	Administrative Dept./ Maintenance Dept.
 society	Employee Management		Occupational Safety and Health Affair	Administrative Dept.
			Employee Management Mechanism/Labor Relations	Administrative Dept.
	Community and Charitable Activities		Connect with Local Communities	Administrative Dept.
			Repay Local Communities and Charitable Activities	

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1.2 Stakeholder Identification and Contact

Based on the six screening principles of "Responsibility," "Influence," "Proximity," "Dependence," "Representativeness," and "Policy and Strategic Intention," Largan identified five major stakeholders at the ESG Committee, including investors (shareholders), customers, employees, government departments, and suppliers. Largan listens to the voices of stakeholders through various communication channels, collects stakeholders' concerns about the company, takes and responds to the expectations of stakeholders.



The Company 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.

Investors	<div>Contact</div> <div>Email</div> <div>Task</div>	<p>Josephine Huang</p> <p>invest@largan.com.tw</p> <p>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.</p>
Customers	<div>Contact</div> <div>Email</div> <div>Task</div>	<p>Simon Shen</p> <p>sales@largan.com.tw</p> <p>Provide professional lens designing and manufacturing consultation within the field of optics industry. Provide consulting services, including customer satisfaction, trust and privacy issues.</p>
Employees	<div>Contact</div> <div>Email</div> <div>Task</div>	<p>Renan Ho</p> <p>renanho@largan.com.tw</p> <p>Help bridging employees and the firm. Provide feedback on topics such as labor relations, salary and benefits, occupational safety and health related issues.</p>
Government	<div>Contact</div> <div>Email</div> <div>Task</div>	<p>Eric Tseng</p> <p>erictseng@largan.com.tw</p> <p>Following government guidance, policies and providing company information when requested. Maintaining regular interaction and communication with internal departments and government.</p>
Suppliers	<div>Contact</div> <div>Email</div> <div>Task</div>	<p>Jane Hsu</p> <p>janehsu@largan.com.tw</p> <p>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.</p>

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1.3 Communication Analysis of Material Topics of Stakeholder and Its Procedure

At Largan, we collect material sustainability-related issues based on our sustainable development goals, industry standards, and the organization's annual goals. Pursuant to GRI Standards, we identify a total of 15 Material Topics based on the feedback getting from our stakeholders periodically regarding the overall business operation status and impacts. Details of Significant Material Topics identified are as stated in the table:

Stakeholders	Meaning to Largan	Issues of Concern	Communication Channel	Communication Frequency	Key Achievement in 2023
<div>Investors</div>	Commit to integrity management and dedicate on sustainable governance to create value for shareholders.	Operational Performance, Corporate Governance, Risk Management, Regulatory Compliance, Morals and Ethics	Financial Report Shareholder's Meeting Public Disclosure on Market Observation Post System	Annually	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.
			Investor Conferences	Quarterly	
			Relevant Parties	Irregular Basis	
<div>Customers</div>	Important business partners to meet customer needs and create a win-win situation.	Product Quality/Deliver Date, Payment Terms, Customer Service, Customer Privacy, Operational Performance, Supply Chain Management, Regulatory Compliance, Energy Saving and Carbon Reduction	Customer Satisfaction Survey Questionnaire	Annually	Provide immediate response and solution to customers. Distribute customer satisfaction surveys and propose improvement analysis accordingly. Follow up the outcome and the improvement performance.
			Customer meeting Calls Email Relevant Parties	Irregular Basis	
<div>Employees</div>	Provides multiple ways of communication to bridge a balanced and friendly relationship with the employees.	Operational Performance, Salary and Welfare, Training and Development, Morals and Ethics, Risk Management, Regulatory Compliance, Human Rights Protection, Labor Relations	Labor Meeting	Quarterly	The preventive and care measures for the following topics: making amendments on personnel management, labor welfare (medical examination matters). Response to worker complaints, 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.
			CEO Mailbox Email Bulletin Board Announcement Relevant Parties	Irregular Basis	

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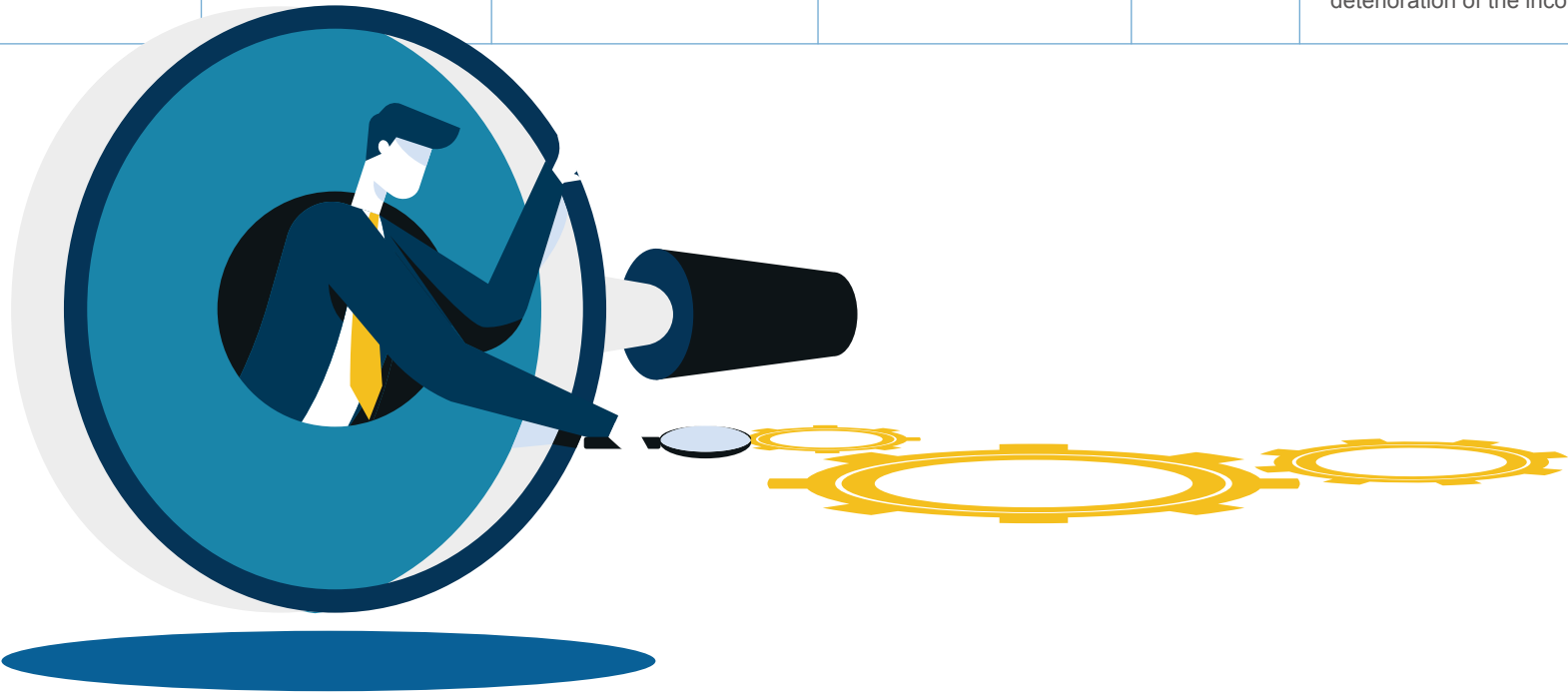
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Stakeholders	Meaning to Largan	Issues of Concern	Communication Channel	Communication Frequency	Key Achievement in 2023
<p>Government</p>	Following government guidance, policies and providing Company information if required. Maintain regular interaction and communication with external departments and government.	Regulatory Compliance	Official Documents Calls Mail and Email Communication Government Policy Regulation Advocacy/ Hearing Supervisory Visits	Irregular Basis	Arrange employees to participate in government activities and meeting irregularly, including policy prorogation, safety and health training and energy saving; and maintain regular interaction and communication.
<p>Suppliers</p>	Establish sustainable partnership with our supply chain partners and improve Largan's corporate development continuously.	Payment Terms, Safety and Health, Waste Management, Supply Chain Management, Raw Material Management, Energy Saving and Carbon Reduction	Supplier Audits Supplier Self-Assessment Survey	Annually	Suppliers must conduct business with integrity and in full compliance with all applicable laws pertaining Human Rights Covenants. Through the social responsibility self-assessment form, we audit suppliers to ensure compliance with RBA standards. Conduct irregular inspections on the raw material suppliers. Track improvement progress if there's any deterioration of the incoming material purchased.
			Relevant Parties	Irregular Basis	



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ESG Sustainability Report

2023

Significant Material Topics mentioned above are referred from GRI Standards (GRI), based on the identification, prioritization, validation, review to conduct Material Topics analysis to confirm the scope of disclosure of the report and the major sustainable development challenges faced by the Company internally and externally. The developing process of Significant Material Topics shown as below:

1 Identification

- Through the following channels, 23 issues related to sustainable development are summarized as the Material Topics identification categories of the report.
- Colleagues in various departments also identify stakeholders based on their usual business and work experience, listing sustainable issues of stakeholders' concern.
- Look up the trend of sustainable development internationally and the Material Topics and of domestic and foreign benchmark companies.
- Review the Material Topics matrix of the previous version of the report to ensure the objectivity, completeness and inclusiveness.

2 Prioritization

- The measure of prioritizing Material Topics is explained as follows:
- According to ESG, the evaluation is conducted based on two major aspects: the impact of business on the economy, environment, and human rights; and the level of concern of stakeholders.
 - Following the internal ESG committee meeting in 2022, stakeholders' opinions were considered to assess the impact of relevant issues on internal operations.
 - Through statistical quantitative analysis of direct and indirect impacts, identify the impact of each issue and generate a preliminary matrix of Material Topics.

3 Validation

- The result of the initial identification of Material Topics reviewed by the ESG Committee. Based on factors such as international benchmark analysis, trends and business development strategies, for 2023, "corporate governance" is identified as a major issue, while "shareholder rights, human rights protection, and customer privacy" are categorized as secondary issues. "Payment terms" and "collection terms" are removed from secondary issues, and labor relations and diversity and equality reporting standards are merged into one materiality.
- Ultimately, 11 major issues are identified as the scope of material disclosures for this report. Based on the content of these major topics, corresponding GRI disclosure topics are matched and addressed in the report.

4 Review

- In the next version of the report, we will continue to review the matrix of Material Topics and strengthen the communication with stakeholders to confirm whether the matrix should be adjusted in the future.

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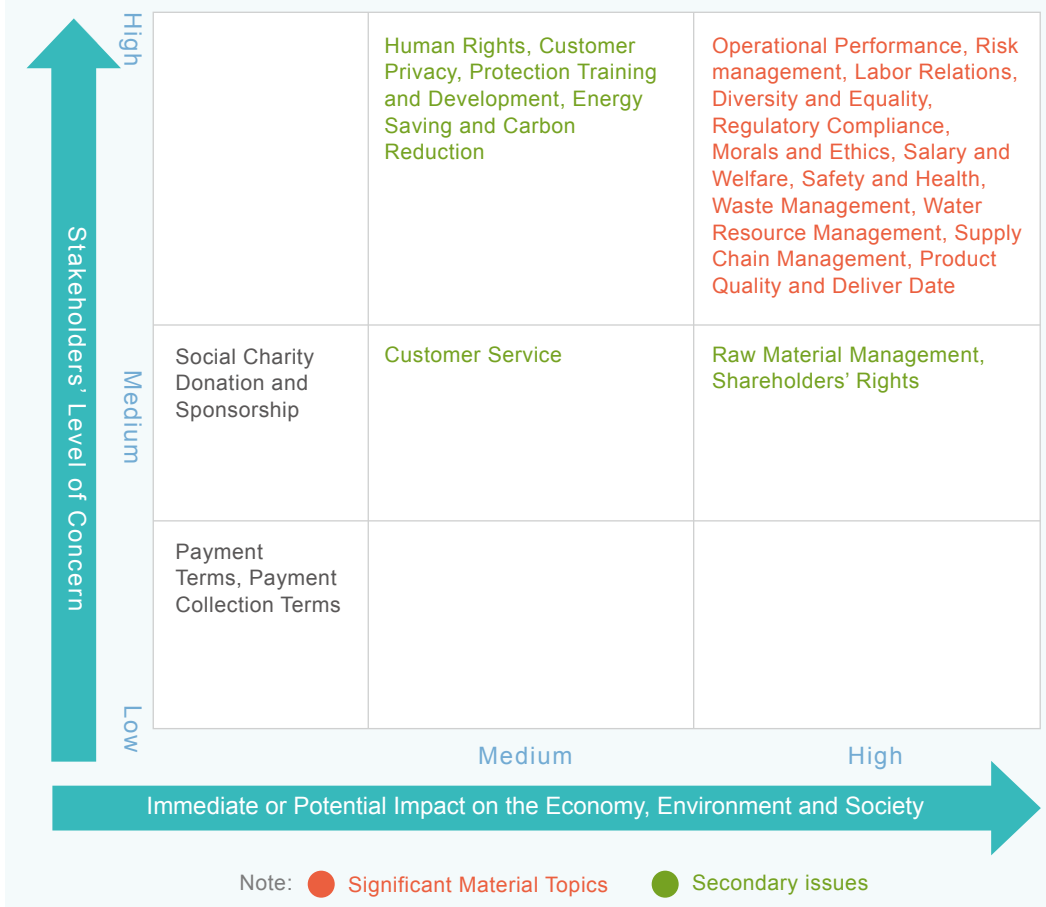
1.4 Prioritization and Response of Identified Material Topics

Based on the questionnaires collected back from our investors, customers, employees, and suppliers in 2020, we identify and confirm a total of 11 Significant Material Topics and 7 Secondary Issues in 2023. 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. In April 2022, the ESG Sustainability Committee convened a meeting of all committee members. According to investors(shareholder), customers, employees, government and suppliers, the ESG Sustainability Committee decided to adjust the original 2022 Significant Material Topics and secondary issues concern, as the disposal of Significant Material Topics disclosed in 2023.

The adjustment is as shown: (Note) Refer to the attachment for the meeting minutes for the fourth meeting of the first session of the inaugural ESG Committee Meeting.

Year	Material Topics/Secondary Issues Identified Adjustment
2021	<ul style="list-style-type: none">Maintained: Operation Performance, Rights and Interests of Shareholders, Risk Management, Labor Relations, Regulatory Compliance, Morals and Ethics, Human Rights Protection, Salary and Welfares, Safety and Health, Diversity and Equality, Customer Privacy, Waste Management, Water Resource Management, Supply Chain Management, Product Quality/Deliver Date, total 15 issues.
2022	<ul style="list-style-type: none">Training and Development and Cultivation are the same kind of topics, were combined as Training and Development.Payment Terms, Payment Collection Terms and Energy Saving and Carbon Reduction were adjusted to secondary issues.
2023	<ul style="list-style-type: none">2023 Material Issues: Shareholder Rights, Human Rights Protection, and Customer Privacy have been adjusted to secondary issues.2023 Secondary Issues: Payment Terms and Collection Terms have been removed from the secondary issues.2023 Material Issue Integration: Labor Relations, Diversity and Equality.The total number of major issues is 11, as illustrated in the matrix diagram below.

Significant Material Topics (11) and secondary (7) issues are prioritized by stakeholders' level of concern as the table below:



1.4.1 Response to Significant Material Topics and Secondary Issues

In 2023, there are 11 major issues and 7 secondary issues. According to the Taiwan Stock Exchange's corporate governance evaluation requirements, listed companies must assess risks related to environment, social, and corporate governance issues pertinent to their operations. They should develop corresponding risk management policies or strategies. The severity and likelihood of risk occurrences, along with risk considerations and assessments, are analyzed in the table below, summarizing management actions and risk control measures in following:

Risk Likelihood and Severity Scale:
(Risk Occurrence Probability: 1-Highly Unlikely, 2-Unlikely, 3-Possible, 4-Likely, 5-Almost Certain, Risk Severity: 1-Very Minor, 2-Minor, 3-Moderate, 4-Severe, 5-Catastrophic)

Corporate Governance/Economic Aspect

Issue	GRI Standards	Impact Category	Probability	Severity	Importance and Risk Assessment to Largan	Measures Taken
Rights and Interest of Shareholders	2-6 Activities, value chain and other business relationships	--	--	--	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	2-12 Role of the highest governance body in overseeing the management of impacts 201-2 Financial implications and other risks and opportunities due to climate change	Operational impact: Risk management is a preventive measure.	2	2	Main risks include operational and climate change risks. Face the operational and environmental risks, a risk management mechanism must be established to help instantly reduce potential losses and maintain the interests of stakeholders.	In response to various operational risks, management meetings are held from time to time to review measures to adjust the direction of operation and prevent risks in advance.
Operational Performance	201-1 Direct economic value generated and distributed	Impact on Operations and Major Strategies.	1	1	Achieve the goal of sustainable operation by running profit-making business and create new employment opportunities.	Keep up with the latest economic trends and increase capital expenditures accordingly. Customer expansion. Cost and expenses management.
Product Quality and Deliver Date	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services 417-1 Requirements for product and service information and labeling	Financial losses or impacts on growth and reputation.	4	4	It is an important successful factor to build a 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.

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Issue	GRI Standards	Impact Category	Probability	Severity	Importance and Risk Assessment to Largan	Measures Taken
Moral and Ethics	2-15 Conflicts of interest					
	205-1 Operations assessed for risks related to corruption	Violations of ethics and professional standards, potentially affecting internal and external reputation.	3	2	Fairness, honesty, trustworthiness, and transparency are the principles of establishing Largan's corporate culture and business operations.	Establishment of Work Rules and Ethical Standards. The company has established 'Work Rules' and ethical standards such as the "Integrity Management Code and Whistleblowing Procedures" to guide employee management and compliance.
	205-2 Communication and training about anti-corruption policies and procedures					
Customer Privacy	418-1 Substantiated complaints concerning breaches 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 criteria					
	308-2 Negative environmental impacts in the supply chain and actions taken	Establishing a sustainable business partnership.	3	2	With the desire to make continuous development at Largan, we need the 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.
	414-1 New suppliers that were screened using social criteria					
Customer Service	416-1 Assessment of the health and safety impacts of product and service categories 417-1 Requirements for product and service information and labeling	--	--	--	Customer satisfaction with products and services is an important factor to establish trust and good reputation with customers.	Regular annual customer satisfaction surveys are required to improve the complained departments within a time limit.

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Environmental Aspect



Issue	GRI Standards	Impact Category	Probability	Severity	Importance and Risk Assessment to Largan	Measures Taken
Energy Saving and Carbon Reduction	305-5 Reduction of GHG emissions	--	--	--	Keep tracking of the Company's greenhouse gas emission in response to the national and 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 Waste generation and significant waste-related impacts	Creating a sustainable environment.	3	3	A punishment will be issued and jeopardize the Company's reputation if violating the effluent and waste regulation.	Complying with ISO 14001 by meeting legal requirements disposing effluents and wastes.
	306-3 Waste generated 306-5 Waste directed to disposal					
Water Resource Management	303 Water and Effluents	Enhancing recycling and reducing water scarcity.	4	4	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.
Raw Material Management	204 Procurement Practices 301 Materials	--	--	--	The procurement of raw materials is mainly based on manufacturers in Taiwan. The selection of new manufacturers evaluates the procurement policy based on environmental protection and social responsibility: Prohibition of slavery and forced labor; No use of conflict minerals and metals; Hazardous chemical transportation safety management.	Hazardous Substance Management and Supplier Social Responsibility Evaluation.

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Social Aspect

Issue	GRI Standards	Impact Category	Probability	Severity	Importance and Risk Assessment to Largan	Measures Taken
Labor Relations, Diversity and Equality	401-1 New employee hires and employee turnover	Laying the foundation for sustainable business operations.	4	3	We take/view the employees as our important partners, we aim to create a challenging, flexible and interesting working environment for our employees. Building harmonious labor relations and ensuring employee diversity and equality is a critical foundation for Largan's sustainable operation.	Offering competitive salary and welfare and retirement scheme as incentives to boost up the motivation and loyalty of the employees. We aim to advance towards a society that respects gender equality and diversity, providing fair employment opportunities and equal pay regardless of gender, religion, race, or nationality.
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees					
	401-3 Parental Leave					
	402 Labor/Management Relations					
	405-1 Diversity of governance bodies and employees					
Human Rights Protection	405-2 Ratio of basic salary and remuneration of women to men	--	--	--	Comply with labor laws, regulations and foreign labor management measure to protect all labor rights.	Establishing labor rights protection bylaw and conduct regular assessment of forced labor risks and train employees by the act.
	406 Non-discrimination					
	412-2 Employee Training on Human Rights Policies and Procedures					
Regulatory Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Complying with relevant laws to minimize legal incidents.	4	4	Create a sustainable developing environment by establishing rules and regulations regarding to corporate governance, environment, and society.	Establishing " Corporate Governance Practice Principles" for the employees to follow and the stakeholders to better understand the Company's ethical standards.
	307-1 Non-compliance with environmental laws and regulations					
Safety and Health	403 Occupational Health and Safety	Addressing safety and health incidents with regulatory-imposed improvements.	4	3	Provide a safe, healthy and high-quality workplace for the employees.	Formulate occupational safety and health rules. Establish hazard identification and safe operation standards.

Social Aspect

Issue	GRI Standards	Impact Category	Probability	Severity	Importance and Risk Assessment to Largan	Measures Taken
Salary and Welfare	2-19 Remuneration policies	Employing, nurturing, and retaining talent as the company's best asset.	3	2	Offer competitive salary to attract and retain outstanding talents.	Establishing salary payment terms and Employee Incentive Operations Manual as reference for the managerial supervisors to follow.
	2-20 Process to determine remuneration					
Training and Development	201-3 Defined benefit plan obligations and other retirement plans	--	--	--	Establish an employee training and development system, cultivate and develop personal abilities, and evaluate performance regularly as a supplementary mechanism.	Supervisors at all levels will recommend employees with excellent work performance to be promoted to supervisors or higher positions on a yearly basis.
	404-1 Average hours of training per year per employee					
	404-2 Programs for upgrading employee skills and transition assistance programs					
	404-3 Percentage of employees receiving regular performance and career development reviews					

1.5 The Influence of Sustainable Management

Significant Material Topics and the Value Chain Relationship of Largan

◎ Indicated by direct or indirect impacts.

Task of Sustainability	Significant Material Topics	GRI Standards Topic-specific	Upstream	Products by Largan		Downstream	Importance of Operation			
			Procurement Stage	Phone Camera	Car Lens	Revenue Growth	Revenue Growth	Customer Satisfaction	Employee Morale	Operational Risk
Operating Profit	Operational Performance	201-1 Direct economic value generated and distributed	◎	◎	◎	◎	◎	◎	◎	◎
	Product Quality and Deliver Date	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services 417-1 Requirements for product and service information and labeling TC-HW-230a.1 Product Security	◎	◎	◎	◎	◎	◎	◎	◎

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Task of Sustainability	Significant Material Topics	GRI Standards Topic-specific	Upstream	Products by Largan		Downstream	Importance of Operation			
			Procurement Stage	Phone Camera	Car Lens	Revenue Growth	Revenue Growth	Customer Satisfaction	Employee Morale	Operational Risk
Corporate Governance	Risk Management	2-12 Role of the highest governance body in overseeing the management of impacts 201-2 Financial implications and other risks and opportunities due to climate change					◎	◎		◎
	Morals and Ethics	2-15 Conflicts of interest 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures					◎	◎	◎	◎
	Regulatory Compliance	2-27 Compliance with laws and regulations	◎	◎	◎		◎	◎	◎	◎
Green Production	Water Resource Management	303 Water and Effluents	◎	◎	◎		◎	◎	◎	◎
	Waste Management	306-1 Waste generation and significant waste-related impacts 306-3 Waste generated 305-5 Waste directed to disposal TC-HW-410a.4 product recycled rate	◎	◎	◎			◎	◎	◎
Friendly Workplace	Labor Relations, Diversity and Equality	401 Employment 402 Labor Relations 405 Diversity and Equal Opportunity 406 Non-discrimination TC-HW-330a. Employee Diversity & Inclusion					◎		◎	◎
	Salary and Welfare	2-19 Remuneration policies 2-20 Process to determine remuneration 201-3 Defined benefit plan obligations and other retirement plans					◎		◎	◎
	Safety and Health	403 Occupational Health and Safety	◎	◎	◎	◎	◎	◎	◎	◎
Sustainable Supply Chain	Supply Chain Management	308-1 New suppliers that were screened using environmental criteri 414-1 New suppliers that were screened using social criteria	◎			◎	◎	◎		◎

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1.6 Achieve ESG Development Goals

To implement the sustainable development goals of the United Nations, Largan continuously focus on SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action) and other 6 sustainable goals. We set goals and management measures for 2023 through economic, environmental, and social aspects. Practice influence of sustainability with specific actions.

Economic Aspect | Corresponding SDGs: 12 Responsible Consumption and Production 13 Climate Action

Largan's Goal	Management Measure	Corresponding SDGs	Corresponding Chapter
Disclose relevant information and cooperate with the government to drive the corporate governance blueprint.	Disclose the Company's non-financial information, refer to the international common reporting standards and obtain third-party verification.		0. Summary and Scope
In response to climate change and energy supply risks, actively assess and continuously control the impact of extreme weather on operations.	In response to substantial risks such as floods, typhoons, power outages, and rising temperatures develop adaptation policies and solutions. Actively implement relevant countermeasures to ensure the operations can be resumed quickly after disasters occur.		2.3 Risk Management 6 · Climate Change: Risk, Potential Operational Impact and Response

Environmental Aspect | Corresponding SDGs: 06 Clean Water and Sanitation 13 Climate Action

Largan's Goal	Management Measure	Corresponding SDGs	Corresponding Chapter
Promote water and energy saving.	By water quality monitoring, according to the characteristics of the water used, the types of cooling water towers, process wastewater, and domestic water are also classified, and wastewater is recycled and reused.		6.4 Water Resource Management
Scope 1 and 2 import greenhouse gases Scope 3 Inquiry and Verification Work	Obtain verification statement.		6.2 Climate Change and Low Carbon Manufacturing

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Social Aspect | Corresponding SDGs: 03 Good Health and Well-Being 04 Quality Education 05 Gender Equality

Largan's Goal	Management Measure	Corresponding SDGs	Corresponding Chapter
Promote independent inspection and management measures of occupational safety and health, prevent disasters in the factory and reduce risks.	According to "ISO 45001 Occupational Safety and Health Management System" and relevant occupational safety laws and regulations, formulated occupational safety and health work rules, identified occupational hazards, established self-inspection and safety operation standards to prevent various potential hazards from happening.		7.7 Occupational Safety and Health
Enhance the knowledge and skills of new and existing employees.	New employees undergo pre-employment trained and guided the Company's common regulations such as personnel regulations, safety and health regulations, and other important management regulations; when entering the work environment, they will be handed over to the supervisor for on-the-job training, and they will not be able to work independently until no operation errors occur, to ensure product and work quality.		7.3 Training and Development
Prohibition of gender discrimination in recruitment, appointment, salary, promotion and training.	The company formulates "Work Rules" and submits them to the labor bureau of the government for approval and records, clearly stipulates policies and system of prohibiting gender discrimination.		7.5 Respect of Human Rights



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The Direction and Action of Largan in the ESG Report

① 6 Major Directions of ESG:



② How Largan implements ESG Actions



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- Largan is committed to running the business with honesty and integrity following applicable regulations. The table shows the summary of our corporate governance and sustainable business operation objectives based on short-term, medium-term and long-term goals:

	Short-Term (2022~2023)	Medium-Term (2024~2027)	Long-Term (2028 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	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	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 top 20% among all listed companies
Morals and Ethics	The completion rate of annual Ethics and Compliance Training Course by the employees ≥ 95%	The Completion Rate of annual Ethics and Compliance Training Course by the employees≥ 97%	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 corporate or tax laws: 0 case	0 case → Achieved

Performance and Goal of Material Topics: Corporate Governance and Integrity Management

Largan is committed to running 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 Topics raised are as stated in the table:

Corporate Governance

2023 Target Performance	2023 Achieving Status	2024 Target Performance
No violations of honesty and integrity principles 0 cases	0 cases → Achieved	No violations of honesty and integrity principles 0 cases
Ranked 21~35% of corporate governance evaluation of all listed companies	36-50% → Not Achieved	Ranked 21~35% of corporate governance evaluation of all listed companies
Passed 2023 ESG Sustainability Report verification	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 cases → achieved	No violation of laws and regulations related to corporate governance 0 cases

Morals and Ethics

2023 Target Performance	2023 Achieving Status	2024 Target Performance
Completion rate of employees' annual ethics and integrity management training ≥ 95%	100% → Achieved	Completion rate of employees' annual ethics and integrity management training ≥ 97%

Risk Management

2023 Target Performance	2023 Achieving Status	2024 Target Performance
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	89% → Achieved	80% employee participation rate of emergency response education training and evacuation rehearsal carried out once a year

Regulatory Compliance

2023 Target Performance	2023 Achieving Status	2024 Target Performance
No violation of corporate or tax laws 0 cases	0 cases → Achieved	No violation of corporate or tax laws 0 cases

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2.1 Company Introduction

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 10 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), sleep monitoring devices (Largan Health), automotive lenses (Largan Industrial Optics), advanced fiber laser and space communication technology (Photonicore Technologies), various single crystal and ceramic materials (Taiwan Applied Crystal), and anode materials (Largan Energy Material). 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\$ 1,334,681,970)

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

Number of employees: 7,730 (Accounting until end of December 2023)

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/>

Headquarter and Branches

Headquarter and Branches (A Total of 10 Sites)	
<p>The Taichung City Precision Machinery Innovation Technology Park:</p> <ul style="list-style-type: none"> No. 11, Jingke Road, Nantun District, Taichung City, Taiwan (HQ) No. 13, Jingke Road, Nantun District, Taichung City, Taiwan No. 7, Jingke 2nd Road, Nantun District, Taichung City, Taiwan 	<p>Taichung Industrial Park:</p> <ul style="list-style-type: none"> No. 4 and No.6 Gongyequ 16th Road, Taichung City, No. 14, Gongyequ 23rd Rd., Nantun Dist., Taichung City No. 1, Gongyequ 5th Rd., Xitun Dist., Taichung City No. 32, Gongyequ 18th Rd., Nantun Dist., Taichung City No. 18, Gongyequ 7th Rd., Xitun Dist., Taichung City (Rental Factory) No. 3 and No., Gongyequ 22nd Rd., Nantun Dist., Taichung City (Rental Factory) 2F-1, 2, 8~10 and 4F-9, 10, No. 206 and NO. 210, Gongyequ 38th Rd., Xitun Dist., Taichung City (Rental Factory)

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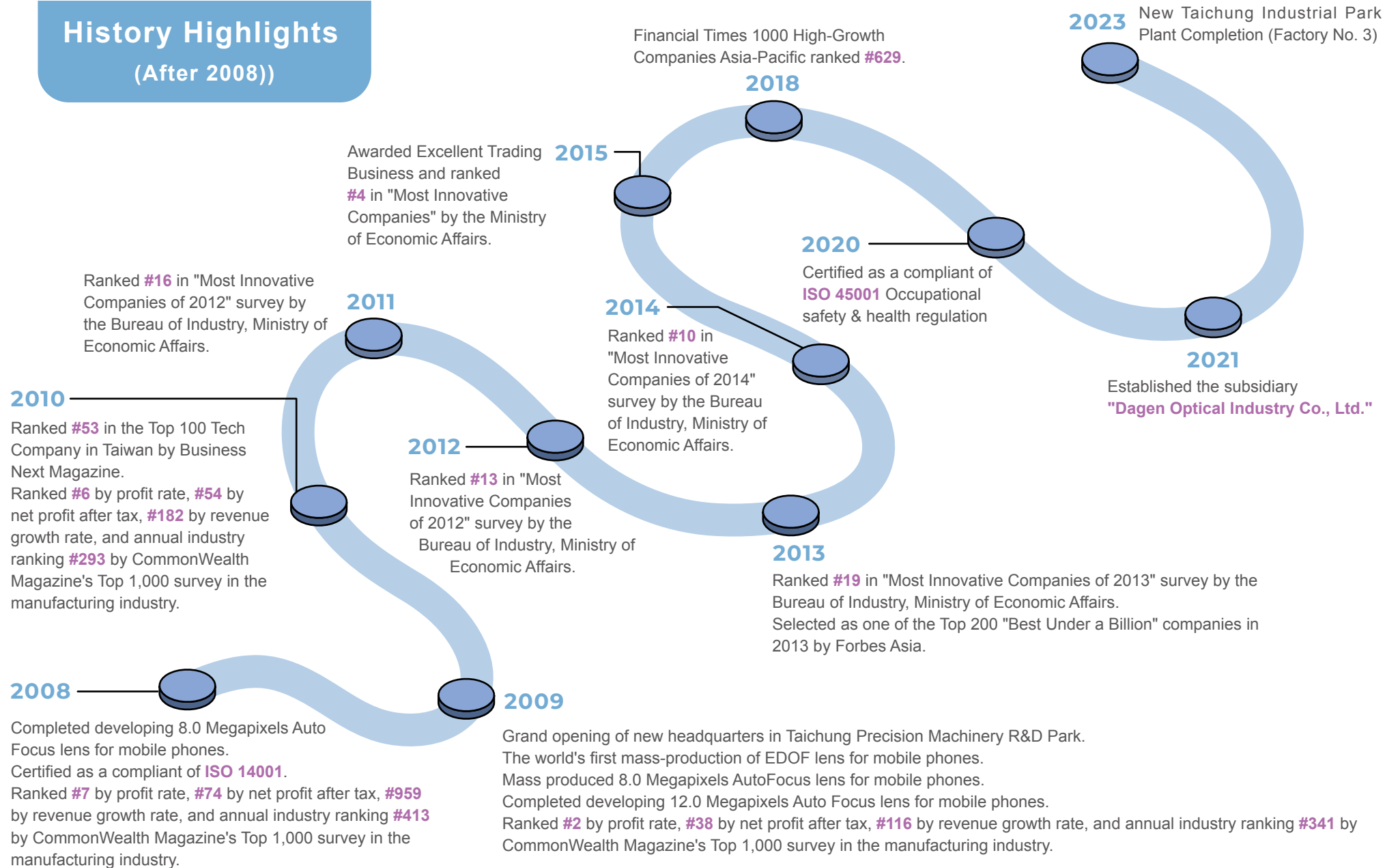
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History Highlights (After 2008))



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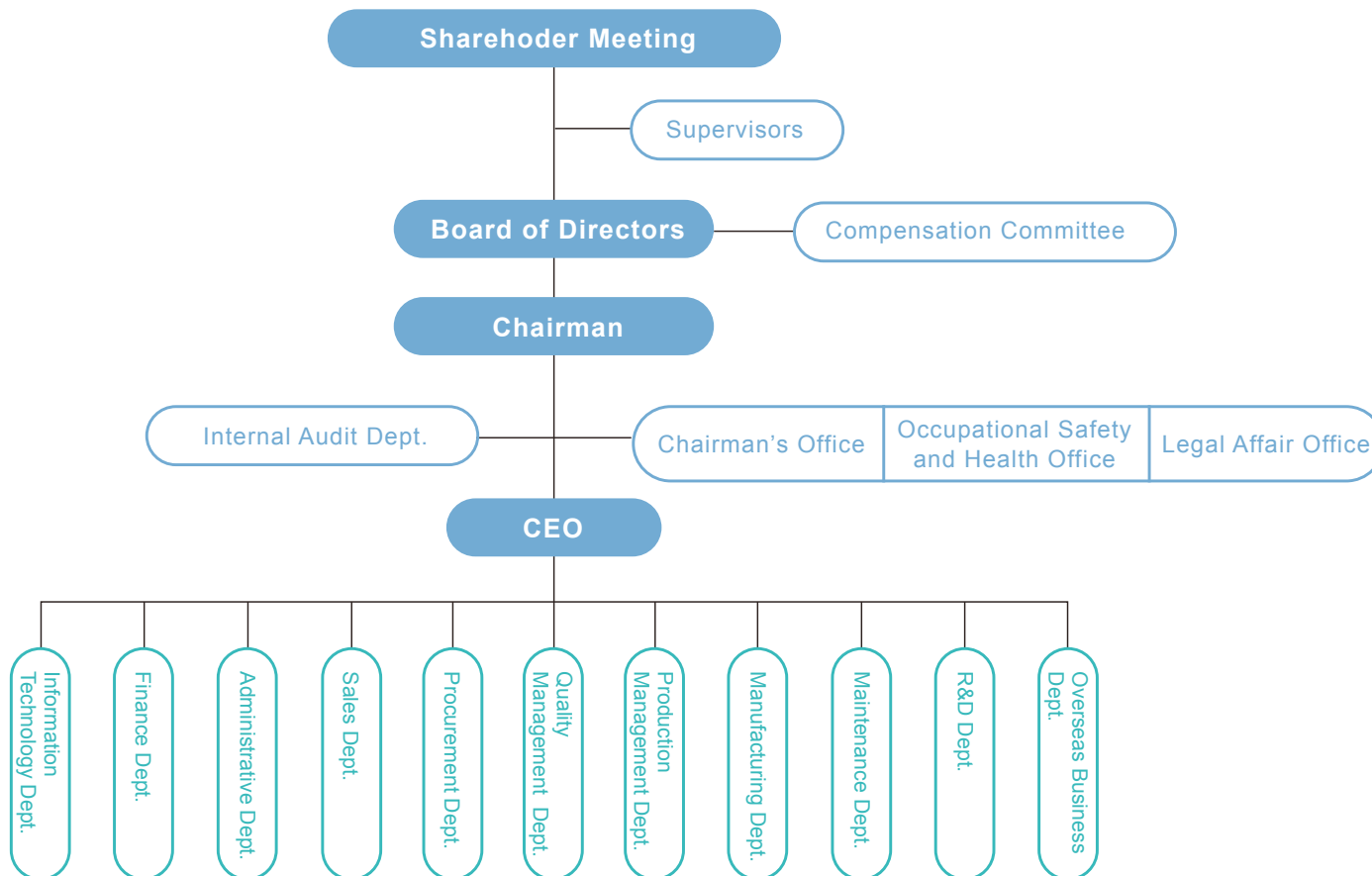
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› 2.2 Corporate Governance

2.2.1 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 Office, Legal Affairs Office, and Internal Audit Department. The top level of management includes CEO followed by Information Technology, Finance, Management, Sales, Procurement, Quality Departments. The production business unit includes Production Management, Manufacturing, Maintenance, R&D and Overseas Business Departments.

Detailed structure is as shown in the picture:



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

Department	Responsibilities and Functions
Chairman's Office	Manage and supervise the overall business operation, planning, execution and improvement.
Internal Audit Department	Inspect and evaluate the internal operations and provide analysis report and improvement plans.
Legal Affair 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 Department	Overall planning and maintenance of the Company's IT system.
Finance Department	Finances, accounting, shareholder services, and taxation affairs.
Administrative Department	Human resources, general affairs, employee benefits, and labor relations.
Sales Department	Product marketing, market research, and customer after-sales services.
Procurement Department	Purchase raw materials, equipment, and consumables.
Quality Management Department	Perform quality assurance inspection on incoming material, production, and finished goods.
Production Management Department	Production and sales planning, raw materials management, outsourcing, and shipping.
Manufacturing Department	Producing optical component.
Maintenance Department	Machinery and equipment maintenance, repair and inspection.
R&D Department	1. New product development and design. 2. Manufacturing technology upgrade. 3. Designing and developing molding and tooling technology.
Overseas Business Department	Assist in the production, quality assurance, and other services for overseas businesses.

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2023 General Shareholders Meeting



2.2.2 The 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.

2.2.2.1 Structure of the 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.

Largan Precision has a board comprising 9 directors, with 3 independent directors. Directors with employee status account for 44%, and the tenure of independent directors does not exceed three consecutive terms to ensure board independence. The appointment of all directors complies with the "Company Articles of Association," "Director Election Procedures," the "Regulations Governing Appointment of Independent Directors and Matters to be Complied with by Public Companies," Article 14-2 of the Securities and Exchange Act, and Article 26-3 of the same Act. The board emphasizes independent operation, with directors and independent directors exercising their powers independently. All current board members are Taiwanese nationals, and an audit committee was established in June 2022.

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Education and Experience of the Board of Directors

Director	En-Chou Lin	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Bachelor's degree in insurance and Banking, Tamkang University</p> <p>Vice President, Largan Digital Co., Ltd. Representative at Mao Yu Ji Nien Co., Ltd.</p>
Chairman	En-Ping Lin	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Master of Business Administration (MBA), Dominican University, USA</p> <p>Representative at Mao Yu Ji Nien Co., Ltd.</p>
Vice Chairman	Yu-Chih Huang	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Master of Powwe Mechanical Engineering, National Tsing Hua University</p> <p>CTO, Largan Precision Co. Ltd.</p>
Director	Jung-Ren Laing	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Department of Finance and Taxation, National Chengchi University</p> <p>Supervisor at Largan Medical Co., Ltd/ Largan Digital Co., Ltd.</p>
Director	Chun-Ming Chen	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Doctor of Computer Science and Information Engineering, Ohio State University</p> <p>Manager, Largan Precision Co. Ltd.</p>

Director	Ming-Yuan Hsieh	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Bachelor's degree in Department of Applied Mathematics, Feng Chia University</p>
Independent Director	Shan-Chieh Yen	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Department of Electrical Engineering, Taichung Industry High School</p> <p>Assistant Vice President, Largan Precision Co. Ltd.</p>
Independent Director	Ming-Hua Peng	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Mechanical Engineering, Ming Chi Institute of Technology</p> <p>Assistant Vice President, Largan Precision Co. Ltd.</p>
Independent Director	Chun-Yi Lu	<p>Tenure: 3 years</p> <p>Education and Experience:</p> <p>Dept. of Electronic Communication, Kuang-Hwa Vocational Senior High School of Technology in Taichung</p> <p>Vice President, Largan Digital Co., Ltd</p>

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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	Gender	Employee Identification	Professionalism						
			Operational Judgement	Accounting/ Finance/ Mathematics	Management	Crisis Management	Industrial Knowledge	Global Market Insight	Leadership& Decision Making Skill
En-Chou Lin	Male	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
En-Ping Lin	Male	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Yu-Chih Huang	Male	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Jung-Ren Laing	Male			<div></div>			<div></div>	<div></div>	
Chun-Ming Chen	Male			<div></div>			<div></div>	<div></div>	
Ming-Yuan Hsieh	Male	<div></div>		<div></div>			<div></div>	<div></div>	<div></div>
Shan-Chieh Yen	Male			<div></div>			<div></div>	<div></div>	<div></div>
Ming-Hua Peng	Male			<div></div>			<div></div>	<div></div>	<div></div>
Chun-Yi Lu	Male			<div></div>			<div></div>	<div></div>	<div></div>

Largan Precision values the diverse capabilities of its board members, aiming to increase the ratio of directors possessing at least four competencies to over 50%. The target ratio of directors with at least four competencies is 78%, achieving the goal.

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Board Responsibilities:

1. Establish or amend internal control systems as per Article 14-1 of the Securities and Exchange Act.
2. Formulate or amend procedures for major financial transactions like acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, and endorsing or providing guarantees for others as per Article 36-1 of the Securities and Exchange Act.
3. Matters involving directors' or supervisors' interests.
4. Major asset or derivative transactions.
5. Significant lending, endorsements, or guarantees.
6. Raising, issuing, or privately placing securities with equity characteristics.
7. Appointing, dismissing, or remunerating certified public accountants.
8. Appointing or dismissing financial, accounting, or internal audit officers.
9. Other major matters prescribed by competent authorities.
10. Promote sustainable operations with vision, strategies, and timelines.

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.

2.2.2.2 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.

The company's Board of Directors has approved the appointment of a corporate governance supervisor, whose qualifications are complied with the Code of Practice for Corporate Governance of Listed Companies and the regulations for corporate governance supervisors. The duties of the corporate governance supervisor include providing Directors with information needed to execute their business, assisting Directors in complying with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and assisting Directors in continuing education.

Followings are the business execution topics of company's corporate governance executives in 2023:

1. Held 5 board meetings in 2023.
2. Held 1 regular meeting of shareholders in 2023.
3. Held 5 audit committee meetings in 2023.
4. The Company purchased liability insurance for Directors and will report to the Board of Directors after renewal.
5. Assist Independent Directors to complete at least 6 hours of refresher courses.
6. The total training hours for corporate governance supervisors are 18 hours and has been reported to the Market Observation Post System in 2023. The training status is as follows:

Date	Name of Corporate Governance Executive Course	Training Hours/person	Organizer
2023/10/17	Board and Functional Committee (Audit, Remuneration) Regulations and Key Audit Points	6 hours* 1 person	The Institute of Internal Auditors
2023/09/14	"Financial Report Compilation" and "Sustainability Report" policy analysis and key internal audit and control practices discussions	6 hours* 2 persons	The Institute of Internal Auditors

- **Operations:** The board convened 5 times in 2023, with an overall average attendance rate of 95.56% (refer to the 2023 annual report, page 18).

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2.2.3 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 Independent Director: Chun-Yi Lu	
Tasks	Evaluate compensation policies, systems, salary structures and standards for Directors and Managers.	
Enforcement	1. Term of service: 2022/06/08-2025/06/07. 2. Two Compensation Committee meetings were held in 2022 (February and July), and the attendance rate reached 100%. Two Compensation Committee meetings were held in 2023 (February and July), and the attendance rate reached 100%.	

The Compensation Committee were held twice a year in the past two year. The attendance of each committee member is as follows:

Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2022	2023	2022	2023	2022	2023
Convenor	Shan-Chieh Yen	2	2	0	0	100%	100%
Committee Member	Ming-Hua Peng	2	2	0	0	100%	100%
Committee Member	Chun-Yi Lu	2	2	0	0	100%	100%

2.2.4 The Audit Committee

5 Audit Committee meetings were held in the past two year. The attendance of each committee member is as follows:

Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2022	2023	2022	2023	2022	2023
Independent Director	Shan-Chieh Yen	2	5	0	0	100%	100%
Independent Director	Ming-Hua Peng	2	5	0	0	100%	100%
Independent Director	Chun-Yi Lu	2	4	0	1	100%	80%

Board Performance Evaluation

Largan Precision's board has established the "Board Performance Evaluation Procedures," conducting an annual internal evaluation of the board, board members, and functional committees. The evaluation period is from January 1 to December 31, 2023, with results reported to the board. Recent goals and performance of board functions were assessed, with the first audit committee and fifth remuneration committee established on June 8, 2022, assisting the board in regularly evaluating and setting compensation for directors and managers, as well as reviewing performance evaluation and compensation policies, systems, standards, and structures.

Board and Functional Committee Internal Evaluation Results in 2023: Excellent.

Communication Between Independent Directors and Certifying Accountants in following:

Independent Directors and certified accountant hold a symposium once a year, the purpose is for the certified accountant to explain audit results of financial reports, scope and discovery, important regulatory updates and annual audit planning to the Independent Directors. The overall Independent Director attendance rate reached 100% and had the great communication.

Communication Between Independent Directors & Head of Internal Audit Department

The Independent Directors and the internal audit supervisor hold symposiums every 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 of 2023 reached 100% and communication between independent directors and certifying accountants has been fully conducted to ensure the effectiveness and execution of audit operations.

2.3 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 Policy: Prevention in advance, loss avoidance

Management Measure

- **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.
- **Commitment:** Utilizing thorough due diligence and proactive communication methods for early warnings, closely monitoring global industry trends and climate change, adjusting development goals and business strategies in a timely manner, and mitigating potential risks.
- **Policy and Management:** Largan holds management meetings as preventive measures to adjust operation strategies in response to operational risks.

- In order to comply with regulations, demonstrate the operational capabilities of the Company, reduce the probability of accidents, reduce the loss of assets and pursue the sustainable operation of the Company. The Company regards sustainable development and risk management as the priority of business expansion. In order to ensure that these concepts are fully integrated into operations, we will control and respond to uncertainties through active control actions. We will continue to develop systems

related to enterprise risk management, and continue to improve employee risk management awareness, and actively handle and manage risks and uncertainties.

2.3.1 Influence and Response of External Risks

External Risk Cause>> Industry Competition

Impact on Operational and Corporate Governance Risks

In the field of optical lenses, there is competition from Taiwanese and Chinese manufacturers, but Largan has a leading edge in high-end optical lenses. However, there are many competitors behind, and the competition in the industry is fierce. Therefore, it is necessary to maintain a leading position in the field of R&D patents, process efficiency and yield rate, and maintain a competitive advantage.

Countermeasures

The Company continues to increase and improve the number of R&D manpower and patents. With process efficiency and equipment improvement, production efficiency and yield rate are improving. Especially in the field of high-end lens research and development, we maintain at least one to two generations ahead of high-end lens products.

External Risk Cause>> Climate Change

Impact on Operational and Corporate Governance Risks

The physical risk of global extreme weather continues to increase. In response to extreme weather, the risks of droughts, blackouts, , water shortages, and power outages will cause losses to the Company.

Countermeasures

- IT Dept. has equipped uninterruptible power system (UPS) to support power supply.
- Power generator automatic operation.

For more, please refer to 6. • Climate Change: Risk, Potential Operational Impact and Adaptation.

- Please refer to 1.5 The Influence of Sustainable Management for other risk assessment of occurrence considerations, severity and response methods.

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2.3.2 Emerging Risk

Set pandemic prevention goals for severe infectious diseases both domestically and internationally: epidemic prevention response and continuous operation, the measures are divided into five categories: publicity/ training/ announcement, personnel management, factory management, production management, epidemic monitoring of notifiable communicable diseases. Consider the internal and external impacts, according to different epidemic situations, formulate practices and strictly conduct them. Continuous review and rolling adjustments of prevention measures are conducted to ensure comprehensive pandemic control, with all employees working together to maintain stringent disease prevention efforts.

Identification, Assessment and Management of Emerging Risks Are Continuously Carried Out To Proactively Address Potential Threats.

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

Collecting internal and external information on emerging risks → Integrating relevant risk information and establishing methods to identify emerging → Identifying major emerging risks for senior managers

- Emerging Risk Assessment

Identify potential issues related to significant emerging risk events → Predicting the possible impact of various risk and analyzing emerging risk information → Setting significant emerging risks management contact

- Emerging Risk Management

Establishing significant emerging risk management strategies and programs → Executing and monitoring material emerging risk → Tracking and managing effectiveness of risk management performance by the team

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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.

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.

Training Program

- (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.

Performance of 2023

- (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 employees.
- (3) 729 people participated in the internal education and training of integrity management, with a total number of 5,832 class hours.

	2021	2022	2023
Number of Participants	941	846	729
Class Hours	7,528	6,768	5,832

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

Performance of 2023: 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 (<https://www.largan.com.tw>).

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2.4.2 Ethics and Regulatory Compliance

Ethics and Morality Policy: Integrity Management, Transparency and Professional Ethics of Employees
Regulatory Compliance: Compliance with regulations, no incidents of violating regulations and penalties

Management Measure

- **Objectives:** Running the business with integrity management and transparency, compliance with regulations, no incidents of violating regulations and penalties.
- **Commitment:** Utilize due diligence and early warning communication methods, uphold honest and transparent corporate governance, and protect the rights and interests of stakeholders.
- **Management Measure:**
 - (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) ESG Sustainability Committee, the dedicated unit, regularly reports to the Board of Directors every year.
- (2) No violation of integrity management and discovery of dishonest behavior, as mentioned above is plan to report during the Board of Director's meeting on July 29, 2024.

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.

There were no violations of honesty and integrity found in 2023.

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 employment contract with the aim to regulate all employees. We hope to raise awareness of regulatory compliance for our employees through continuous education and training.

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Regulatory Compliance

The relevant important legal sources, internal measures or procedures for compliance with corporate governance, environment, economic and social laws and regulations, and whether any violations occur in 2023 are as follows:

Category	Relevant Important Source of Law in Taiwan	The Company's Corresponding Measures or Procedures	If Any Violations in 2023
Corporate Governance	Company Law, Code of Practice on Corporate Governance, Code of Integrity Management of Listed OTC Companies, Articles of Association of the Audit Committee, Organization Rules of the Remuneration Committee.	Articles of Association, Code of Business Conduct, Code of Integrity Management and Measures for Reporting and Complaints.	The Company has acted in accordance with the law, so no major monetary fines or other non-monetary penalties have been imposed.
Employee (Labor Rights and Conditions)	Labor Standards Act, Employment Service Act, Act of Gender Equality in Employment, Labor Insurance Act, Labor Pension Act, National Health Insurance Act, Employee Welfare Fund Act, Regulations of Leave-Taking of Workers, Regulations for Implementing Labor-Management Meeting.	<p><u>Approved and Recorded: Work Rules, Labor-management meeting representative list.</u></p> <p>Appointment procedures, resignation management procedures, salary management procedures, employee rewards and punishment procedures.</p> <p>Labor human rights test for new recruits.</p>	<p>Two penalty incidents: Extended work hours exceeding regulations and failure to provide mandatory rest days.</p> <p>Response Measures:</p> <ol style="list-style-type: none"> 1. Provide work hour statistics for necessary work allocation and personnel arrangements. 2. Managers monitor subordinates' overtime hours and regularly check on their status. 3. Regularly promote overtime application regulations and procedures.
Safety and Health	Occupational Safety and Health Act, Enforcement Rules of the Occupational Safety and Health Act, Labor Health Protection Rules, Labor Safety and Health Facilities Rules, Occupational Safety and Health Education and Training .	<p><u>Approved and Recorded: Code of Practice for Occupational Safety and Health, Occupational Safety and Health Organizations and representative list.</u></p> <p>ISO 45001 Occupational Health and Safety Management Systems and related procedures.</p>	The Company complies with the Occupational Safety and Health Act and its related regulations, and no occupational accidents or punishments due to labor health inspections have occurred.
Environmental	Basic Environment Act, Climate Change Response Act, Waste Disposal Act, Resource Recycling Act, Air Pollution Control Act Enforcement Rules, Noise Control Act, Drinking Water Management Act Enforcement Rules, Effluent Standards, Water Pollution Control Act and Enforcement Rules.	<p>ISO 14001 Environmental Management System and related procedures, SOP and forms, including waste treatment procedures, noise control procedures, drinking water management procedures, wastewater management procedures.</p> <p>Implement the ISO 14064 Greenhouse Gas Inventory System and issue a greenhouse gas inventory report.</p>	<p>Penalty Incident: Failure to meet mandatory safety and health equipment and measures requirements.</p> <p>Response Measures:</p> <ol style="list-style-type: none"> 1. Implementation of safety cover detection mechanisms that halt machine operation when removed. 2. Conducting safety operation education to ensure safe practices among employees.

Category	Relevant Important Source of Law in Taiwan	The Company's Corresponding Measures or Procedures	If Any Violations in 2023
Economic	Fair Trade Act, Patent Act, Copyright Act, Intellectual Property-related regulations, Trade Secret Act, Personal Data Protection Act.	Labor contract, professional ethics.	On August 11, 2023, the company cooperated with judicial authorities to investigate a software infringement incident.
Social	Civil Code, Communicable Disease Control Act, Sexual Harassment Prevention Act.	Personnel related management system.	
Product	Fair Trade Act, Personal Data Protection Act. QC 080000 Hazardous Substance Process Management System.	ISO 9001 Quality Management System and related procedures, SOP and forms, implement QC 080000 or RoHs system, effectively control harmful substances to meet international standards to avoid harming consumers.	The Company has not been fined and compensated by customers for leaking customer privacy. The Company complies with the marketing and communication law and has no violations of laws and regulations, and no violations of health and safety regulations for products and services.



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› 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:** Utilize due diligence and early warning communication methods to audit. 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 period of 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.

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



| There was no significant internal control deficiencies in 2023, 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	<p>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 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:</p> <ul style="list-style-type: none"> ① Ensure that the Company complies with policies and operating procedures. ② Avoid wasteful, theft and inefficient use of asset. ③ Ensure the accuracy and validity of accounting and business operating data.
(2) ISO Management System	<p>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.</p>
(3) Individual Management Measure	<p>We have established relevant management measures for special projects such as credit management and expense approval authority to reduce high operational risks.</p> <p>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.</p>

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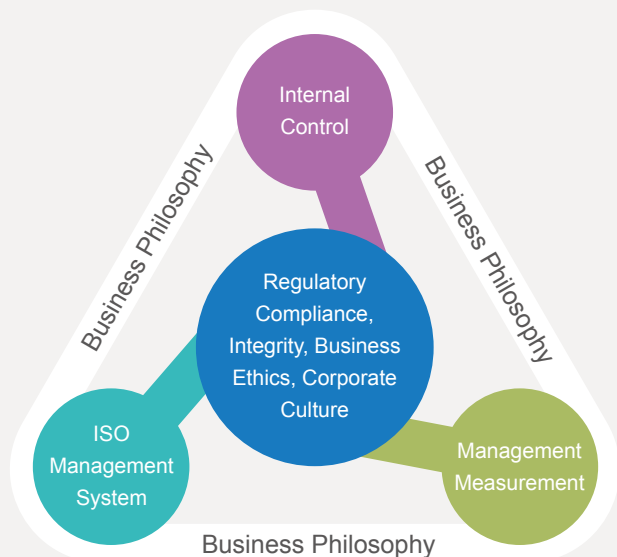
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The diagram of the internal control management system is as shown:



2.6 Information Security

Information and Communication Security Risk Management Structure

At Largan we intensify the information security management in accordance with the applicable regulations. The management structure is coordinated by the Vice President, and leads the Administrative Department, Information Technology Dept., Internal Audit Dept., and Legal Affair Office. 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.

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Implementation of the Measures

Multilayered Information Security Defense

- (1) 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.
- (2) 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.
- (3) 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

- (1) 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.
- (2) Purchase intrusion prevention services to prevent large-scale intrusions and provide alerts and warnings in time.
- (3) Establish incoming machinery examination mechanism to prevent malicious software from entering the factory along with system loopholes.
- (4) Conduct endpoint device control, strictly prohibits the use of portable storage devices or wireless devices.
- (5) 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.

Data Security Protection

- (1) Import file encryption protection system to 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. All access and

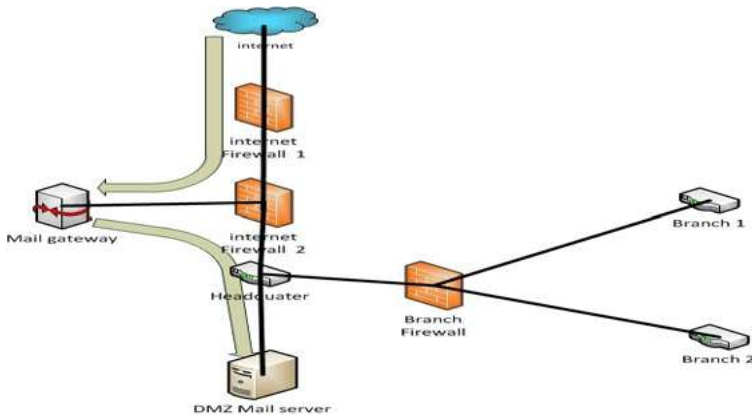
operations are recorded to make sure documents copying and scanning activities have kept.

- (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

2.7 The Relationships among Sustainability Management and Significant Material Topics 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 Topics and Sustainability Management based on Task Force on Climate-Related Financial Disclosures framework (TCFD):

Management Level	Relatedness between Significant Material Topics 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 shortages. 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.

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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 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.

	Short-Term (2022~2023)	Medium-Term (2024~2027)	Long-Term (2028 and Beyond)
Operational Performance	Customer Satisfaction Score over 90 points	Customer Satisfaction Score over 90 points	Customer Satisfaction Score over 92 points
Regulatory Compliance	Violation of the Fair-Trade Act: 0 case	Violation of the Fair-Trade Act: 0 case	Violation of the Fair-Trade Act: 0 case

• Performance and Goal of Material Topics

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

Operational Performance		
2023 Target Performance	2023 Achieving Status	2024 Target Performance
Customer Satisfaction Score over 90 points	92.8 → Achieved	Customer Satisfaction Score over 90 points

Regulatory Compliance		
2023 Target Performance	2023 Achieving Status	2024 Target Performance
Violation of Fair-Trade Act: 0 cases	0 → Achieved	Violation of Fair-Trade Act: 0 cases

› 3.1 Operational Performance and Challenges

Policy of Operational Performance: Continuous Growth and Earn Profit

Management Measure

- **Goals and Objectives:** Sustainable and robust financial performance with continued growth and profitability.
- **Commitment:** Create stable economic value.
- **Management Measure:**
 - (1) Maintain a good financial structure to provide a strong back up for sales, production, and R&D.
 - (2) Plan for short-, mid-and long-term capital operation strategies to maximize return on capital under the principle of stability.

The business philosophy at Largan is “Innovation, Professional, Rapid, 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 of board of directors with the target to protect the interests of our shareholders.

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

Production Strategy	Upgrade the production technology and efficiency using the existing equipment. Management of raw material and finished goods. Ensure the execution of ISO 9001& ISO 14001 to achieve quality control management.
Sales Strategy	Existing customers → Provide services and products that are competitive and attractive to the customers. Potential customers → Actively expand the customer base and prospecting using the feature optical technology. End users → Make connections and introduce the products directly to the end users.
R&D Strategy	Get ahead of the future market trend and develop new products. Actively invest in the latest optic/mechanic R&D.

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Operational Strategy

Working to achieve horizontal management and project management reinforcement. Intensifying internal staff training while recruiting new outstanding talents to increase business competitiveness.

Financial Strategy

Maintain a good financial structure and provide strong backing for sales, production, research and development. Plan the use of long- and short-term funds to create the maximum return of the investment.

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 range 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 Co., Ltd.), sleep monitoring devices (Largan Health AI Co., Ltd.), automotive lenses (Largan Industrial Optics Co., LTD), advanced fiber laser and space communication technology (PhotoniCore Technologies Co., Ltd.), various single crystal and ceramic materials (Taiwan Applied Crystal Co., Ltd.), anode materials (Largan Energy Material Co., Ltd.). 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:

Main Product Optical Camera Lens

Function

Mainly used in scanners, multifunctional printers, mobile phones, drones, wearable devices, tablets, and smart TVs

Main Product Optical Glass Product

Function

Mainly used in DVD readers and optical mices.

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

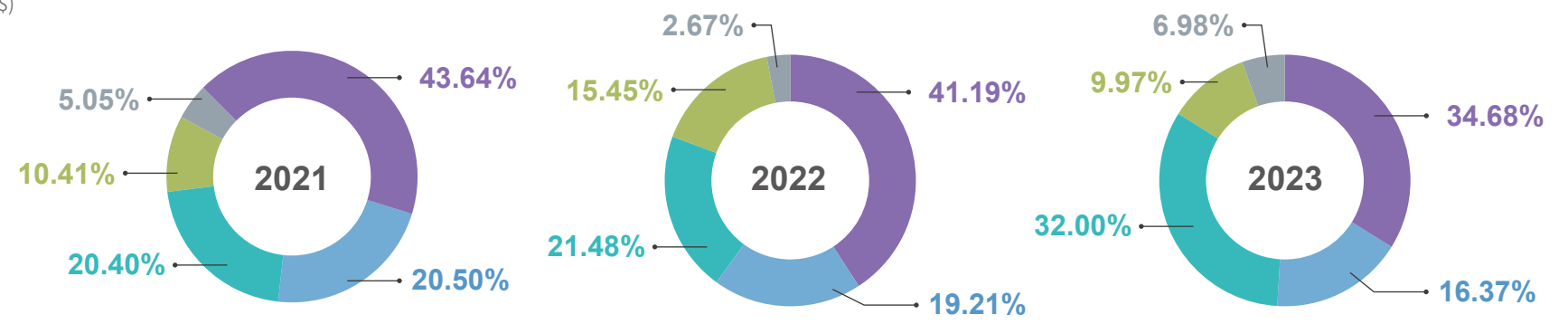
Product of Largan Group:



Appendix

Sales Performance of Main Products by Region in the Last 3 Years:

Unit: Thousand (NT\$)



China	20,494,791	19,638,355	16,936,888
Vietnam	9,626,103	9,159,948	7,993,862
Korea	9,581,816	10,241,099	15,631,026
Japan	4,888,473	7,367,435	4,868,416
Other	2,371,219	1,268,391	3,412,055
Total	46,962,402	47,675,228	48,842,247

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

Production Volume and Value in the Last 2 Years:

Major Product: Optical Components

Unit: Thousand; pieces

Year	Volume and Value	Capacity	Output	Value
2022		31,700,726	25,576,849	29,743,857
2023		26,879,423	21,683,879	39,250,760

Notes: The production capacity may be calculated together if the production capacity of each product is substitutable.

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

Major sales revenue at Largan comes from China, which accounts for 34.68%, followed by Korea with 32.00%, and 16.37% from Vietnam in 2023. Only the top 3 regions take up 83.05% of total sales revenue. We are looking into developing a new customer base in other regions such as India, South East Asia, Europe and America for future development. We diversified the market to allocate risks to prevent losses from potential labor and logistic obstacles caused by 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 and Taipei Fubon Commercial Bank. 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.

> 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.



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3.3 Customer Relationship and Service

Customer Maintenance and Satisfaction Survey

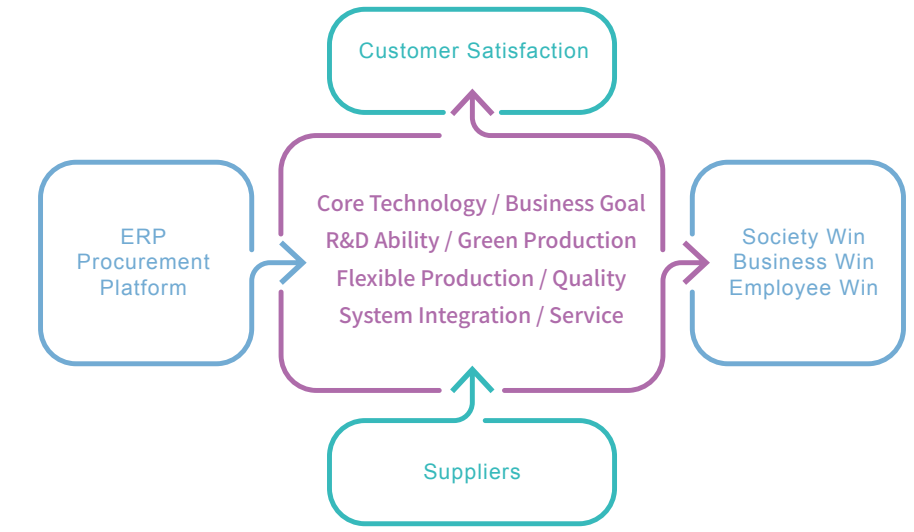
We conduct customer satisfaction surveys routinely based on the operating procedure. The Sales Department conducts customer satisfaction surveys by door-to-door visits, fax, email, or mail on yearly basis.

- Complete the customer satisfaction survey by our 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 measurement, monitoring, and 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 2023 are All from Overseas.

Item	Overseas(2021)	Overseas(2022)	Overseas(2023)
Quantity Collected/Issued	10/10	10/10	10/10
Response Rate (%)	100%	100%	100%
Average Satisfaction Score	92.3	91.8	92.1
Target Satisfaction Score	90	90	90
Achievement Status	Achieved	Achieved	Achieved

Top 3 Factors of Customer Satisfaction:

1. Design alteration processing time and new product design period
 2. The attitude of sales personnel and speed of logistics
 3. Development capability and the professionalism of sales personnel
-
1. Environmental protection requirements, delivery accuracy and service attitude of sales personnel
 2. Development capability, product packaging, sample offering, professionalism of sales personnel, efficiency of sales dealings and speed of logistics
 3. Ability to respond to product diversification and ability to adjust delivery deadlines
 4. Design alteration processing time and design period of new product

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.
- Apply 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.



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› 3.4 Customer Privacy

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 2023, 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.



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Largan is committed to product development and quality improvement and creating sustainable profitable growth. We primarily focus on aspects such as product R&D and innovation, ensure patent protection, trade secret protection, regulatory compliance, product quality control management and evaluation on the market prospects. The table shows the summary of our short-term, medium-term and long-term goals:

	Short-Term (2022~2023)	Medium-Term (2024~2027)	Long-Term (2028 and Beyond)
Innovation Goals	Number of active patents maintained: 1,922 cases Patents approved during the year: 250 cases	Number of active patents maintained: 2,180 cases Patents approved during the year: 250 cases	Number of active patents maintained: 2,484 cases Patents approved during the year: 250 cases
Quality Control Management	1. Pass the yearly quality management system ISO 9001/ IATF 16949 2. No violation of European Union Restriction of Hazardous Substances 3. No violation of REACH SVHC	1. Pass the yearly quality management system ISO 9001/ IATF 16949 2. No violation of European Union Restriction of Hazardous Substances 3. No violation of REACH SVHC	1. Pass the yearly quality management system ISO 9001/ IATF 16949 2. No violation of European Union Restriction of Hazardous Substances 3. No violation of REACH SVHC
Regulatory Compliance	No product labeling or patent regulation violation 0 case	No product labeling or patent regulation violation 0 case	No product labeling or patent regulation violation 0 case

•Targets and Performance of Material Topics

Largan is committed to product development and innovation, patent development achievements and product quality control management and regulatory compliance. The major achievements and performance for the last 2 years as shown in the table:

Innovation Development		
2023 Target Performance	2023 Achieving Status	2024 Target Performance
Patents approved during the year: 250 cases	436 cases →Achieved	Patents approved during the year: 250 cases
R&D expenditures of revenue: 5~10%	8.58% →Achieved	R&D expenditures of revenue: 5~10%

Product Quality and Delivery		
2023 Target Performance	2023 Achieving Status	2024 Target Performance
Pass the Quality Management System ISO 9001 /IATF 16949 every year	Pass the Quality Management System ISO 9001 /IATF 16949 every year→ Achieved	Pass the Quality Management System ISO 9001 /IATF 16949 every year
Regulatory Compliance		
2023 Target Performance	2023 Achieving Status	2024 Target Performance
No product labeling or patent regulation violation 0 cases	0→Achieved	No product labeling or patent regulation violation 0 cases



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› 4.1 Product Research and Innovation

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.

The mobile phone lens is a critical area in the mobile phone industry, affecting the quality and performance of photography and video functions. Largan Precision is dedicated to product development and quality enhancement, continuously striving for self-improvement and growth to meet user needs and enhance the photography experience.

- **Lens Structure Innovation:** Developing thinner, lighter, and more compact lens structures to meet the design needs of mobile phones while ensuring high-quality imaging.
- **Optical Performance Enhancement:** Continuously optimizing the optical system of lenses, including lens materials, quantity, and configuration, to improve resolution, contrast, and color reproduction.
- **Optical Stability Technology:** Introducing advanced optical stability technologies, such as optical vibration reduction and optical image stabilization, to reduce shake during handheld shooting, thus enhancing clarity and stability.
- **Low-Light Performance:** Improving the optical design and sensors to enhance shooting performance in low-light environments, increasing detail in dark areas and reducing noise.
- **Multi-Lens Configurations:** Adopting multi-lens configurations, such as wide-angle, ultra-wide-angle, telephoto, and macro lenses, to cater to different scene requirements and photography styles.

The company plans to invest 5-15% of its revenue in R&D in 2024, adjusting this figure based on global market conditions and the company's actual operational situation.

| Technology and Products Development

List of technology and products developed in 2023:

Item	Technology and Products 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 Development of new 1WLG7P 1” AF mobile phone lens Development of new 2 peripheral periscope mobile phone lens Development of new 1WLG7P 1” AF mobile phone lens Development of new 1WLG6P 1” AF mobile phone lens Development of new multi-periscope mobile phone lens
Rear Camera Lens	Development of new 3P3G VGA wide angle design Development of new 6G 1.3M wide angle design Development of new 6G VGA wide angle design Development of new 8G VGA narrow angle design Development of new 1G4P wide angle design Development of new 2G2P wide angle design Development of new 4G1P 1M wide angle design Development of new 2G3P 1M wide angle design Development of new 1G5P 1M wide angle design Development of new 2G4P 1M wide angle design Development of new 4G3P 5M wide angle design Development of new 7G1MG 3M wide angle design

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4.2 Performance of Patent Development

Total of 1,209 Largan global patent applications are in progress with 3,269 patents already obtained globally. (Statistics dated until 2023/12/31)

List of Patents of Product Approved in the Last Three Years:

Category Year	Numbers of Invention	Numbers of Utility Model Patent	Numbers of Appearance Design	Total
2021	291	18	1	310
2022	327	47	0	374
2023	411	25	0	436

Product Expenses in the Last Three Years as Shown in the Table:

Unit: Million (NT\$)			
Expense Year	R&D Expenses	Income	Percentage of Revenue (%)
2021	3,602	46,962	7.67%
2022	4,154	47,675	8.71%
2023	4,191	48,842	8.58%

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 proactively take protective measures, but also take actions such as joining trade secrets protection associations, putt 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 and requested for 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.

4.4Product Quality Management

Quality Policy:” Commitment, Quality Assurance, Efficiency Improvement, Accurate Delivery, 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.
- Continuous improve 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. Keep tracking on and update the current hazardous substance management status with the aim to help reduce the impact and burden made on the ecosystem. To achieve the goal, we set up a hazardous substance investigation group to cautiously examine every step during the production process from knowledge learning, material importing and exporting,

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production process monitoring, to goods delivery, as well as enhance the fundamental education on topics such as the requirements of RoHS for our employees to strengthen the daily awareness of environmental protection.

We also adhere to our commitment to material and supplier management. Quality control department built the monitoring system, we aim to manage the quality of the incoming material effectively. The system helps internal departments 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 which 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-NOs measures are as stated:



| The Company's products have no violations of health and safety regulations for products and services in 2023.

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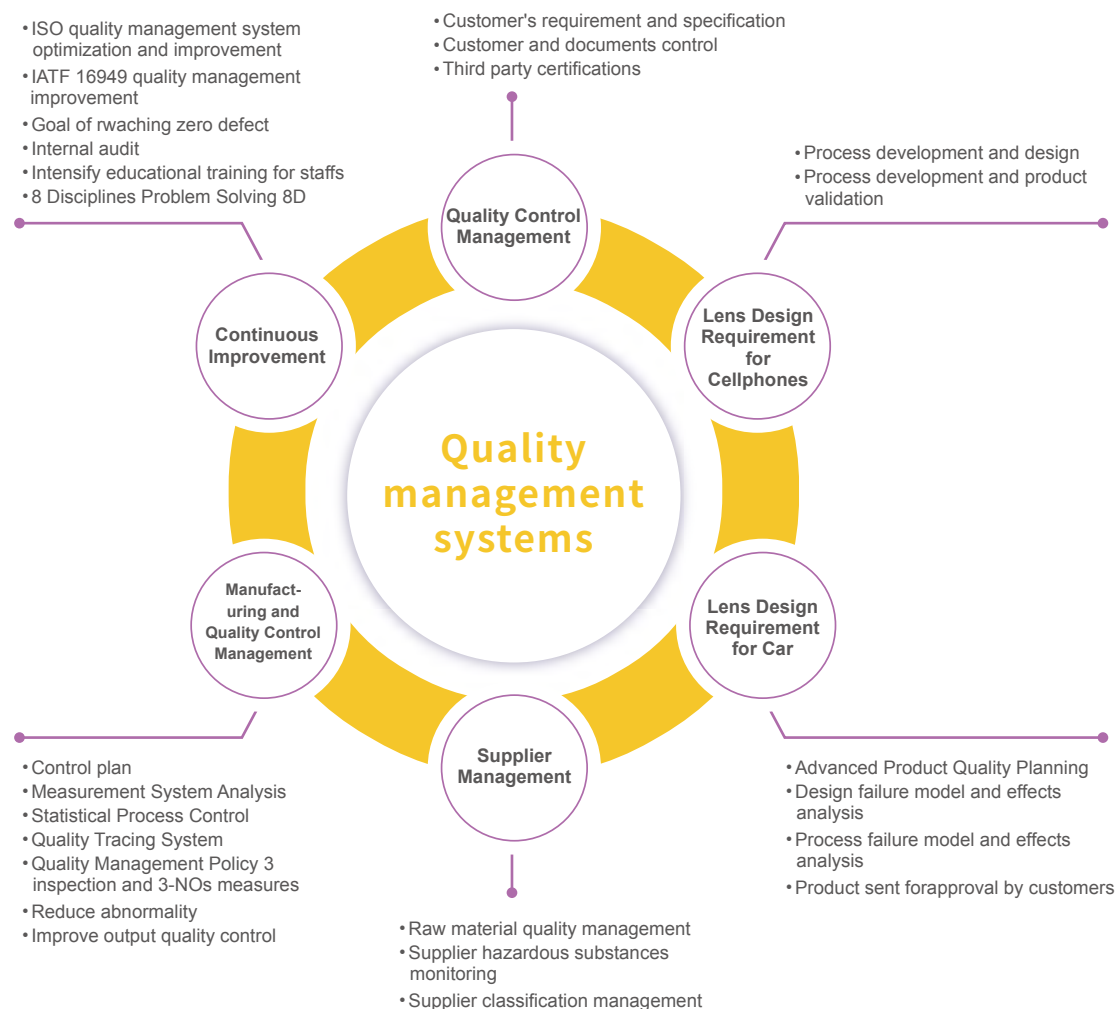
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Quality Management Procedures



4.5 Market Prospects

The future of the mobile phone lens market is influenced by various factors, including technological innovation, consumer demand, competition, and industry trends. Key factors likely to impact the market's future include:

- **Technological Innovation:** Over time, mobile phone lens technology will continuously improve. For example, more advanced lens structures, higher resolution, more powerful optical stabilization functions, and better low-light performance can all drive market growth.
- **Consumer Demand:** Consumer demand for photography and video functions is increasing. Consumers now expect mobile phone lenses to offer more features and higher quality imaging capabilities. With the rise of social media and video content, this demand is likely to continue growing.
- **5G Technology:** The proliferation of 5G technology is expected to drive demand for high-definition video and video calls. This trend will likely spur the development of the mobile phone lens market as users seek high-quality lenses to capture and share their lives.
- **Market Competition:** Competition among mobile phone manufacturers is intense. These companies continually strive to improve lens technology to attract consumers. This competitive environment is expected to lead to product innovation and price competition, impacting the future development of the market.
- **Emerging Applications:** Emerging applications such as Augmented Reality (AR), Virtual Reality (VR), and Mixed Reality (MR) are gaining popularity. The demand for more advanced lens technology to support these applications is expected to grow, driving the expansion of the mobile phone lens market.

Overall, the future of the mobile phone lens market depends on technological innovation, consumer demand, market competition, and the development of emerging applications. As technology continues to advance and market needs evolve, the mobile phone lens market is expected to grow, though it will face challenges from intense competition and technological breakthroughs.

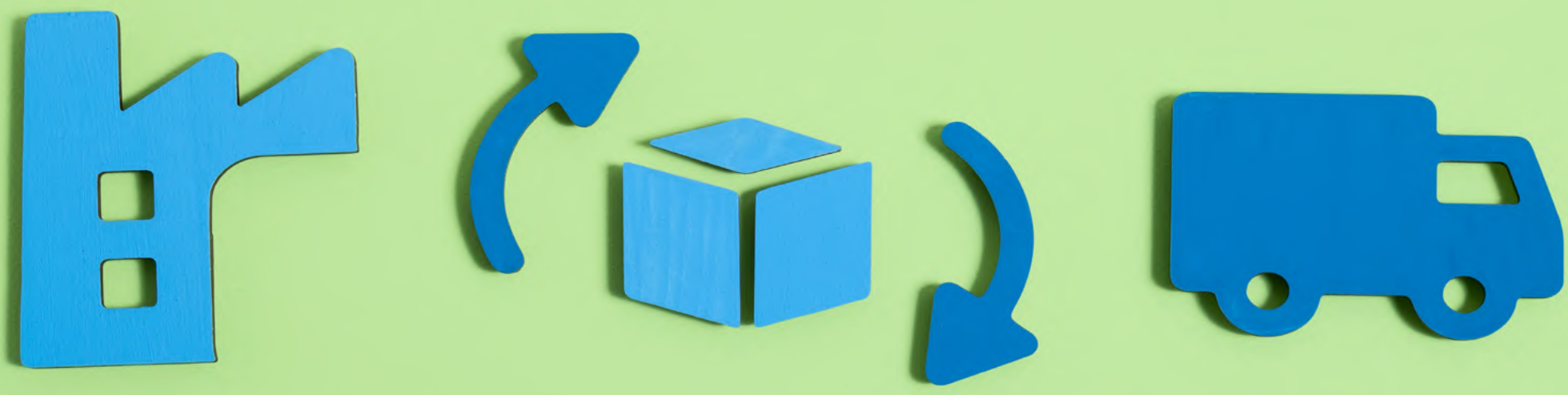
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• In order to establish a sustainable supply chain, Largan not only complies by laws, regulations and ethical procurement, but also assists the sustainable operation of the supply chain. We plan short-term, medium-, and long-term sustainable operation goals and work plans as shown in the following table:

	Short-Term (2022~2023)	Medium-Term (2024~2027)	Long -Term (2028 and Beyond)
Supply Chain Management	Minerals: Conduct product precious metal source investigations on raw material suppliers. Ensure sourcing of 100% conflict-free mineral	Minerals: Conduct product precious metal source investigations on raw material suppliers. Ensure sourcing of 100% conflict-free mineral	Minerals: Conduct product precious metal source investigations on raw material suppliers. Ensure sourcing of 100% conflict-free mineral
	Sign the Supplier Code of Conduct: Carry out inapplicable/ prohibited substance investigations on raw material suppliers, with a completion rate of 100%	Sign the Supplier Code of Conduct: Carry out inapplicable/ prohibited substance investigations on raw material suppliers, with a completion rate of 100%	Sign the Supplier Code of Conduct: Carry out inapplicable/ prohibited substance investigations on raw material suppliers, with a completion rate of 100%
	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%

• Performance and Goal of Material Topics

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 play an influential role in sustainable management of the supply chain. Please find our objectives as shown in the chart:

Sustainable Supply Chain		
2023 Target Performance	2023 Achieving Status	2024 Target Performance
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 raw material suppliers.	100% → Achieved	Signing the Supplier Code of Conduct: 100% completion rate conducting investigation on inapplicable/ prohibited substances used by raw material suppliers.
Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%.	100% → Achieved	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%.

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5.1 Management Policy and Goals of Supply Chain Management

Management Policy of Supply Chain: Build a Sustainable Supply Chain

Management Measure

- Goals and Objectives:** Build a trustworthy, reliable and sustainable partnership with our suppliers to grow together.
- 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.
- Management Measure:** Set up Procurement Management Procedures, conduct supplier evaluation and delivery management.

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 "Procurement Management Procedures" 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.

5.2 Suppliers Management

Supplier Categories, 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 1,910 domestic suppliers which accounts for 95.69% and 86 oversea suppliers accounting for 4.31%. Total 1,996 suppliers in 2022. And 1,955 domestic suppliers which accounts for 95.13% and 100 oversea suppliers accounting for 4.87%. Total 2,055 suppliers in 2023.

Category Year	Domestic Supplier						Overseas Supplier	Total
	Raw Material	Workpiece	Purchased Goods	Contract Engineering	Waste Disposal	Sub Total		
2021	15	125	1,605	99	11	1,855	95	1,950
2022	12	139	1,631	115	13	1,910	86	1,996
2023	11	158	1,635	137	14	1,955	100	2,055

Supplier Relationship and Philosophy

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. In order to ensure that the products of qualified suppliers comply with EU RoHS / REACH/conflict minerals and other regulatory requirements, all qualified suppliers of major raw materials sign the latest 10 restricted substances declarations and conflict minerals commitments in line with EU RoHS 2.0 to ensure that all suppliers During the supply period, the relevant international laws and regulations and the requirements of the company's specifications are applicable. We continue to keep the same evaluating standards for new vendors with the aim to put our promise of green production into action.

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.

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| 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.

› 5.3 Supplier Selection

| Qualified Supplier Auditing

There are two types of auditing based on its frequency, regular audit and 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.

| 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.

2021	2022	2023
<ul style="list-style-type: none"> • Major material suppliers: 15; the evaluation ratings: 14 (Excellent); 1 (Good). • There was no supplier on the rejection list in 2021. 	<ul style="list-style-type: none"> • Major material suppliers: 12; the evaluation ratings: 12 (Excellent). • There was no supplier on the rejection list in 2022. 	<ul style="list-style-type: none"> • Major material suppliers: 11; the evaluation ratings: 11 (Excellent). • There was no supplier on the rejection list in 2023.

| 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. Procurement Department 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.

Item	Management
ICP Test Report	<ul style="list-style-type: none"> • For high-risk material, a valid one-year ICP test report must be provided yearly. • For low-risk material, a valid five-year ICP report must be provided every 7 years.
Safety Data Sheet (SDS)	<ul style="list-style-type: none"> • If there is any change in the ingredient formula, the supplier should update and inform in parallel.
Certificate of Non-use for Hazardous Substances	<ul style="list-style-type: none"> • Submit once a year.
Supplier Inspection Item List	<ul style="list-style-type: none"> • Submit once a year.
EU REACH (SVHC) compliance survey	<ul style="list-style-type: none"> • Submit once a year.

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Supplier Environmental Protection Mechanism

All procurement made involving environmental materiality including raw materials, mechanical facilities (machines, molds/governance/tools), and services (engineering, outsourcing), if they involve occupational safety and health laws and environmental protection laws and regulations, they must comply with the relevant purchase contracts and orders. In addition to supplier specifications and requirements, labor safety/environmental workers will formulate the "Supplier Social and Environmental Responsibility Assessment Form" in accordance with the procurement operation management procedures, and conduct professional environmental audits.

2023 Suppliers comply with environmental regulations

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.

Regulations to be complied with: RBA Responsible Business Alliance Regulations, Prohibition of Slavery Convention, Convention on the Prevention of Human Trafficking, Prohibition of Minerals in Conflict Zones, Safety Management of Hazardous Chemical Transportation, Integrity Management.

In the "Procurement Management Procedures", there are provisions for the selection of suppliers of hazardous substances, sample delivery and approval, and delivery management. At the same time, there are also regulations for supplier self-assessment method and on-site audits are required to ensure the management of suppliers when necessary.

Supplier Social Responsibility Assessment Form

In addition to the audit and evaluation, Largan provides the Supplier Social Responsibility Assessment Form for raw material suppliers. Evaluate its positive and specific norms for environmental protection, labor rights and conditions, safety and health, so as to fulfill the supplier's implementation of corporate social responsibility.

The Supplier Social Responsibility Self-Assessment Form (Supplier Self-Assessment and Inspection Form) is designed based on the key points listed in the commitment letter and includes five major items:

Labor Rights	Health and Safety	Environmental Protection	Ethical Standards	Management Systems
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Each secondary item under these five major categories is assessed by suppliers to determine compliance and opportunities for improvement.

All raw material suppliers (11) completed the Supplier Social Responsibility Self-Assessment Form in 2023.

5.4 Ethical Consumption

Non-Harmful Substances

In order to ensure that the raw materials of qualified suppliers meet the requirements of EU RoHS/ REACH/ mineral conflicts, etc., all qualified suppliers of main raw materials have signed the latest 10 restricted substances of EU RoHS 2.0 to meet the international standards of RoHS.

Conflict-Free Minerals

Largan communicates with suppliers through the "Environmental Management Guarantee" that suppliers are requested to ensure that the source of Largan's purchases do not come from disputed areas, and that the sources of metals such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), and cobalt (Co) are not from the conflict zone such as the Democratic Republic of the Congo.

Largan Conflict-Free Minerals Sourcing Policy Statement:

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

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The issue of climate change is one of the environmental issues that the United Nations, governments, society and business are concerned about at this stage. According to the "Task Force on Climate-related Financial Disclosures Recommendation (TCFD)" Largan formulated its corporate governance, strategy, risk management and objectives as follows:



Management Level
Governance

Corresponding Measures at Largan

- 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.



Management Level
Strategy

Corresponding Measures at Largan

- 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.



Management Level
Risk Management

Corresponding Measures at Largan

- 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.



Management Level
Objectives

Corresponding Measures at Largan

- 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

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

	Short-Term (2022~2023)	Medium-Term (2024~2027)	Long-Term (2028 and Beyond)
Energy Saving and Carbon Reduction	Target electricity saved: 1 million kWh/ year	Target electricity saved: 1.5 million kWh/ year	Target electricity saved: 2 million kWh/ year
	Greenhouse gas emission reduction: 500 tons CO ₂ e/year	750 tons CO ₂ e/year	1,000 tons CO ₂ e/year
		Adopting use of renewable energy, 1100kW 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 Management	The proportion of incineration and landfill disposal waste reduced to 9%	The proportion of incineration and landfill disposal waste reduced to 7%	The proportion of incineration and landfill disposal waste reduced to 5%
	Proper disposal: all waste is 100% taken care of by the legitimate professionals	Proper disposal: all waste is 100% taken care of by the legitimate professionals	Proper disposal: all waste is 100% taken care of by the legitimate professionals
Water Resource Management	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%
Regulatory Compliance	No violations of air pollution Regulations: 0 cases	No violations of air pollution regulations: 0 cases	No violations of air pollution regulations: 0 cases
	No violation of sewage discharge in compliance with regulations: 0 cases	No violation of sewage discharge in compliance with regulations: 0 cases	No violation of sewage discharge in compliance with regulations: 0 cases
	No violation of waste regulations: 0 cases	No violation of waste regulations: 0 cases	No violation of waste regulations: 0 cases

•Performance and Goal of Material Topics

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.

Energy Saving and Carbon Reduction

2023 Target Performance	2023 Achieving Status	2024 Target Performance
Target electricity saved: 1 million kWh	12.618 million kWh → Achieved	1.5 million kWh
Green House Gas emission reduction: 500 tons CO ₂ e/year	6,233.3 tons CO ₂ e/year → Achieved	Green House Gas emission reduction: 500 tons CO ₂ e/year

Waste Management

2023 Target Performance	2023 Achieving Status	2024 Target Performance
The proportion of incineration and landfill disposal waste reduced to 9%	4.06% → Achieved	The proportion of incineration and landfill disposal waste reduced to 7%
Waste Disposal: 100% managed by legitimate business	100% → Achieved	Waste Disposal: 100% managed by legitimate business

Water Resource Management

2023 Target Performance	2023 Achieving Status	2024 Target Performance
Usage of recycled water up to 1,000 CMD	>1,000CMD → Achieved	Usage of recycled water up to 1,300 CMD
Precision Machinery Park Water Recycle Rate Inspection: Recycle rate (R2) of the whole factory is 94% Recycle rate during production is 99%	Recycle rate (R2) of the whole factory is 96.5% → Achieved Recycle rate during production is 99.4% → Achieved	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate (R2) of the whole factory is 94% Recycle rate during production is 99%

Note: The calculation of the recovery rate is taken from the Regulations for Review of Water Usage Plan.

Regulatory Compliance

2023 Target Performance	2023 Achieving Status	2024 Target Performance
No violation of air pollution protection regulations: 0 cases	0 → Achieved	No violation of air pollution protection regulations: 0 cases
No violation of waste regulations: 0 cases	0 → Achieved	No violation of waste regulations: 0 cases
No violation of sewage discharge in compliance with regulations: 0 cases	0 → Achieved	No violation of sewage discharge in compliance with regulations: 0 cases

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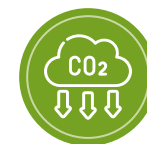
ESG Sustainability Report

2023

Type of Risk, Potential Operational Impact and Adaptation Method for Climate Change

Type of Risk	Potential Operational Impact	Adaptation Method
Physical Risk	Floods, Typhoon	<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 typhoons. Perform inspection on the production equipment of each Factory.
	Drought, Power outage Black Out	<ul style="list-style-type: none"> Production capacity impacted which leads to revenue decline. Delivery delay or interrupted delivery. 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 and the reserve generator oil and tanker supply can support emergent demand for more than a few days.
	Rising Temperature	<ul style="list-style-type: none"> Increase in electricity consumption and greenhouse gas emissions. Formulate air-conditioning maintenance frequency and items. Set the temperature controller or install a timer device. Replace frequency conversion equipment to reduce power consumption during operation.
Transition Risk	Energy Saving and Carbon Reduction	<ul style="list-style-type: none"> Carbon fee may lead to increased operating costs. Planning and purchasing green electricity, to accumulating carbon emission rights. Construction of green factories. Implement the tree planting plan.
	Corporate Image	<ul style="list-style-type: none"> Customers' expectation of reducing environmental footprint of the products. 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.

Environmental Risk



Major Risks
Energy Saving & Carbon Reduction

Management Measures

- In 2023, ISO 14064-1: 2018 greenhouse gas inventory was conducted, and verification was completed in accordance with the Ministry of Environment's policies.
- The goal of energy saving and carbon reduction is by saving at least 1 million kWh/ year through industrial site landscaping and facilities improvement. Promote paperless policy to reduce paper usage.
- Bring our own environmentally friendly tableware to reduce usage of disposable utensils.
- Green building planning aims to effectively control carbon emissions.



Major Risks
Water Resources

Management Measures

- The total weight of waste produced in 2023 is 3,658.52 tons.
- Establish "Industrial Waste Management Regulation" to standardize the procedures for the classification, collection, storage, and treatment of industrial waste.
- 95.94% of processed raw materials/ wastes in the factory that were meant for incineration can be recycled and reused.



Major Risks
Waste Management

Management Measures

- Maximize the usage efficiency of water resources through recycling, water quality distributary, and pollution prevention with the aim to reach 90% water recycling rate (R2) every year. (The calculation of the recovery rate is taken from the Regulations for Review of Water Usage Plan)

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6.1 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, concept 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 below left) 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 EEWH at the address No.13 Jingke Road (as shown in picture below right) since 2018 as a proof of practical effort made to help improve energy conservation and carbon reduction.



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6.2 Climate Change & Low Carbon Manufacturing

Energy Saving and Carbon Reduction Policy: Energy Saving and Low Carbon Manufacturing

Management Measure

- Goals and 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 through due diligence and early warning communication methods.
- 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.

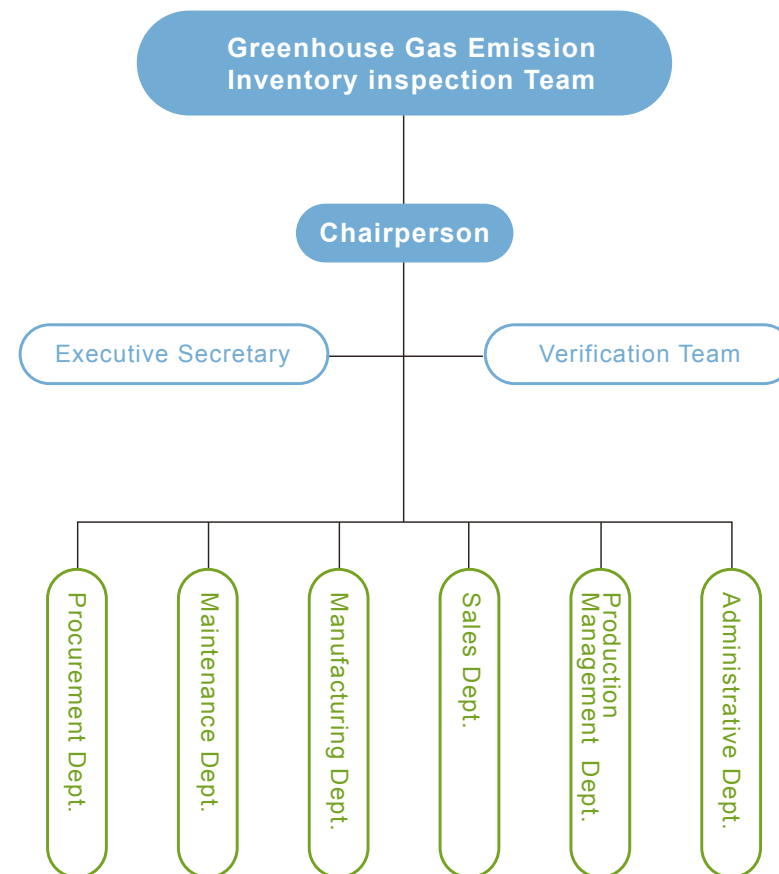
Climate Change

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:



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6.2.1 Greenhouse Gas Inventory

Since 2022, Largan Precision has conducted greenhouse gas inventories for designated plants in compliance with the Environmental Protection Administration's Climate Change Office regulations, achieving third-party certification. The results are as follows:

- 1. Direct Greenhouse Gas Emissions (Scope 1): Includes stationary equipment (e.g., generators), process emissions, mobile combustion sources (e.g., company vehicles, forklifts), and fugitive emissions.
- 2. Energy Indirect Greenhouse Gas Emissions (Scope 2): The primary emission source is purchased electricity.

2022>>>

Scope 1: Direct Emissions (tons CO ₂ e)	Scope 2: Energy Indirect Emissions (tons CO ₂ e)	Total Emissions (tons CO ₂ e)
1503.668	147745.272	149248.940

2023(Note) >>>

Scope 1: Direct Emissions (tons CO ₂ e)	Scope 2: Energy Indirect Emissions (tons CO ₂ e)	Total Emissions (tons CO ₂ e)
1672.319	162932.120	164604.440

Note: The actual data and inventory scope are based on the information published by the Environmental Protection Administration's Climate Change Office on the "Mandatory Greenhouse Gas Reporting System."

Energy Conservation and Carbon Reduction

- **Objective setting:** In 2022, in compliance with the requirements of the Environmental Protection Administration, facilities with annual carbon emissions reaching 25,000 tons were required to conduct carbon inventories, verification, and reporting.

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.

Statistics on energy-saving measures in 2023 indicate that a total of 12.618 million kWh of electricity was saved after implementation. According to the electricity carbon emission coefficient announced by the Ministry of Economic Affairs in 2023, the carbon emission coefficient of electricity is 0.494 (kg CO₂e/kWh) (note), and the reduction amount of carbon dioxide greenhouse gas is about 6,233.3 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.

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› 6.3 Renewable Energy & Resource Conservation

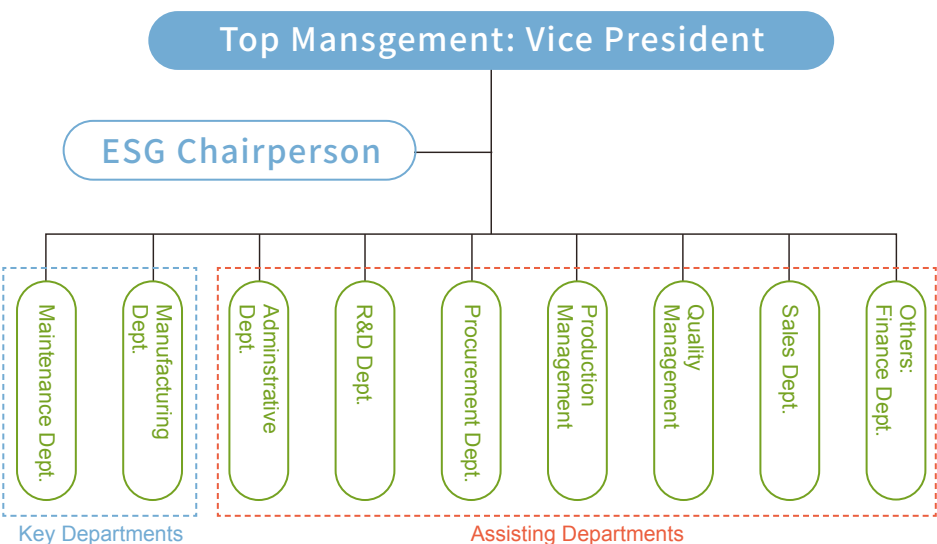
| Renewable Energy

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 2023 by planning to set up an 1100 kW solar photovoltaic energy system at our new manufacturing facilities. The aim is to effectively control CO2 emissions and therefore achieve an environmentally sustainable future.

| 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 utilizing electronic slides to propagate 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:



| Energy Saving Activities and Promotion

The Company replaced all lighting devices with energy-saving LED lamps, sensor lights, and installing VFD devices and solar panels in all new factories. All these activities could reach the energy saving goal for 10 million kWh (above) every year.



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6.4Water Resource Management

Water Resource Management Policy: Water Conservation and Reuse

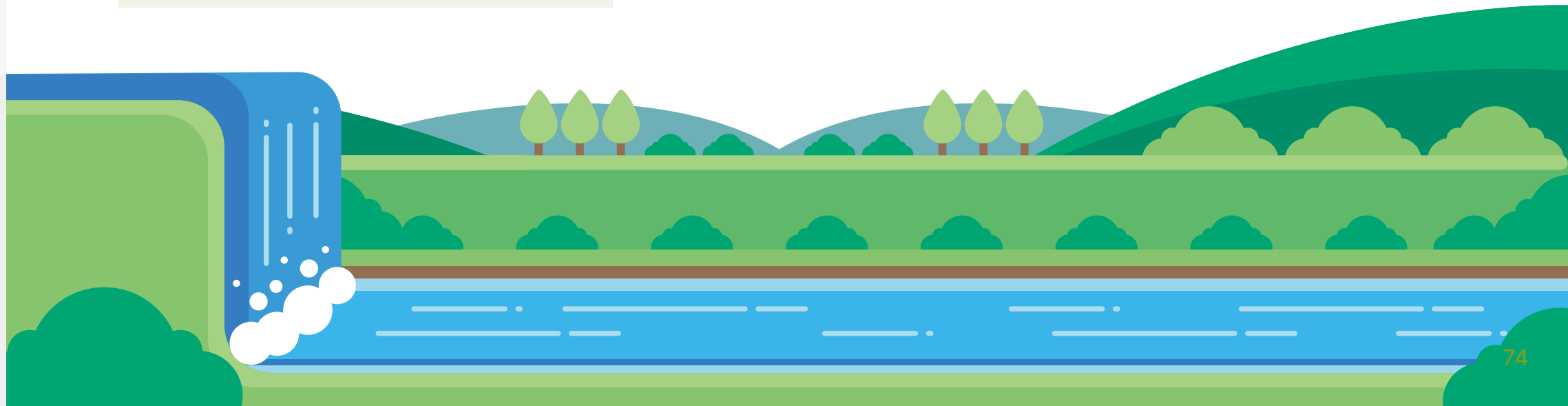
Management Measure

- Goals and 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 through due diligence and early warning communication methods.
- 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.

Type of Risk	Category	Potential Operational Impact	Adaptation Method
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 (against droughts for 3 days)• Prepare water trucks to support factories with water shortage• Inspect the production equipment of each factory• Effluent Management Policy



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Usage of Water Resource

Largan factories of Taichung Precision Machinery Technology Innovation Park and Taichung Industrial Park are rated low to medium water risk areas (<https://www.wri.org/aqueduct>). The water source mainly comes from Tech/Liyutan Dam and recycled water within the factory.

The daily water consumption in the factories is about 5,053 tons, meanwhile underground and surface water is not used as a source of water. In 2022, the total tap water consumption in each factory is 931.1 million liters, and 1,166 million liters in 2023, representing an increase of 25.2%. The water withdrawal, water discharge and water consumption over the past three years have been summarized in the table below based on daily meter reading data.

Year		2021			2022			2023		
Item		Water Withdrawal	Water Discharge	Water Consumption	Water Withdrawal	Water Discharge	Water Consumption	Water Withdrawal	Water Discharge	Water Consumption
Precision Machinery Park		767.9	314.3	453.6	756.5	270.6	485.9	941.2	401.6	539.6
Taichung Industrial Park		137.0	109.9	27.1	174.7	139.8	34.9	224.8	168.8	56
Total		904.9	424.2	480.7	931.1	410.4	520.8	1166.0	570.4	595.6

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:

- (1) Collect and reuse rainwater and condensed water for watering equipment.

(2) Reduce the water discharged by increasing the chemical solutions used in the washing tower.

(3) Recycle discharged wastewater from the production
 - Recycle wastewater produced during production and process the water collected by MBR and RO for water reuse during production.
 - Regenerate recycled RO water using pure water producing system (2B3T).

(4) 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.

(5) The bathroom facility in the factory adopts water-saving devices approved by the state to achieve the goal of water conservation.
- (6) 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.

(7) Digital record and analyze daily water consumption, and conduct immediate unit maintenance when an abnormal water consumption occurs to avoid water waste.

(8) Advocate water-saving related information and awareness to all staff from time to time.

(9) In 2023, the total recycled water volume across all facilities reached 1,858 CMD.
- The annual average water recycling rate during the production process at Precision Machinery Park remains above 99% from 2021 to 2023.

Item	Year		
	2021	2022	2023
Average recycling rate during the production process	99.6%	99.5%	99.4%

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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 violation of the Water Pollution Control Act during 2023.

捷克環境科技有限公司
CZECH Environmental Technologies Co., Ltd.
行政院環境保護署許可證字號：環署環檢字第135號
檢驗室地址：台中市西屯區工業區38路210號4樓之6 電話：04-23509981

水質樣品檢驗報告

客戶名稱：大立光電股份有限公司七廠 報告編號：CH110W7045
業別：— 樣品日期：110年09月08日14時28分
樣品特性：廢水 收樣日期：110年09月08日19時30分
採樣單位：捷克環境科技有限公司 報告日期：110年09月13日
採樣方法：NIEA W109.52B 聯絡人：周柏宏
採樣地點：台中市南屯區精科路13號 檢測項目：總量

樣品編號	W110090896-01	檢驗方法	備註
樣品時間	14:28-14:31		
檢測項目	廢流水		
溫度	31.6	NIEA W217.51A	
酸鹼子濃度指數(pH值)	7.4	NIEA W424.53A	
懸浮固體	40.5	NIEA W210.58A	
化學需氧量	22.3	NIEA W317.53B	
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公司名稱：捷克環境科技有限公司
負責人(簽章)：周柏宏
檢驗室主管(簽章)：周柏宏

報告專用章
捷克環境科技有限公司
負責人：周柏宏
檢驗室主任：周柏宏

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CH-TAB-Q-083/2.5/2021.04.08

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), SS (wastewater suspended solids) and pH level were lower than the self-inspection standards of both the Precision Machinery Park and Taichung Industrial Park from 2017 to 2023. The testing data of the past two years are as follows:

Test Items	2022		2023	
	Precision Machinery Park	Taichung Industrial Park	Precision Machinery Park	Taichung Industrial Park
	Management Standard	Factory Self-Inspection Standard	Management Standard	Factory Self-Inspection Standard
COD (mg/L)	300	250	480	420
S.S (mg/L)	250	200	320	240
pH	5-9	5-9	5-9	5-9

Preventive Measure of Water Pollution

- Use rolling planning and reviewing method 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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6.5 Waste Management

Waste Management Policy: Processing Legally and Increase the Ratio of Reuse

Management Measure

- Goals and 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 through due diligence and early warning communication methods.
- Policy and Management:**
 - Promote to convert product waste into refuse derived fuel rod through the process of incineration actively.
 - Set recycling targets and track their achievement year by year.
 - Review the waste reduction strategy after classifying and analyzing the stats.

Impact to the environment and management

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

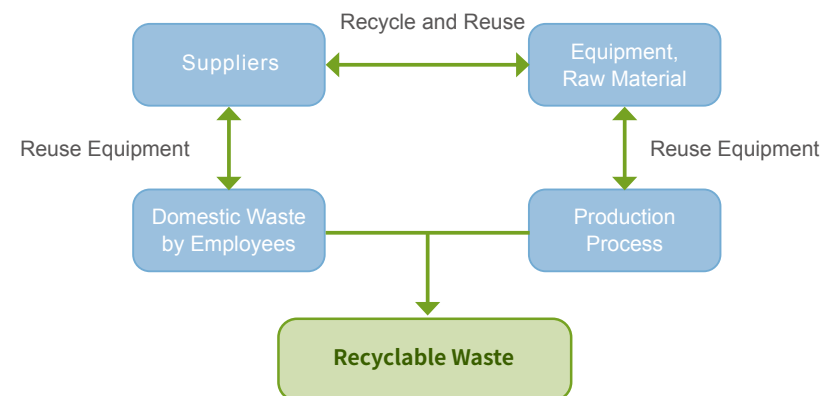
Reusable and non-reusable containers must be recyclable materials; the waste generated during the supply process must also be recyclable reusable items.

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.



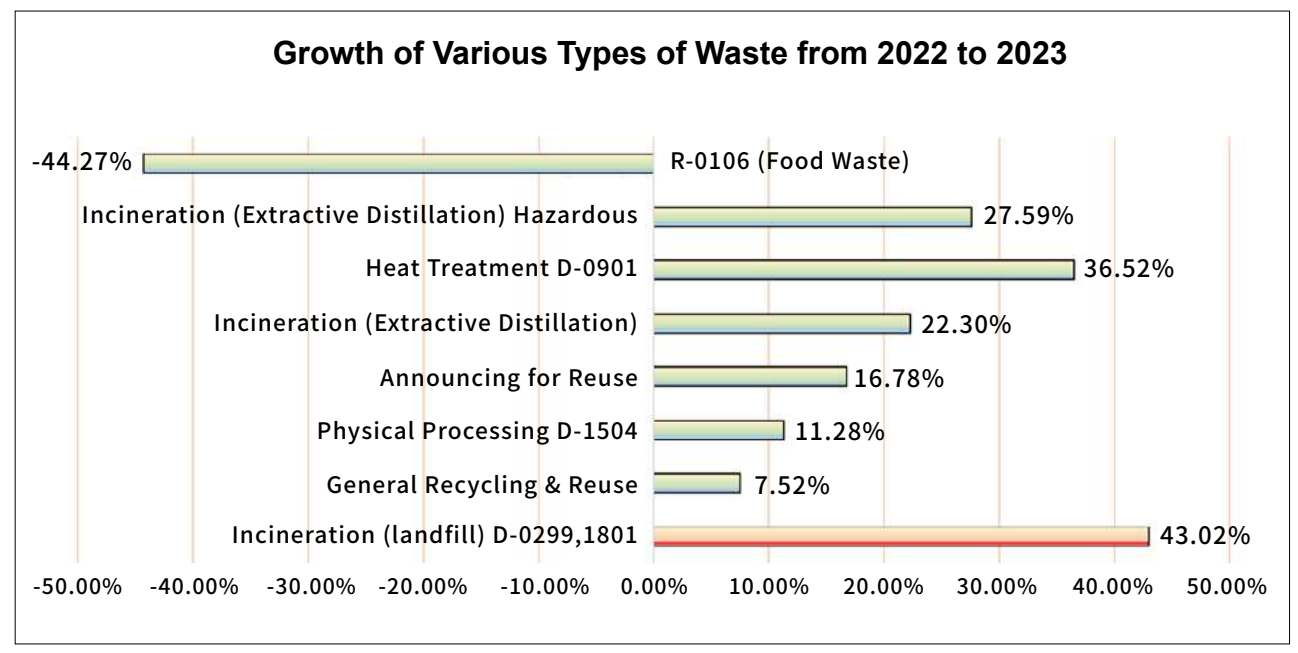
Requirements for Waste Treatment

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. Also, we try our best to find the most suitable method for waste classification and disposal. 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). In 2023, we will continue to work hard on the improvement of the classification of various wastes.

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| Turning waste into energy- The Most Valuable Incineration

The Company tries to find ways to destroy defective products other than incineration and landfill. We had promoted to convert waste into refuse derived fuel rod and the total amount reached 664.15 tons in 2022. With continuous efforts, we turned waste into 775.58 tons of refuse derived fuel rod, thereby successfully reducing 111.43 tons of incineration and landfill waste in 2023.



| Statistics and Reuse of Waste: The proportion of waste reuse from 2022 to 2023 as shown below:

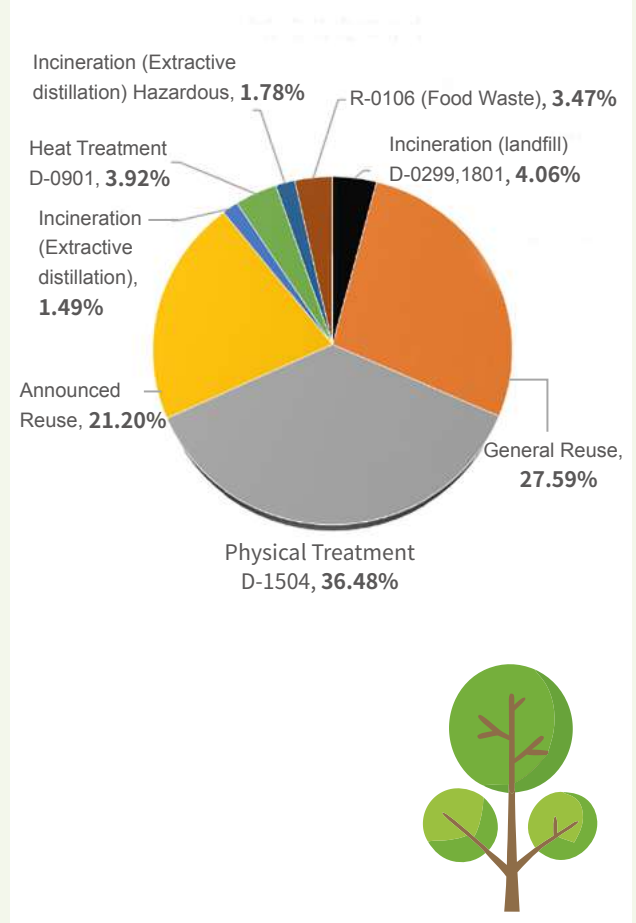
Year	2020	2021	2022	2023
Waste recycling rate	71.4%	90.35%	96.89%	95.94%

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The proportion of incinerated and landfilled waste in 2023 was 4.06%

Types of Waste	Proportion of 2023	Discrepancy with 2022	Unit:tons				
			Year		2023		
			Disposal		Hazardous Industrial Waste	Hazardous Industrial Waste	Hazardous Industrial Waste
4.06% Non-Recyclable Waste	4.06%	43.02%	Incineration (landfill) D-0299,1801		148.47	-	103.81
95.94% Recyclable Waste	27.59%	7.52%	General Recycling & Reuse (Include Recycling)		1009.45	-	938.88
	36.48%	11.28%	Physical Processing D-1504		1334.8	-	1199.5
	21.20%	16.78%	Announcing for Reuse R-0201, R-0701, R-0401		775.58	-	664.15
	3.28%	25.13%	Incineration (Extractive Distillation) D-1703, D-1799/ Type C (Hazardous)		54.67	65.22	44.7
	3.92%	36.52%	Heat Treatment D-0901		143.33	-	104.99
	3.47%	-44.27%	Announcing for Reuse R-0106 (Food waste)		127	-	227.9
Total					3,593.3	65.22	3,283.93
Note: C-0301: Waste liquid with a flash point below 60° C D-0299: Waste plastic mix D-1504: Non-hazardous organic waste liquids or waste solvents D-1799: Waste oil mix R-0701: Waste wood D-0901: Organic sludge D-1801: Business operations D-1703: Waste lubricant R-0201: Waste plastic R-0106: Food waste							

Waste Disposal Distribution of 2023



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6.6 Air Pollution Prevention

Air Pollution Management

Air quality improvement is high on the global agenda and air pollution is widely recognized 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.

- Largan had no monetary penalty issued for violating the Air Pollution Control Act in 2023.

Optimization of Air Pollution Equipment

- 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.
- 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.
- 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.
- 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, NOx, Sox and other sources of pollution) Emission Monitoring

- Comply with (VOCs) environmental protection regulations, each factory produces less than 30 tons/year; alcohol (ethanol) is less than 1,000 ppm.

Item	2021	2022	2023
VOCs (Volatile Organic Compounds)	70.447 tons	75.40 tons	56.55 tons

- Accumulated by the end of 2023, the emissions of NOx, SOx... and other pollution sources will not reach the threshold (1 ton/quarter).



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ESG Sustainability Report

2023

6.7 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 acrylic boxes. After the sheet metal is used, it will be washed and reused in various factory areas with plastic logistics boxes.

The above-mentioned packaging can also be used with plastic boxes in parallel, and is fully reusable.

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.

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.

6.8 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 tons per hectare.

2021

we had planted 3,200 Taiwan Zelkova.



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2022

We had planted another 200 Bald Cypress and 800 Formosan Ash and aims to create an ecological habitat by building a fishpond and wetland area hoping to increase the regional biodiversity.

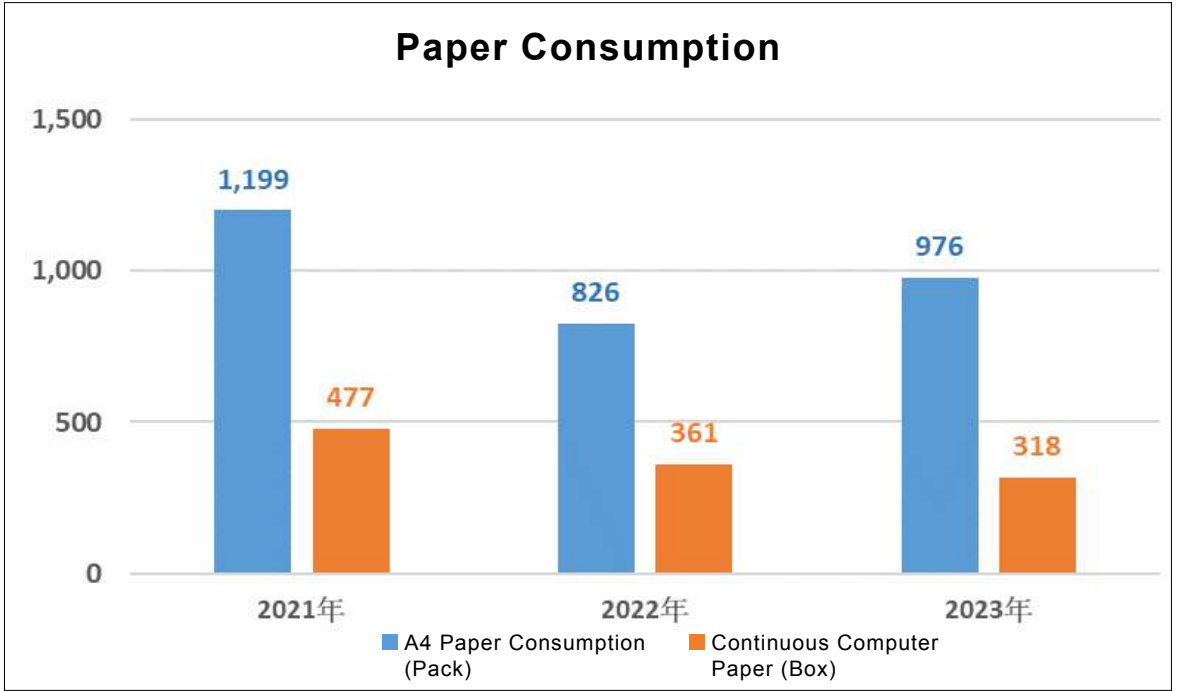
2023

The current height of various tree species ranges from 2 to 3.5 meters. The company will continue to maintain the trees and implement pest control measures. No new tree planting areas have been developed, but the company plans to purchase additional trees in 2024.



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. Largan will also continue to optimize various electronic sign-off operations to continuously reduce paper consumption.



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- With the aim to maintain a harmonious labor relation, Largan has proposed a short-, medium- and long-term employee care objectives such as Attracting and Retaining talents (Salary and Welfare), Training and Development, Promoting Harmonious Labor-management Relations, Human Rights Protection, Safety and Health, Caring and Personnel Management to achieve friendly workplace management as the table shown:

	Short-Term (2022~2023)	Medium-Term (2024~2027)	Long-Term (2028 and Beyond)
Labor Relations and Human Rights Protection	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%
	Workplace Wrongful Assault/ Bullying 0 cases	Workplace Wrongful Assault/ Bullying 0 cases	Workplace Wrongful Assault/ Bullying 0 cases
	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
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) ≥ 17 people	Number of people complete orientation training courses once a year (6 months) ≥ 20 people
	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
Safety and Health	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 cases	Occupational disease caused by chemical exposure maintains 0 cases	Occupational disease caused by chemical exposure maintains 0 cases
	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 Topics: Talent 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, the result within two years 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.

Labor Relations and Human Rights Protection

2023 Target Performance	2023 Achieving Status	2024 Target Performance
Turnover Rate: <15%	11.3% → Achieved	Turnover Rate: <13%
Retention rate of new hired Taiwanese employees (3 months retention): 75%	77.9 % → Achieved	Retention rate of new hired Taiwanese employees (3 months retention): 78%
Workplace Wrongful Assault / Bullying 0 cases	0 cases → Achieved	Workplace Wrongful Assault / Bullying 0 cases
Employee Complaint/ Mediation 1 case	0 cases → Achieved	Employee Complaint/ Mediation 1 case
100% completion rate of employee professional ethics training	100% → Achieved	100% completion rate of employee professional ethics training

Training and Development

2023 Target Performance	2023 Achieving Status	2024 Target Performance
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): 9 people → Not Achieved	Number of people complete orientation training courses once a year (6 months) ≥ 17 people
Average number of training hours per person:19H	Average number of training hours per person: 5.95H → Not Achieved	Average number of training hours per person: 21H
100% passing rate of new hired training examination	100 % → Achieved	100% passing rate of new hired training examination

Occupational Health and Safety

2023 Target Performance	2023 Achieving Status	2024 Target Performance
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
Health check participation rate 90%	95% → Achieved	Health check participation rate 90%
Significant occupational injuries ≤ 5 cases/ year	100 % → Achieved	Employee safety incident (excluding death) ≤ 4 cases/ year
Occupational disease caused by chemical exposure maintains 0 cases	0 cases → Achieved	Occupational disease caused by chemical exposure maintains 0 cases
Disabling injury frequency rate ≤ 3 Disabling injury severity rate ≤ 30	Disabling injury frequency: 1.87 → Achieved Disabling injury severity rate: 32 → Not Achieved	Disabling injury frequency rate ≤ 2.8 Disabling injury severity rate ≤ 28

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

7.1 Recruiting Policy and Commitment

Talent Management Policy: Establish a Friendly Workplace, Build a Firm and Solid Sustainable Management

Management Measure

- Goals and Objectives: Promoting harmonious Labor-management Relations, offering competitive salary and welfare to attract and retain outstanding talents with fair promotion policy to create profit growth, making employees be the partners with Company's prosperous and sustainable development.
- Commitment: Using due diligence and early warning communication methods, committed to human rights protection, improving the training and development system, building a diverse and open labor-management communication channel, a healthy and safe work environment, and a warm and harmonious working atmosphere.
- Policy and Management:
 - (1) Offering competitive salary strategy, arranging diverse welfare programs and a statutory retirement system to attract and retain suitable talents.
 - (2) Providing fair employment, training and other opportunities regardless of gender, religion, race, nationality, or political affiliation.
 - (3) Participating in labor insurance and health insurance comply with laws and regulations. Allocating employee welfare funds to handle employee welfare activities.
 - (4) Fair policies with salary and welfare, promotion, training and development, reasonable and objective performance assessment and salary adjustment.
 - (5) Focus on Human Rights Protection, legally working conditions and the protection of employees' rights and interests in safety and health.
 - (6) Create labor complaint channel to resolve labor disputes on time.

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 "Employee Suggestion Box" 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 work 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 salary & welfare	Provide multiple communication channels to maintain labor relations
Provide a safe work environment and establish precautions	Ensuring employment opportunities for persons with disabilities

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7.2 Talent Cultivation

Labor Relations Policy: Promote Harmonious Relations Between Labors and Managements, Attract and Retain Outstanding Talents

Management Measure

- **Goals and Objectives:** The outstanding talents are important asset of the company. We create a warm and harmonious working atmosphere to attract and retain outstanding talents. Cultivate employees in different functional areas to improve work performance and quality to allow the Company and employees grow together.
- **Commitment:** Offering competitive salary and welfare to attract and retain outstanding talents while cultivate employees with multiple competencies.
- **Policy and Management:**
 - (1) Provide an overall competitive salary 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.
 - (4) Create a warm and harmonious working atmosphere to promote harmonious labor-management relations.



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.

In addition to assess the salary based on the employee's background, professional knowledge and personal skills, job tenure and experience to recruit qualified and stable talents. We also propose a competitive salary strategy, talent cultivation and development mechanism, performance assessment and promotion system and diverse welfares, statutory retirement system and other personnel management system.

To ensure the competitiveness of the labor market, we establish "Compensation Committee" (made of 3 members), which organize two meetings every year and evaluate compensation structures for the Directors, Supervisors, Managers and employees and the results would be approved by the Board of Directors. Please refer to the information of Largan's 2023 Annual Report for the operations of Compensation Committee.

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 Human Resource Department will refer to 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.

2023 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. We focused 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 the increasing number of lenses of per device, we actively increased the production scale and the scale of automation production to generate profit growth.

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(1) By the end of December 2023, the total number of employees at Largan was 7,730. The manpower structure distribution in the last two years is as shown in the table:

Category	Field	2022				2023			
		Female		Male		Female		Male	
		Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio
Occupation	Production	3,086	41.74%	2,188	29.60%	3,290	42.56%	2,293	29.66%
	Management	233	3.16%	697	9.43%	230	2.98%	646	8.36%
	R&D	184	2.50%	1,003	13.57%	215	2.78%	1,056	13.66%
Subtotal		3,503	47.40%	3,888	52.60%	3,735	48.32%	3,995	51.68%
Total		7,391 people				7,730 people			
Domestic	Age Below 30	483	6.54%	1,385	18.75%	451	5.83%	1,275	16.49%
	31~50	1,072	14.50%	2,391	32.35%	1,090	14.10%	2,510	32.47%
	Age Above 51	26	0.35%	28	0.38%	31	0.40%	33	0.43%
Foreign	Age Below 30	1,372	18.56%	35	0.47%	1,516	19.61%	113	1.46%
	31~50	550	7.44%	49	0.66%	647	8.38%	64	0.83%
	Age Above 51	0	0%	0	0%	0	0%	0	0%
Subtotal		3,503	47.39%	3,888	52.61%	3,735	48.32%	3,995	51.68%
Total		7,391 people				7,730 people			

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 2023, any major changes made would be announced with a 10-, 20- or 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 2023

In order to encourage diversity and promote an equal employment environment, personnel capabilities and job suitability are considered during interviews, regardless of gender, religion, race, nationality, or political affiliation. However, there are disparities in turnover rates by age or gender. It may indicate irrationality or potential unfairness in the workplace. Therefore, the new recruitment rate and turnover rate were calculated based on the number of people in this category to assist the comparison between different categories.

Item		Numbers of New Hired in 2023						Numbers of Turnover in 2023					
		Female	%	Male	%	Subtotal	%	Female	%	Male	%	Subtotal	%
Domestic	Age Below 30	171	12.9%	392	29.5%	563	42.4%	-127	12.8%	-283	28.6%	-410	41.5%
	31~50	80	6.0%	86	6.5%	166	12.5%	-114	11.5%	-170	17.2%	-284	28.7%
	Age Above 51	0	0.0%	0	0.0%	0	0.0%	-1	0.1%	-1	0.1%	-2	0.2%
	Subtotal	251	18.9%	478	36.0%	729	54.9%	-242	24.5%	-454	45.9%	-696	70.4%
Foreign	Age Below 30	456	34.3%	87	6.6%	543	40.9%	-126	12.7%	0	0.0%	-126	12.7%
	31~50	40	3.0%	16	1.2%	56	4.2%	-157	15.9%	-10	1.0%	-167	16.9%
	Age Above 51	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Subtotal	496	37.3%	103	7.8%	599	45.1%	-283	28.6%	-10	1.0%	-293	29.6%
Total	Age Below 30	627	47.2%	479	36.1%	1,106	83.3%	-253	25.6%	-283	28.6%	-536	54.2%
	31~50	120	9.0%	102	7.7%	222	16.7%	-271	27.4%	-180	18.2%	-451	45.6%
	Age Above 51	0	0.0%	0	0.0%	0	0.0%	-1	0.1%	-1	0.1%	-2	0.2%
	Subtotal	747	56.3%	581	43.8%	1,328	100.0%	-525	53.1%	-464	46.9%	-989	100.0%

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(3) Non-employee-related information of 2023

The factories operations like catering, factory area security and dormitory management were outsourced, as explained below:

<div>Outsourced Item Catering</div> <div>Numbers of People103</div> <div>Summary of Outsource Content</div> <div>1. In charge of catering in staff restaurants and the delivery of group meals.</div> <div>2. Organizing the cleaning and maintenance of the kitchen area environment.</div> <div>3. General kitchen work assistance.</div> <div>4. Handling kitchen-related tasks assigned by the supervisor.</div>	<div>Outsourced Item Factory Area Security</div> <div>Numbers of People18</div> <div>Summary of Outsource Content</div> <div>1. Entry and exit registration and the control of personnel and visitors.</div> <div>2. Vehicle access direct, factory patrol and other safety maintenance work.</div> <div>3. Monitoring the surroundings of the factory area, maintain public safety, and reduce risk of fire, theft or other dangers.</div>	<div>Outsourced Item Dormitory Management</div> <div>Numbers of People23</div> <div>Summary of Outsource Content</div> <div>1. Transport employees for medical treatment or other services.</div> <div>2. Dormitory inspection, environmental cleanliness management and equipment maintenance.</div> <div>3. Dormitory management- environmental maintenance, housekeeping, surrounding environment cleanliness, other issues... etc.</div> <div>4. Dormitory safety maintenance, facility inspection management, equipment repair management and asset custody.</div>
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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.

As of 2023, we have employed 82 individuals with disabilities. Due to fluctuations in the number of employees, the actual count may vary. If there are short-term discrepancies in the number of disabled employees, the company complies by paying the necessary subsidy fees. We are still keeping the vacancies opened for applicants who are eligible and interested in applying for the positions.

The Company adopts humanized management, and establishes the concept of coexistence and win-win between labors and managements, the labor-management relations is harmonious.

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2023 Labor Disputes or Inspections Resulting in Losses: 2 Cases

Seq.	Authority	Announcement Date	Disposition Date	Reference Number	Violated Regulation	Description of Violation	Fine (NTD)
1	Taichung	2024/01/05	2023/10/30	Labor Letter No.1120312061	Paragraph 2, Article 32, Labor Standards Act	Working hours exceeded legal limits	110,000
					Article 36, Labor Standards Act	Failed to provide the required rest day	
2	Taichung	2023/09/05	2023/06/30	Labor Letter No.1120176538	Paragraph 2, Article 32, Labor Standards Act	Working hours exceeded legal limits	50,000

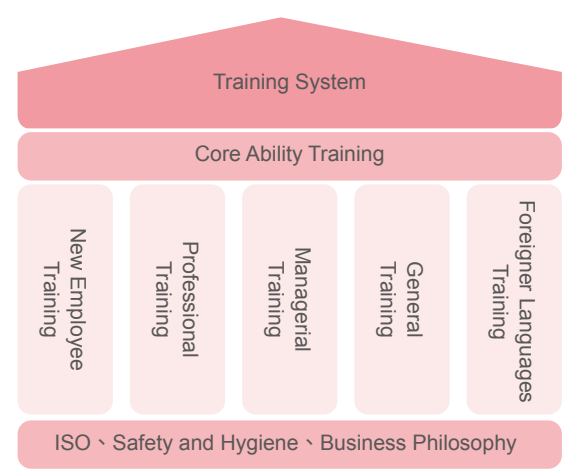
- Measures Taken:
- The company provides work hour statistics for supervisors to facilitate necessary work adjustments and personnel arrangements.
 - Supervisors monitor overtime hours and regularly check in on employees.
 - Regular dissemination of overtime application procedures and processes.

7.3 Training and Development

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 the 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.



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Average Hours of Staff Training

The total staff training hours in 2022 was 30,879 hours, and the total average training hours per person was 4.18 hours in a year(note); in 2023 was 46,021 hours, and the total average training hours per person was 5.95 hours. The statistic of the average staff training hours in the last two years are as shown:

(Note) In 2022, 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.



Category	2022				2023				
	Gender	Hours	Number of People	Average Hours	Gender	Hours	Number of People	Average Hours	
Administrative	Male	961.67	129	7.45	Male	2,470.5	326	7.58	
	Female	717.25	109	6.58	Female	1,567	166	9.44	
R&D	Male	2,157.67	296	7.29	Male	1,971	337	5.85	
	Female	622.24	58	10.73	Female	886	113	7.84	
Maintenance	Male	891.1	187	4.77	Male	2,000.5	195	10.26	
	Female	1.98	2	0.99	Female	9	3	3	
Production	Male	5,668.1	323	17.55	Male	13,079.2	1,428	9.16	
	Female	10,919.7	769	14.20	Female	16,082.8	1,983	8.11	
Quality Assurance	Male	2,733.1	197	12.64	Male	3,403.6	210	16.21	
	Female	6,206.5	333	14.61	Female	4,551.7	422	10.79	
Subtotal		30,879.31	2,403	12.85	Subtotal		46,021.3	5,183	8.88
Annual Average Hours		4.18 Hours			5.95 Hours				

Note: Annually Average Hours = subtotal hours of the year / numbers of employees by the end of year

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Performance Management and Employee Development

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 could 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 2023 was 729 (new Taiwanese employees), and a total of 568 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 the table:

Year Evaluation Occupation	2021 Total Number of People New Taiwanese: 1,006				2022 Total Number of People New Taiwanese: 878				2023 Total Number of People New Taiwanese: 729			
	Number of People Evaluated		Ratio %		Number of People Evaluated		Ratio %		Number of People Evaluated		Ratio %	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Technical	222	31	22.07	3.08	130	52	14.81	5.92	131	40	17.97	5.49
Administration	16	22	1.59	2.19	75	30	8.54	3.42	27	18	3.70	2.47
Direct Personnel	290	167	28.83	16.60	319	128	36.33	14.58	220	132	30.18	18.11
Total	528	220	52.49	21.87	524	210	59.68	23.92	378	190	51.85	26.06

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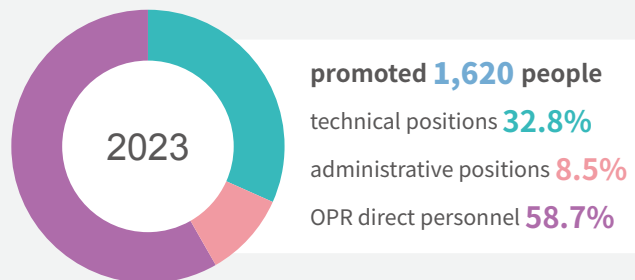
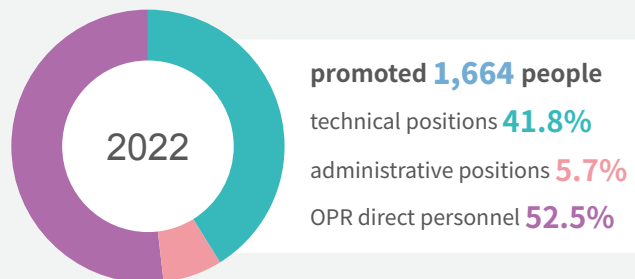
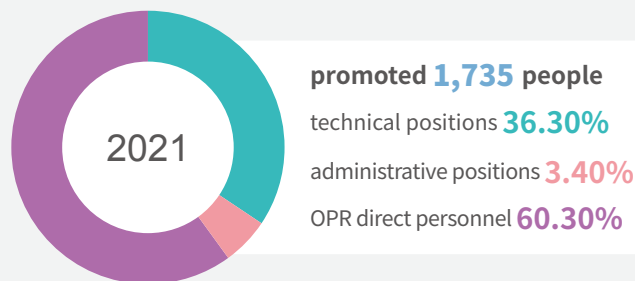
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Largan conducts performance evaluations every year/quarter to assess promotion requests suggested by managerial supervisors with additional information such as supervisor's feedback, attendance, performance...etc., and gave out promotion opportunities to employees with excellent work performance.



7.4 Salary and Welfare

Salary and Welfare Policy: Competitive Salary and Welfare Program

Management Measure

- **Goals and Objectives:** Establishing a salary and welfare system in accordance with the Company's overall economic and cultural development and industrial competitiveness. The Company provides competitive salary and welfare to attract and retain talents.
- **Commitment:** Improve employees' salary and welfare by using due diligence and early warning communication methods to allocate operating profit as bonus for salary and remuneration.
- **Policy and Management:**
 - (1) Provide a stable salary structure for employees by 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.

All employees are important assets of the Company. We offer competitive salary and welfares 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 work efficiency as well as make the Company desirable to the outstanding talents.

Compensation Policy of the Highest Governance Unit and Senior Managements

1. The compensation paid by the Company to the Directors, President and Vice President was in accordance with the Company's Articles of Association and the Manager's Compensation Standard, reviewed by the Compensation Committee and approved by the resolution of the Board of Directors. From 2022 to 2023, there was a major change with the Directors' remuneration. The total Directors' remuneration increased by 0.03% in after-tax net profit margin; the total amount of President and Vice President's remuneration decreases by 0.1% in after-tax net profit margin.

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2. The compensation of Directors and managers of the Company was handled in accordance with Article 26 of the Company's Articles of Association. If there is profit in the current year, the 1% to 30% of the profit should be allocated as employee compensation and no more than 5% as Director's compensation. The procedure for determining remuneration, except of referring to the Company's overall operating performance, future risks and development trends of the industry, it also referring to the position held by the individual, the responsibilities taken, the performance achievement rate, the contribution to the Company and his/ her participation in the Company's operations. A reasonable compensation was considered with practical and operational management capabilities (such as morality), leadership, communication and coordination abilities, and comprehensive management indicators that include the Company's core values. Relevant performance assessments and remuneration rationality were regularly reviewed by the Compensation Committee and the Board of Directors, and the compensation system is reviewed at any time depending on the actual operating conditions and relevant laws and regulations.
3. For relevant compensation information, please refer to the content published in the 2023 Annual Report in detail.

The employee salary structure includes: basic salary, allowances, 3 holiday bonuses, quarterly bonus, 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:

Year	Average Salary Unit (NTD)	Median Salary Unit (NTD)	Number of Full-time Employees Who Are Not in Supervisory Positions
2021	1,145,942	842,139	6,784
2022	1,244,034	878,239	6,709
2023	1,139,399	857,902	7,164

The Gender Average Monthly and Annual Income Ratio for Different Positions are as shown in the table:

Category	Field	2022		2023	
		Female: Male Monthly Income Ratio	Female: Male Annual Income Ratio	Female: Male Monthly Income Ratio	Female: Male Annual Income Ratio
Position	Production	1:1.23	1:2.01	1 : 1.21	1 : 1.90
	Managerial	1:1.08	1:1.56	1 : 1.12	1 : 1.67
	R&D	1:1.29	1:2.01	1 : 1.37	1 : 2.09

Note:
1. Male workers generally have higher educational experience and seniority than female workers, hence the salary ratio varies.
2. The responsibilities, performance achievement, and contribution of each job position are different, thus the ratio of the highest salary to the median salary has not been calculated.

Employee Welfare

We allocate the welfare funds to the employees following the "Employee Welfare Fund Acts" for handling welfare business for the employees. We also provide various insurance subsidies in accordance with relevant laws and regulations such as labor insurance, National Health Insurance, casualty insurance, and the Company added accident insurance and group insurance.

1. Health Care for the Employees

We hired the on-site nurses in accordance with relevant regulations to provide colleagues with the most immediate medical resources. On-site doctors were arranged in the factories every week, if necessary, colleagues can independently apply by phone calls for injured and sick colleagues, and conduct resumption assessment in due course. We also provide one free labor health checkup every year to ensure the health status of employees and provide special ophthalmological vision checkups for employees and their relatives.

2. Parenting-Friendly Measures

We established breastfeeding rooms, maternity priority parking spaces which the pregnant employees could use first, 22 contracted childcare institutions nearby the Company to provide our staff with multiple childcare options.

3. Emergency Aid

According to Largan's Emergency Relief Policy, if employees are unable to attend work due to serious illness, long-term family care needs or real estate damages which cause difficulties in life, they can apply for emergency relief funds from the Company to ensure basic living needs.

Year	The number of employees that due to significant injuries or illnesses caused difficulties for their families	The total amount of emergency relief dispensed
2021	6 people	559,529 NTD
2022	2 people	333,733 NTD
2023	4 people	896,450 NTD

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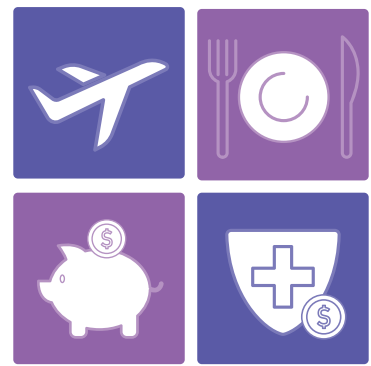
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Other Employee Welfare are as shown:

Allowance
<ul style="list-style-type: none">Meal and travel allowanceMaternity and marriage allowanceBirthday, 3 holiday bonuses, Labor Day bonusHealthcare subsidy (Hospitalization), funeral condolences
Extra Welfares
<ul style="list-style-type: none">Family Day, meal allowanceSupermarkets and appointed stores discountsFree parking lotsContact lens discount

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 mental or physical disability.
- Payment Standards (The Old Fund):**
(1) 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.
(2) 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.
(3) An additional 20% on top of the amount calculated shall be given to workers who are forced to retire due to mental or physical disability incurred from the execution of their duties.
- Accounting Base (The old fund):**
The conversion standard of the pension base is the average salary of the six months before retirement is approved.
- Payment Period:**
The pension shall be paid to the employees within 30 days from the day of retirement. If the payment cannot be completed in one lump sum, the Company 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 next 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 three years:**
3 people in 2021; 1 people in 2022; 2 people in 2023.

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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 2021 = 2018~2021

Number of eligible parental leave applicants in 2022 = 2019~2022

Number of eligible parental leave applicants in 2023 = 2020~2023



7.5 Respect of Human Rights

Human Rights Policy: Diversity, Equality and Human Rights Protection

Management Measure

- Goals and Objectives:** Create a challenging, sustainable learning and fun work environment and management culture of diversity and human rights protection.
- Commitment:** Use due diligence and early warning communication methods to build a harmonious work environment with gender equality, diversity respect and human rights protection.
- Policy and Management:**
 - Treat all employees equally regardless of gender, religion, race, nationality or 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.
 - Provide a fair, reasonable and objective performance assessment process.

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

Commitment: 100% compliance with relevant labor regulations. Our management measures had formulated labor human rights protection regulations and assessed the risks of forced labor regularly.

Largan consults the International Labor Convention and complies with the Responsible Business Alliance (RBA) Code of Conduct, which committed to complying with Taiwan's labor-related laws. It had formulated a code of labor human rights protection management that includes working hours and wages, humane treatment, non-discrimination, anti-workplace bullying, and freedom of association: Prevention of non-voluntary labor, prevention and control of sexual harassment, protection of motherhood in the workplace, and prevention of illegal infringements in the performance of duties.

"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 formulated 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.

Prohibition of Forced Labor

Risk Assessment
Work-time control internally.

Target
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.

Prohibition of Child Labor

Risk Assessment
Check if the interviewees are over 18 years old according to the ID.

Target
Prohibition of hiring child labor; protect by laws if hiring juvenile labors.

Management Measures

- Work-time control for juvenile labors.
- Prohibition for continuous attendance, night shifts and working on holidays.
- Provide channels of opinions and feedback.

Prevent Unlawful Discrimination

Risk Assessment
The principle of non-discrimination is disclosed during the interview process, employee training program, salary and welfare and promotion in accordance with Taiwan's labor laws.

Target
Interviewees' personal information which is not related to the job shall not be asked during the interview.
No verbal discrimination between employees regardless of any position.

Management Measures
Assess if the regulations and internal management systems comply with laws and regulations periodically.

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Safe and Hygienic Environment

Risk Assessment

Completed hazard identification and risk assessment → high-risk jobs should be listed and monitored properly.

Implement occupational disease prevention and promote the physical and mental health of the employees.

Target

Establish a safe and friendly working culture and environment.

Management Measures

Establish occupational safety and environmental protection measures.

Provide medical assistance and on-site nurse and part-time on-site doctor.

Personnel education, training and advocacy.

Work-Life Balance

Risk Assessment

Improve interpersonal interactions among colleagues by participating in leisure activities.

Target

Raise the participation rate.

Management Measures

Strengthen the promotion of activities held by the Welfare Committee to raise 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 conducts relevant training and a test after training. Here 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 the videos, presentation, and lectures, we hope the new staff could have 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.

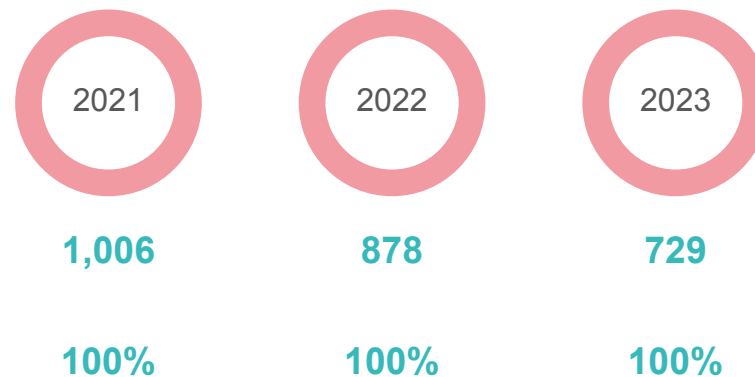


(3) Passing Rate of the Test: (40 questions total, scoring 80 points to pass the test)

Largan expect that all of our employees could fully understand and comprehend labor human rights.

Number of People Trained (new hired Taiwanese employees)

Training Passing Rate



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Implementation Status of Human Rights Indicators in the Last Two Years

2022	2023
No incident of discrimination	No incident of discrimination
No prohibition of freedom of association	No prohibition of freedom of association
No incident of hiring child labor	No incident of hiring child labor
No major incidents of forced and compulsory labor	No major incidents of forced and compulsory labor

7.6 Employee Care and Communication-Human Rights Protection

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 could reflect their suggestions and opinions on specific topics. By the discussion in the meeting, both the employees and the Company are able to reach consensus and ensure the effectiveness and efficiency of the communication.

Meanwhile, the Employee Welfare Committee, the Occupational Safety and Health Committee, and the Labor Retirement Reserve Fund Supervision Committee were established in accordance with the laws, and they were submitted to the competent authority for approval before formal operation. The labor-management meetings held quarterly, and the Employee Welfare Committee and the Occupational Safety Committee were meet regularly as well. Each labor-management communication related organization performed its own duties, communicated on different issues, and worked together to promote labor-management harmonious and co-prosperity, creating mutual benefit and win-win between labors and managements.

Largan provides diversified, transparent, and open communication channels for the employees to express their thoughts and feelings. Which enable employees' opinions to be responded and handled effectively through a fair, confidential, and rapid processing process to resolve employees' doubts and build friendly labor-management relationship.

Diversified Employee-Management Communication Channels

At Largan we value and respect the rights of freedom of association granted by the law for our employees, and we don't prohibit nor obstruct association assembly. Despite of Labor-Management Meeting, the labor representatives are usually more than the management representatives in every other channel of communication. We also establish Occupational Safety and Health Committee and Employee Welfare Committee according to laws and regulations. The number of representatives of both labor and management in 2023 is as shown in the table:

	Numbers of Employee Representatives	Numbers of Management Representatives
Labor-Management Meeting	5	5
Occupational Safety and Health Committee	70	7
Employee Welfare Committee	13	1
Supervisory Committee of Labor Retirement Reserve	7	2

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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 work environment.
- Improve the hygiene and safety by 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.
- Increase the frequency of noise level measure and actively improve the noise control management of the factory area.
- Others

Treatment of Employee’s Feedback of 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 everyone to help the Company to thrive and prosper.

Topics Discussed during Labor-Management Meeting

- Incentive bonus for revenue achievement
- 3 Holiday bonuses
- Shareholder meeting
- Employee annual health examination and consultation service matters
- Employee compensation matters
- Annual dinner related matters
- 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 mailboxes 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.

Below items are the matters can be reflected with 【Employee Suggestion Box】 but are not limited to solve:

- 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.

The 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 (with an anonymous letter).

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7.7 Occupational Safety and Health

Policy of Safety and Health: [No Occupational Accident] A Healthy and Safety Work Environment

Management Measure

- **Goals and Objectives:** Perform assessment and evaluation regarding risks and opportunities with the aim to improve occupational health and safety system and performance.
- **Commitment:** Using due diligence and early warning communication methods to provide the employees with a safe and healthy work environment and ensure the safety at sites for the visitors and suppliers.
- **Policy and Management:**
 - (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 environment 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:

- Implement the ISO 45001 occupational safety and health management system to provide a safe and healthy work 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 for safety and health regarding participation and consultation.

| Legal Professional Certificated Personnel of Safety and Health

When a plant is built or partly rebuilt, relevant departments such as Manufacturing, Administrative, Information Technology, and Occupational Security and Health will conduct relevant safety and health risk assessments. The number of professional occupational safety and health personnel with legal certificates in the Occupational Security and Health Office in 2023 is as shown in the 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
Occupational Health Nurse	7
Class-1 Occupational Safety and Health Affair Managers	26
Fire Safety Officer	9
First Aid Personnel	155

The number of legal certifications held by the aforementioned professional security personnel complies with the provisions of relevant laws and regulations regarding occupational safety.

| 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 and other Safety and Health matters.

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, provide necessary protective measures or personal protective equipment, implement operating environment measurement, emergency response and escape drills, regular health checks and graded active care, provide timely medical care in case of disasters, occupational disaster management and internal safety and health inspections, and prevent disasters in the factory and reduce risks, and continue to improve security work.

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 assess 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 are as shown in the table:

Year / Training Hours Training Category	2022				2023			
	Number of Classes	Number of People	Hours	Total Hours	Number of Classes	Number of People	Hours	Total Hours
Safety and Health Educational Training for New Employees	81	1,162	8	9,296	73	729	3	2,187
Safety and Health Educational Training for Existing Employees	-	-	-	-	-	-	-	-
Safety and Health Internal Auditor Educational Training	3	26	1	26	1	18	2	36
Emergency Response Educational Training	16	545	4	2,180	16	682	4	2,728

Note: Occupational Safety and Health Educational Training for Employees will be held on a three-year basis.



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Work Environment Examination

To ensure the safety condition of the work environment on sites, the work environment examination is carried out every six months. Through the examination, we can understand the actual situation of hazard exposure in the work 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 2021, 2022 and 2023, the Company arranged a total of 18 sessions for operating environment examinations in each factory. No abnormalities were found.

Work Environment Examination



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:

Emergency evacuation layouts, fire extinguisher arrangements, and hazardous chemical information.

Fire Protection and Monitoring:

Fire system, gas monitoring system, emergency smoke exhaust system, key area surveillance and recording systems, and emergency shutdown systems for gas and chemicals., broadcasting system, etc.

Contingency Equipment:

Protective clothing, personal protective equipment, respiratory protective devices, leakage treatment equipment, alarming equipment, etc. To prepare for the possibility that the emergency response center might be affected by disasters, each factory has equipped appropriate locations with simple, easily accessible emergency equipment that provides sufficient information, ensuring continuous response 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 Accident 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.

- 28 Occupational Injury Cases Reported in 2023: FR=1.87, SR=32, FSI=0.24

Occupational Injury Rate/ Index	2021	2022	2023
Number of cases reported	32	17	28
Disabling Injury Frequency Rate (FR)	2.25	1.18	1.87
Disabling Injury Severity Rate (SR)	27	18	32
Frequency-Severity Indicator (FSI)	0.25	0.14	0.24
Fatality Rate caused by occupational Injury	0	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)= $\sqrt{\text{FR} \times \text{SR} / 1000}$
Occupational injury death rate = number of deaths caused by occupational injuries/ working hours × 1,000,000

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.

- A total of 293 deficiencies were issued after a 17 on-stie 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 accounts for 20.8%, and fire equipment accounts for 14.0%. The overall improvement completion rate is 100%.
- A total of 41 deficiencies were issued after a 17 on-stie departmental assessment was completed in 2022. According to the analysis and statistics report, the top three factors of deficiencies suspected are chemicals misused which accounts for 36.5%, others (includes minor dismiss such as protective equipment and medical kits) account for 21.9%, and mechanical equipment and environment on-site deficiency accounts for 17.0%. After counseling and tracing with relevant departments, the overall improvement completion rate is 100%.
- A total of 63 deficiencies were issued after a 17 on-stie departmental assessment was completed in 2023. According to the analysis and statistics report, the top three factors of deficiencies suspected are fire equipment which accounts for 41.3%, chemicals misused account for 38.1%, and mechanical equipment and environment on-site deficiency accounts for 11.1%. After counseling and tracing with relevant departments, the overall improvement completion rate is 100%.

Year	Number of On-site Departments	Deficiencies Counted	Chemicals	Mechanical Equipment/ Environment On-site	Fire Equipment	Others
2021	17	293	54.60%	20.80%	14%	-
2022	17	41	36.5%	17.0%	-	21.9%
2023	17	63	38.1%	11.1%	41.3%	-

Internal Participation in Consultation and Communication Channels



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Occupational Safety and Health Committee

Largan had 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 77 members from both employer's and employee's sides participated in the periodic meetings in 2023.

Hazard Identification, Opportunity and Risk Assessment

We had 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. In 2023, twelve departments co-joined the committee, identifying a total of 780 hazardous factors, and coming up with corresponding countermeasures.

7.8 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 the table:

Health Awareness	Health Activities	Healthy Diet	Health Management
(1) Promotion and announcement on Epidemic Disease Prevention Education (2) Promotion of the concept of epidemic prevention (3) Hepatitis Screening (4) Vaccination arrangement (5) Free medical masks are given to employees for use	(1) Various sport games (badminton, softball, basketball, table tennis, volleyball) (2) Dragon boat racing (3) Road running (4) Family Day (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.	(1) All ingredients, condiments, and oil products used are all qualified products of national certification (2) No flavoring agent is used (3) Low oil, low sugar, low sodium (4) Indicating calories and health information (5) Bring your own eco-friendly cutleries (6) Provide options of health meals	(1) Annual health check (2) Sleeping quality testing (3) Children's vision correction (4) Adult eye examination (5) Skin condition examination (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 which is better than the laws and regulations. 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	2021		2022		2023	
	Item Checked	Participants	Item Checked	Participants	Item Checked	Participants
General Health Check	According to Labor Health Protection Regulations	4,464	According to Labor Health Protection Regulations	4,596	According to Labor Health Protection Regulations	4,680
Special Health Check (Dust, Noise)		237		201		249

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. The participants in health consultation services throughout these two years are as shown in the table below:

Consultation Services in 2022	Consultation Services in 2023
Participants 560	Participants 659

Health Risks are managed by Levels 1-4

<div>Level 1: 4,632</div> <div>The results of the health examination are all normal; there is no abnormality diagnosed by doctor.</div>	<div>Level 2: 48</div> <div>The results of the health examination are abnormal, and the assessment is on unrelated occupational work content. Appropriate reexamination or treatment shall be arranged after receiving health guidance.</div>	<div>Level 3: 0</div> <div>The health checks results are abnormal, and the preliminary assessment is related to occupational work. Level 3 will be redetermined after arranging the occupational medicine clinic.</div>	<div>Level 4: 0</div> <div>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.</div>
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Partnerships for Sustainable Healthcare

There are 20 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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Pay Attention to Infectious Disease

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. Annual flu vaccinations are arranged in cooperation with external medical institutions, providing convenient vaccination options for employees. Ongoing control of various infectious diseases (such as tuberculosis, typhoid, chickenpox) is maintained to manage workplace transmission risks.

The company collects experiences to avoid overreaction or underreaction, enhancing regular preventive capabilities. Seasonal infectious disease prevention knowledge is posted in each plant area to raise employees' self-protection awareness.

Human-Induced Hazard Assessment and Management

The Company established correct safety awareness, evaluated and improved the project through the human factor engineering safety education and training. Labor health service personnel coordinate annual health checks and conduct ergonomic assessments to promptly identify musculoskeletal disorders. Feedback is provided to occupational safety and health units, with individual case management and improvement project evaluations to prevent repetitive motion-induced musculoskeletal disorders. 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.

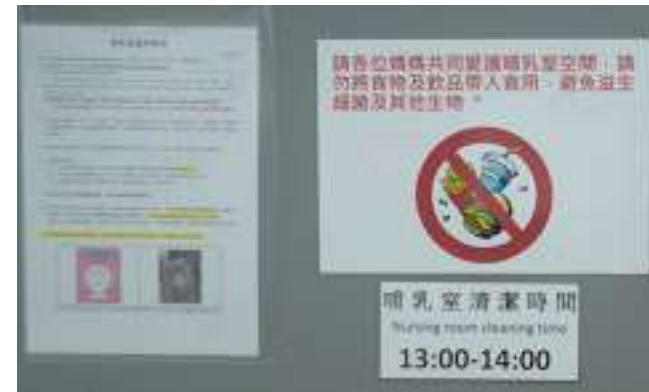
We reviewed the use of fully automatic and semi-automatic auxiliary equipment to reduce personnel hazards at work. For work arrangement, we imported MES boards to schedule work tasks, and relatively overloaded positions will have rotation arrangements.

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.

We arranged physician assessments for people who are in need, as well as provided maternity parking spaces, and signed up appointed stores for discounted prices on maternity related goods, and periodically distributed questionnaires to collect suggestions. Moreover, we provided pregnancy and childcare information before maternity leave.



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08 Shared Prosperity with Society

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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 establish a foundation in 2021. In 2023, we selected seven Directors of the foundation and set the Articles of Association in order to actively promote care for the underprivileged to practice CSR in a direct manner.



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8.1 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 and environmental sustainability and CSR objectives by optimizing the production process, waste management, air and water pollution prevention as well as make continuous efforts promoting various energy-saving proposals and plans. We value environmental resources and protection, we actively promote plant greening, energy conservation and environmental protection. During the production process, we use green and harmless materials, classify and legally dispose of waste, reduce the generation of large amounts of waste which endanger the environment of the green earth.



(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, channels of complaint, etc. such management mechanisms to protect the rights of our employees. A President mailbox is set up in every factory for the employees to express their opinions and suggestions as well as a whistleblower personal information 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 with Society

We establishes a foundation to implement the practice of CSR and keeps communicating internally and externally, arranges regular education and training programs, builds consensus among employees and abided by relevant corporate social responsibility norms, we also encourages employees to actively participate.



(5) Honesty and Integrity Management

Following the principles of honesty, transparency, and social responsibility when structuring corporate governance, Largan has established the "Anti-Corruption and Bribery," "Fair Trade" and "Ethical Corporate Management Practice Principles and Channels of Making Complaints" to assist the Company in building up integrity management culture and a good governance system.



(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.

8.2 External Associations Participation

- 1. Largan had joined several associations with the aim to effectively get ahead and deepen the alliance relationship across the industry. We aim to shared prosperity with our allies by actively interacting and participating in seminars and conference activities as a member of associations.
- 2. 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 communication of amendment.

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



8.3 Social Welfare Activities

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

Social welfare is a crucial driver for social progress, and donations are a powerful way to practice public welfare. Our donation projects cover various fields, from education to healthcare to urban renewal, all contributing to societal improvement and betterment.

Firstly, we donated to the Power Mechanical Engineering Racing Team, DIT Robotics Project, and Hands-on Scholarship at Tsinghua University. These donations not only support students in the fields of technology and innovation but also encourage their practical skills and teamwork spirit.

We also participate in Tsinghua University's Rising Sun Scholarship Program, which provides not only financial assistance but also encourages excellence in academic and social contributions. Additionally, we have established scholarships at National Chung Hsing University and National Cheng Kung University to help more talented students achieve their academic dreams.

In terms of social development, we are also committed. We have donated to urban renewal projects, which help improve the infrastructure and environment of cities, enhancing residents' quality of life.

In the healthcare field, we have donated to Mennonite Hospital's Eastern Nursing Staff Development Program, which helps improve the quality and efficiency of medical services, ensuring public health.

Lastly, through the Boyo Children's Home Foundation, we donated laptops, enhancing children's learning environments and promoting balanced educational development.

Overall, our donation projects cover multiple fields, including education, technology, healthcare, and social development, aiming to promote social progress and improve people's lives. We hope that through these donations, we can contribute to societal development and achieve a better future.

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1.Contiguously hosting campus seminars:

Year	2021	2022	2023
Number of Campus Seminars	20	29	27
Number of Participants	2,705	2,100	2,108

2. 2023 Donation Projects (Including Donations from the Largan Precision Foundation)

No.	Donation Project	Total Amount (NTD)
1	Tsinghua University - Power Mechanical Engineering Racing Team Scholarship	140,800,000
2	Tsinghua University - Power Mechanical Engineering DIT Robotics Scholarship	
3	Tsinghua University - Hands-on Scholarship	
4	Tsinghua University - Rising Sun Scholarship Program (1/4)	
5	National Chung Hsing University Scholarship	
6	National Cheng Kung University - Hands-on Scholarship	
7	Urban Renewal Donations	
8	Mennonite Hospital - Eastern Nursing Staff Development Program	
9	Boyo Children's Home Foundation - 10 Laptops (Material Donation) and Donation	

3. Vocational Training and Job Matching in the Last Three Years:

Year	Vocational Training and Job Matching	
2021	Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch: (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	Ministry of Education (Industry-Academia Cooperation Program): (1) Ling Tung University: 15 people (2) Employment explores supporting program for high school graduates: 3 people
2022	Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch: (1) Job matching and vocational training class: 19 people (2) Self-Organized Production training class: 14 people (3) Industry-academic training program (National Chin-Yi University of Technology): 11 people (4) Youth's Employment Ultimate Program: 26 people (5) Secure Employment Program: 21 people	Ministry of Education (Industry-Academia Cooperation Program): (1) Ling Tung University: 30 people (2) Employment explore supporting program for high school graduates: 2 people
2023	Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch: (1) Job matching and vocational training class: 10 people (2) Self-Organized Production training class: 9 people (3) Youth's Employment Ultimate Program: 61 people	Ministry of Education (Industry-Academia Cooperation Program): (1) Ling Tung University: 3 people (2) Industry-academic training program (National Chin-Yi University of Technology): 9 people (3) Employment explore supporting program for high school graduates: 2 people

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Appendix 1: ESG Performance of Largan Precision Co., Ltd.

Sustainability Indicators	Unit	2021	2022	2023
Corporate Governance and Sustainable Operation				
No violation of principle of integrity by supervisors and staffs	Case	0	0	0
Employee annual ethics and integrity training completion rate: $\geq 95\%$	%	100%	100%	100%
No violation of company law or tax regulations	Case	0	0	0
Passed the verification of ESG Sustainability Report	Pass	Pass	Pass	Pass (pending examination)
Annual review of departmental hazard risk assessments: 100% completion rate	%	100%	100%	100%
Annual emergency response training and evacuation drill plan: 75% employee participation rate	%	75%	89%	89%
Customer Satisfaction and Sustainable Supply Chain				
Customer satisfaction score maintained aboved 90 points	Point	92.3	91.8	92.1
Conduct product precious metal source investigations with raw material suppliers, achieving 100% compliance with approved minerals.	%	100%	100%	100%
Sign supplier code of conduct: Conduct non-applicable/prohibited substances investigations with raw material suppliers, achieving 100% completion rate.	%	100%	100%	100%
Conduct supplier audits and social environmental responsibility investigations with raw material suppliers, achieving 100% completion rate.	%	100%	100%	100%
The Best Lens Manufacturer with Product Quality Innovation				
R&D expenditure accounts for 5~10% of total revenue	%	7.67%	8.71%	8.58%
New product patents passed of the year	Case	310	374	436
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	0	0
Green Producer with Energy Saving and Carbon Reduction				
Power saving: 1 million kWh	kWh	4.5 million kWh	8.85 million kWh	12.618 million kWh
Greenhouse Gas Emissions Reduction: 500 ton-CO ₂ e	Ton-CO ₂ e	4,518.00	4,504.00	6,422.60

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Sustainability Indicators	Unit	2021	2022	2023
Green Producer with Energy Saving and Carbon Reduction				
Proper waste disposal: 100% handled by authorized contractors	%	100%	100%	100%
Precision Park factory audit recycling rate: Overall factory recycling rate (R2) at 94%	%	99.6%	99.5%	96.5%
No violation of air pollution/waste protection/effluent discharge regulations	Case	0	0	0
Harmonious Labor Relations and Friendly Workplace				
Turnover rate <15%	%	14.9%	16.6%	11.3%
Retention rate for Taiwanese new employees (3 months probation) 75%	%	75.0%	83.6%	77.9%
Average training hours per person: 15H	Hour	18.2H	12.85H	5.95H
100% passing rate of training examination for new employees	%	100.0%	100.0%	100.0%
Workplace wrongful assault/bullying 0 cases	Case	0	0	0
Employee complaints/mediation 1 case	Case	1	1	0
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	%	100.0%	100.0%	100.0%
90% participation rate for health check	%	90.0%	90.0%	95.0%
Significant Occupational Injuries (hospitalization for more than 3 days) ≤ 5 cases/year	Case	3	2	2
Occupational disease caused by chemical exposure 0 cases/year	Case	0	0	0
Disabling Injuries Frequency Rate ≤ 3	Number of disabling injuries/ per million employee hours	2.25	1.18	1.87
Disabling Injuries Severity Rate ≤ 30	Number of work days lost/per million employee hours	27.0	18.0	32.0
Promotion of Social Welfare				
Campus Seminars 17 times/year	Number of times/year	20	29	27

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Statement of Use : Largan Optoelectronics Co., Ltd. has reported in compliance with GRI Guidelines (Report Period: 2023/01/01~12/31)
 Apply GRI 1 : Foundation 2021
 Applicable GRI Sector Standards: None

Appendix 2: GRI Standards Comparison Table

General Disclosures (2-1~2-30)

Organization and Reporting Practices			
GRI Standard	ESG Corresponding Chapter	Page	Remark
2-1 Organizational details	2.1 Company Introduction	25	
2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> Summary and Scope Coverage 	3	
2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> Report Period Publication Frequency Contact 	3 4	
2-4 Restatements of information	<ul style="list-style-type: none"> Changes of the Report 	4	
2-5 External assurance	<ul style="list-style-type: none"> Accuracy of Published Information External Confirmations 	4	
Activities and Workers			
2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> 3.1 Performance and Challenges 3.3 Customer Relationship and Service 	47 52	
2-7 Employees a. Report the total number of employees, and a breakdown of this total by gender and by region b. Report the total number of different categories of employees	7.2 Talent Cultivation The manpower structure distribution in the last two years	86 87	
2-8 Workers who are not employees	The manpower structure distribution in the last two years	87	We have foreign employees and no contractors

Governance			
GRI Standard	ESG Corresponding Chapter	Page	Remark
2-9 Governance structure and composition	2.2 Company Governance 2.2.2The Board of Directors • Structure of the Board of Directors	27 29	
2-10 Nomination and selection of the highest governance body	2.2 Company Governance • Annual Shareholders Meeting • Governance Structure • The Board of Directors	27 29	Adopts candidate nomination for Directors' election
2-11 Chair of the highest governance body	2.2 Company Governance • Governance Structure • The Board of Directors • The Operation and Functioning Status of the Board of Directors	27 32	President: The Chairman
2-12 Role of the highest governance body in overseeing the management of impacts a. Highest governance body and senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and objectives b. Highest governance body in overseeing the organization's due diligence and other processes	2.4 Business Integrity and Regulatory Compliance 2.4.1 Business Philosophy and Integrity 2.2 Company Governance • Company Organizations • Responsibilities and Functions	36 27	
2-13 Delegation of responsibility for managing impacts a. The highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people b. Process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.	1.1 ESG Committee & Functions 2.3 Risk Management 2.4 Business Integrity and Regulatory Compliance 2.2 Company Governance • Company Organizations • Responsibilities and Functions	6 34 36 27	The Chairman appointed CEO CEO appointed first-level managers and approved by the Chairman

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Governance				
GRI Standard	ESG Corresponding Chapter	Page	Remark	
2-14 Role of the highest governance body in sustainability reporting a. Report whether the highest governance body is responsible for reviewing and approving the reported information	1.1 ESG Committee & Functions	6		
	2.2.2 • The Operation and Functioning Status of the Board of Directors The Board strives to perform the responsibilities through communication and discussion to carry out future planning and prospects of the Company.	32		
2-15 Conflicts of interest a. Describe the processes for the highest governance body to ensure that conflicts of interest is prevented and mitigated b. Report whether conflicts of interest are disclosed to stakeholders	2.4 Business Integrity and Regulatory Compliance	36	Code of Integrity Management of Listed OTC Companies	
	2.4.1 Business Philosophy and Integrity	36		
	• Whistleblowing System	37		
2-16 Communication of critical concerns a. How critical concerns are communicated to the highest governance body	The authority of the Company's Board of Directors	32	8. Promote sustainable operations and verify timelines	
	1.1.1 ESG Committee & Functions	6		
2-17 Collective knowledge of the highest governance body a. Report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	2.2 The Operation and Functioning Status of the Board of Directors	32	Knowledge, skills and qualities necessary for Directors to perform their duties	
	• Education and Experience of the Board of Directors • Diversified Experience	30		
2-18 Evaluation of the performance of the highest governance body a. Describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people.	• Functioning Status of the Board of Directors	32		
	1.1 ESG Committee & Functions	6		
2-19 Remuneration policies	7.4 Salary and Welfare: offering competitive salary and welfare	93	Salary and Welfare Policy	
2-20 Process to determine remuneration a. Process for designing its remuneration policies.	"Salary and Welfare System"	93		
2-21 Annual total compensation ratio	The salary and number of full-time 94 employees in non-supervisory positions in the past two years since 2023. The Gender Average Monthly and Annual Income Ratio for Different Positions of last two years.			

Strategy, Policies and Practices

GRI Standard	ESG Corresponding Chapter	Page	Remark
2-22 Statement on sustainable development strategy a. A statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.	0_ Statement from Chairman-Letter from the Chairman-Sustainable Development Strategy	2	
2-23 Policy commitments a. Describe its policy commitments for responsible business conduct b. Describe its specific policy commitment to respect human rights	7.1 Recruiting Policy and Commitment Human Rights Policy of Friendly Workplace 7.5 Respect of Human Rights	85 97	Commitment to implement eight Human Rights Policies
2-24 Embedding policy commitments a. Describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships	• List management of 11 Material Topics	116	Policies, commitments and management measures for Material Topics in each chapter
2-25 Processes to remediate negative impacts a. Negative impacts that the organization identifies it has caused or contributed to. b. Describe its approach to identify and address grievances.	7.5 Respect of Human Rights 7.6 Employee Care and Communication- Human Rights Protection • Employee suggestion mailboxes	97 99 100	
2-26 Mechanisms for seeking advice and raising concerns	1.2 Stakeholder Identification and Contact	9	Communication channels for concerns of Material Topics to stakeholders
2-27 Compliance with laws and regulations a. Report the total number of significant instances of non-compliance with laws and regulations during the reporting period	2.4.2 Ethics and Regulatory Compliance • Regulatory Compliance	38	
2-28 Membership associations	8.2 External Associations Participation	110	
Stakeholder Engagement			
2-29 Approach to stakeholder engagement a. Describe its approach to engaging with stakeholders	1.2 Stakeholder Identification and Contact 1.3 Communication and Analysis of Material Topics of Stakeholder and Its Procedure	8 9	

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Stakeholder Engagement			
GRI Standard	ESG Corresponding Chapter	Page	Remark
2-30 Collective bargaining agreements	7.6 Employee Care and Communication- Human Rights Protection	99	No collective agreement, but we do have labor-management meetings.
a. Report the percentage of total employees covered by collective bargaining agreements	• Treatment of Employee's Feedback of Labor-Management Meeting	100	
Material Topics			
• Guidance to determine material topics	1.1 ESG Committee & Functions	6	Identify major stakeholders
3-1 Process to determine material topics	1.2 Stakeholder Identification and Contact	8	
	1.3 Communication Analysis of Material Topics of Stakeholder and Its Procedure	9	
	1.3.1 The Analysis of the Internally and Externally Impact of Material Topics	12	
	1.4 Prioritization and Response of Identified Material Topics	13	
3-2 a. List of material topics	1. Fulfillment of Sustainable Management	5	
	1.5 The Influence of Sustainable Management	18	
	1.5.1 Significant Material Topics and the Value Chain Relationship of Largan	18	
	1.4.1 Risk Considerations and Promotion Measures for Major and Minor Issues	14	
b. report changes to the list of material topics compared to the previous reporting period			
3-3 Management of material topics	• List management of 11 Material Topics	116	Appendix 2 is detailed in the table below

List Management of 11 Material Topics

1.Operational Performance				
Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
201	Economic Performance: Topic management disclosures (2016)	3.1 Performance and Challenges • Various operating strategies and management policies in Largan	47	
201-1	Direct economic value generated and distributed	• Operational Performance Regarding Direct Economic Value of Production and Distribution in the Last 3 Years.	49	
2.Risk Management				
2-12	Role of the highest governance body in overseeing the management of impacts	Functions of the Board of Directors 1. Fulfillment of Sustainable Management	32 5	
201-2	Financial implications and other risks and opportunities due to climate change	6. Green Production • Types of Climate Change Risks, Potential Operational Impacts, and Adaptation Methods	66 69	Governance, Strategy, Risks, and Key Performance Indicators related to Climate Change
3.Labor Relations, Diversity and Equity				
401	Employment: Topic management disclosures (2016)	7.1 Recruiting Policy and Commitment	85	
401-1	New employee hires and employee turnover	7.2 Talent Cultivation	86	
401-2	Benefits provided to full-time employees	7.4 Salary and Welfare • Employee Welfare • Employee Pension Scheme	93 94 95	
401-3	Parental leave	7.4 Salary and Welfare • Retain the Position without Pay	93 96	
405	Diversity and Equal Opportunity Of Employee: Topic	7.5 Respect of Human Rights	97	
405-1	Diversity of governance bodies and employees	2.2.2The Board of Directors • Education and Experience of the Board of Directors	29 30	

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3.Labor Relations, Diversity and Equity

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
405-2	Ratio of basic salary and remuneration of women to men	7.4 Salary and Welfare	93	
		Human Rights Policy: Diversity, Equality and Human Rights Protection	97	
		The salary and number of full-time employees in non-supervisory positions in the past two years (from 2023)	94	
		The gender average monthly and annual income ratio for different positions	94	

406	Non-discrimination: Topic management disclosures (2016)	7.1 Recruiting Policy and Commitment	85	
406-1	Incidents of discrimination and corrective actions taken	7.5 Respect of Human Rights	97	

4.Regulatory Compliance

2-27	Compliance with laws and regulations (2021)	2.4.2 Ethics and Regulatory Compliance • Regulatory Compliance	38	
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5.Morals and Ethics

2-15	Conflicts of interest (2021)	2.4 Business Integrity and Regulatory Compliance	36	
205-1	Operational sites assessed for corruption risk	2.4.1 Business Philosophy and Integrity		
205-2	Communication and training regarding anti-corruption policies and procedures	• Education training	37	

6.Salary and Welfare

2-19	Remuneration policies (2021)	7.4 Salary and Welfare Policy: Competitive Salary and Welfare Program	93	
2-20	Process to determine remuneration (2021) a. describe the process for designing its remuneration policies and for determining remuneration	“Salary and Welfare System”	93	

6.Salary and Welfare

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
2-21	Annual total compensation ratio (2021)	The salary and number of full-time employees in non-supervisory positions in the past two years (from 2023) The gender average monthly and annual income ratio for different positions	94	
201-3	Defined benefit plan obligations and other retirement plans (2016)	7.4 Salary and Welfare • Employee Pension Scheme	93 95	

7.Safety and Health

403	Occupational Health and Safety: Topic management disclosures (2018)	7.7 Occupational Safety and Health	101	The occupational safety and health policy is based on ISO 45001 Occupational Health and Safety Management Systems and Occupational Safety and Health Act
403-1	Occupational health and safety management system	Occupational Safety and Health System and Self-Inspection and Management	102	
403-2	Hazard identification, risk assessment, and incident investigation	• Hazard Identification, Opportunity and Risk Assessment	105	
403-3	Occupational health services	7.8 Health Promotion	105	• Internal Participation in Consultation and Communication Channels/7-22
403-4	Worker participation, consultation, and communication on occupational health and safety	• Legal Professional Certificated Personnel of Safety and Health	102	
403-5	Worker training on occupational health and safety	• Occupational Safety and Health Educational Training	102	
403-6	Promotion of worker health	7.8 Health Promotion • Work Environment Examination • Hazard Identification, Opportunity and Risk Assessment	105 103 105	
403-9	Work-related injuries	• Internal Participation in Consultation and Communication Channels	104	Occupational Safety and Health Committee Occupational accidents cases reported in 2023. 0 case of occupational illness in 2023.
403-10	Work-related ill health	• Occupational Accidents Management	104	
		• Health care and medical care	106	

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8.Waste Management

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
306	Waste: Topic management disclosures (2020)	6.5 Waste Management Requirements for Waste Treatment at Largan	77	Waste Management Policy: Processing Legally and Increase the Ratio of Reuse
306-1	Waste generation and significant waste-related impacts			
306-3	Waste generated	Impact to the environment and management Statistics and Reuse of Waste	78	
306-5	Waste directed to disposal	Turning waste into energy-The Most Valuable Incineration Incineration and Landfill Waste	78 79	

9.Water Resource Management

303	Water and Effluents: Topic management disclosures (2018)	6.4 Water Resource Management	74	Water Resource Management Policy: Water Conservation and Reuse
303-1	Interactions with water as a shared resource	• Water Resource Risk Management	74	
303-2	Management of water discharge-related impacts	• Water Saving Measure	75	
303-3	Water withdrawal	• Usage of Water Resource	75	Water consumption over the past three years
303-4	Water discharge	• Effluent Management Measure	76	
303-5	Water consumption	• Preventive Measure of Water Pollution	76	

10.Supply Chain Management

308	Supplier Environmental Assessment: Topic management disclosures (2016)	• Supplier Categories, Relationship and Philosophy	63 64	Management Policy of Supply Chain : Build a Sustainable Supply Chain
308-1	New suppliers that were screened using environmental criteria	5. Sustainable Supply Chain Management	61	
	Negative environmental impacts in the supply chain and actions taken	5.2 Supply Chain Management	63	
		5.3 Supplier Selection	64	
414	Supplier Social Assessment: Topic management disclosures (2016)	5. Sustainable Supply Chain Management	61	
414-1	New suppliers that were screened using social criteria	5.4 Ethical Consumption	65	
		1. Non-Harmful Substances		
		2. Conflict-Free Minerals		

11.Quality of Product and Deliver Date

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
417	Marketing and Labeling: Topic management disclosures (2016)	4.4 Product Quality Management	58	
417-1	Requirements for product and service information and labeling	Management measures of product quality and delivery	59	
		3.3 Customer Relationship and Service	52	
		• Customer Maintenance and Satisfaction Survey		• The One-yes Principle: comply with customers' health and safety specifications for products and services, as well as the labeling of product and service information.
416	Customer Health and Safety: Topic management disclosures (2016)	3.3 Customer Relationship and Service	52	No harmful substances or conflict metals
		5.4 Ethical Consumption	65	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.4 Product Quality Management	58	There was no violations of health and safety regulations for products and services in 2023

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Appendix 3: SASB Index

Hardware Manufacturing: Sustainable Development Goals, Accounting Indicator and ESG Comparison Table

Topic	Code	Accounting Metrics	Category	Units of Measurement	Description	Chapter
Product Safety	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion Analysis	N/A	In accordance with the Information Security policy, the following measures were implemented. For details, please refer to 2.6 Information Security. 1. Multilayered information protection from the outside to the inside and from the inside to the inside 2. Endpoint Security 3. Data Security Protection 4. Information Confidentiality Policy	2.6 Information Security
Employee Diversity & Inclusion	TC-HW-330a.1	Employee: Percentage of gender, racial, ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	Percentage (%)	Manpower structure distribution of 2023 (1)Management: Female/Male ratio 2.98%/8.36% (2)Technician: Female/Male ratio 2.78%/13.66% (3)Other: Female/Male ratio 42.56%/29.66%	7.2 Talent Cultivation
Product Lifecycle	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%)	N/A	No Information
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	Percentage (%)	The main products of Largan are not end products, so cannot directly obtain the EPEAT mark for verification of end electronic and electrical products.	No Information
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	Percentage (%)	The main products of Largan are not end products, so cannot directly obtain the Energy Star mark for verification of end electronic and electrical products.	No Information
	TC-HW-410a.4	The total recycled weight discarded products; and the percentage of recycled weight in total sold products weight	Quantitative	Ton Percentage (%)	The main products of Largan are not end products, so it is difficult to collect relevant recycling information.	6.5 Waste Management

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Appendix 1: ESG Performance

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Comparison Table

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Appendix 4: Independent Assurance

Opinion Statement

Topic	Code	Accounting Metrics	Category	Units of Measurement	Description	Chapter
Supply Chain Management	TC-HW-430a.1	Tier 1 suppliers (1) the percentage of supplier categories with RBA Validated Audit Process (VAP) or equivalent audit (a) all suppliers and (b) high-risk suppliers	Quantitative	Percentage (%)	Largan provided Supplier Social Responsibility Assessment Form for raw material suppliers. All raw material suppliers (11) completed the form and Largan had collected them. (a) Ratio with all suppliers: 11 companies/2,055 companies=0.54% (b) Ratio with high-risk supplier: 11 companies/11 companies=100%	5.3 Supplier Selection
	TC-HW-430a.2	Tier 1 suppliers (1) the percentage of audited manufacturers who failed RBA Validated Audit Process (VAP) or equivalent audit, and (2) improvement rate in (a) major deficiencies and (b) other deficiencies	Quantitative	Portion	(a) Failed: 0% (b) Unconformities Improvement Rate: None	5.3 Supplier Selection
Material Procurement	TC-HW-440a.1	Description of the management of risks associated with the use of critical hazardous material	Discussion/Analysis	N/A	All qualified suppliers of major raw materials signed the latest 10 restricted substances declarations and conflict minerals commitments in line with EU RoHS 2.0 to ensure that all suppliers during the supply period, the relevant international laws and regulations and the requirements of the Company's specifications are applicable.	5.4 Ethical Consumption
Table 2: Activity Metric						
Product Lifecycle Management	TC-HW-000.A	Number of units produced by product category	Quantitative	Numeric	2023 annual output: 21,683,879 thousand pcs	3.1 Performance and Challenges
	TC-HW-000.B	Area of manufacturing facilities	Quantitative	Square Meter m²	Not Counted	No Information
	TC-HW-000.C	Percentage of production from owned facilities	Quantitative	Percentage (%)	Not Counted	No Information

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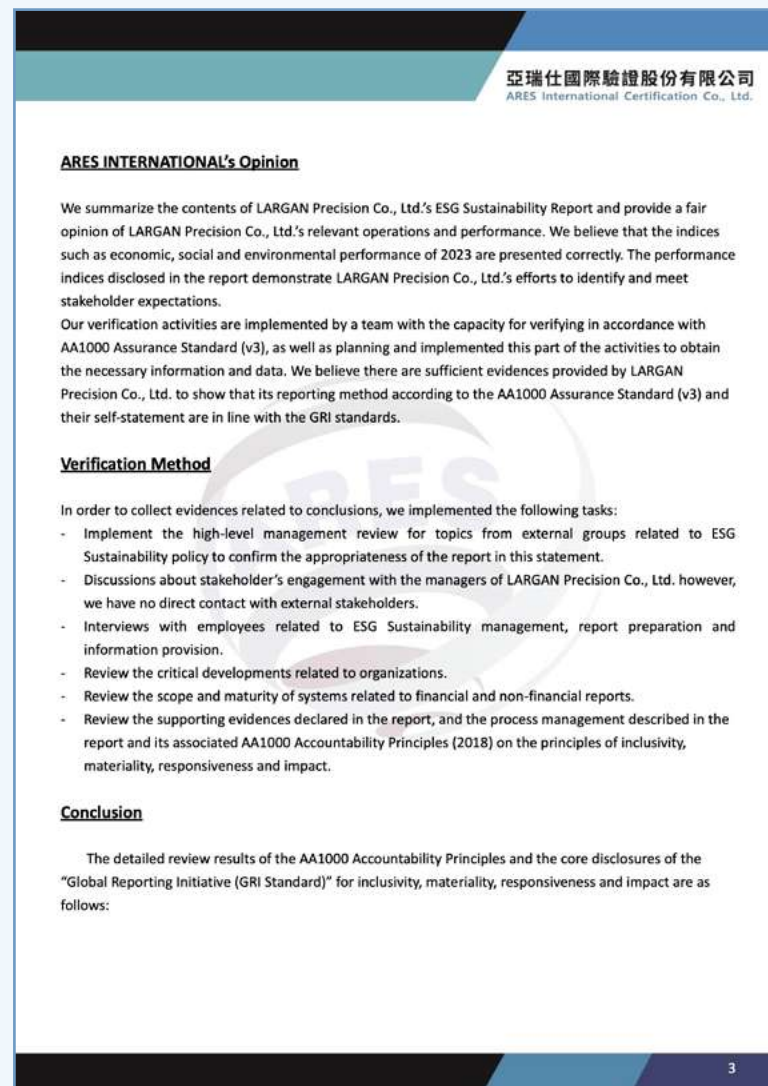
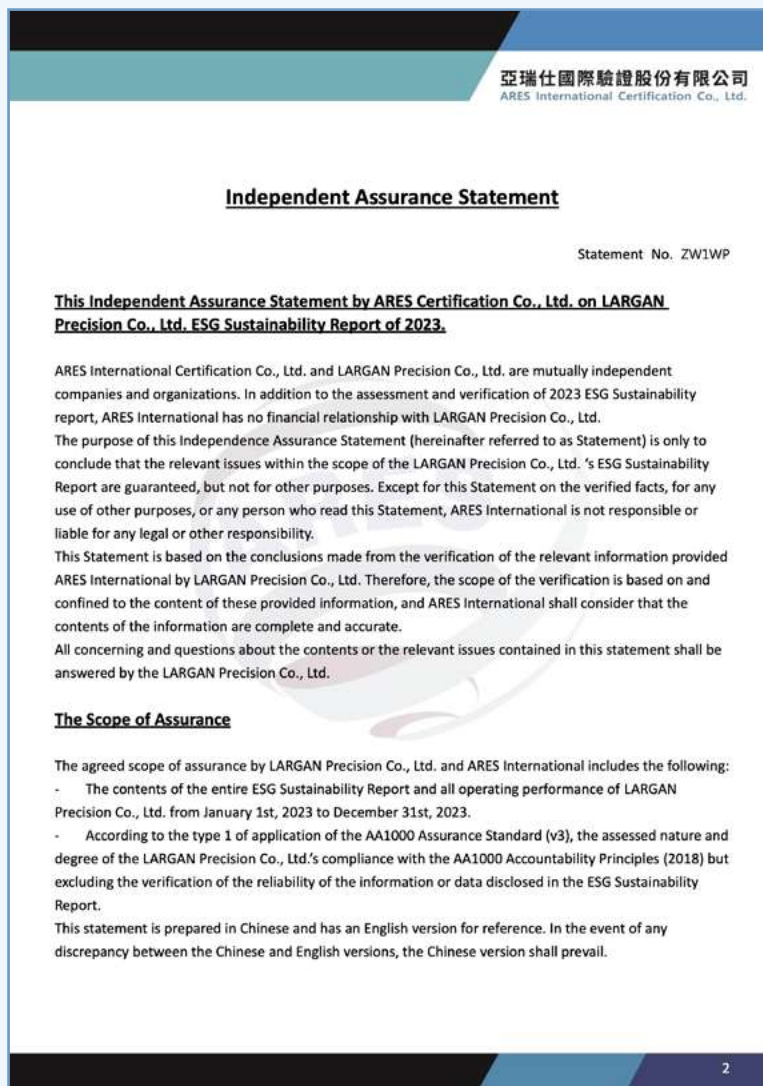
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Appendix 4: Independent Assurance Opinion Statement



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亞瑞仕國際驗證股份有限公司
ARES International Certification Co., Ltd.

- The inclusivity**
This report reflects that LARGAN Precision Co., Ltd. engages with its stakeholder through a variety of channels, such as internal and external communication mechanisms and the activities of stakeholders. This report covers topics of concern in stakeholders associated with LARGAN Precision Co., Ltd. fairly reports, and discloses economic, social, and environmental information. In our professional opinions, this report covers LARGAN Precision Co., Ltd.'s inclusivity issues.
- The materiality**
LARGAN Precision Co., Ltd. publishes the information related to ESG Sustainability to enable stakeholders to judge the LARGAN Precision Co., Ltd.'s management and performance. In our professional opinions, this report appropriately covers the material issues of LARGAN Precision Co., Ltd.
- Responsiveness**
LARGAN Precision Co., Ltd. responds to requests and opinions from stakeholders. The implementation methods include customer satisfaction surveys and communication mechanisms for numerous internal and external stakeholders. In our professional opinions, this report covers LARGAN Precision Co., Ltd.'s responsiveness topics.
- Impact**
LARGAN Precision Co., Ltd. developed and implemented processes to monitor, measure and account for how their actions affect the wider ecosystem, echoing all the aspects of this report demonstrated by their own management systems and capabilities issue content, and provide the comprehensive and balanced disclosure, such as the declaration of energy projects and carbon footprint verification. In our professional opinions, this report covers LARGAN Precision Co., Ltd.'s impact topic.

GRI Standards

LARGAN Precision Co., Ltd. provides declaration of compliance with the GRI Standards. Based on the results of the review, we confirmed that the relevant ESG Sustainability indicators referred to GRI Standards in the report have been completely disclosed, partially disclosed or omitted. In our professional opinions, this declaration covers the Sustainability topics of LARGAN Precision Co., Ltd.

SASB and TCFD standards

LARGAN Precision Co., Ltd. provides declaration of compliance with the SASB and TCFD standards. Based on the results of the review, we confirmed that the relevant ESG Sustainability indicators referred to SASB and TCFD standards in the report have been completely disclosed, partially disclosed or omitted. In our professional opinions, this declaration covers the Sustainability topics of LARGAN Precision Co., Ltd.

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ARES International Certification Co., Ltd.

Assurance Level

According to the AA1000 Assurance Standard (v3), we verify this statement as a medium level of assurance, as in the scope and method described in this statement.

Responsibility

The responsibility of this ESG Sustainability report, as stated in this statement, is owned by the person in charge of LARGAN Precision Co., Ltd. The responsibility of ARES International is to provide professional opinions based on the described scope and method, and to provide an independent assurance statement for the stakeholders.

Ability and Independence

ARES International is composed of experts in a various field of management systems. The verification team is composed of members in the professional backgrounds with the qualifications of lead auditor trained in sustainable development, environmental and social management standards such as AA1000AS, AA1000AP, ISO 14001, ISO 14064-1, ISO 14067, ISO 45001 and ISO 9001. This independent assurance statement is based on the ARES International's fair trading guidelines.

On behalf of the assurance team

July 19, 2024

ARES International Certification Co., Ltd. (ARES Certification Group)
Taiwan, Republic of China

Signed by

鄭曉芳

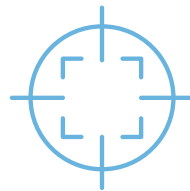
Calvin Chen

Lead Verifier

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