

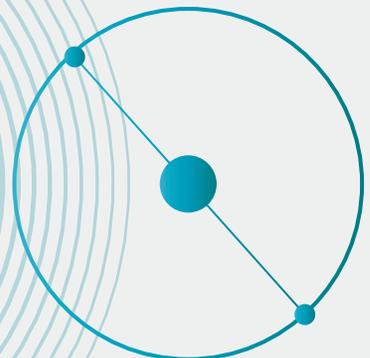
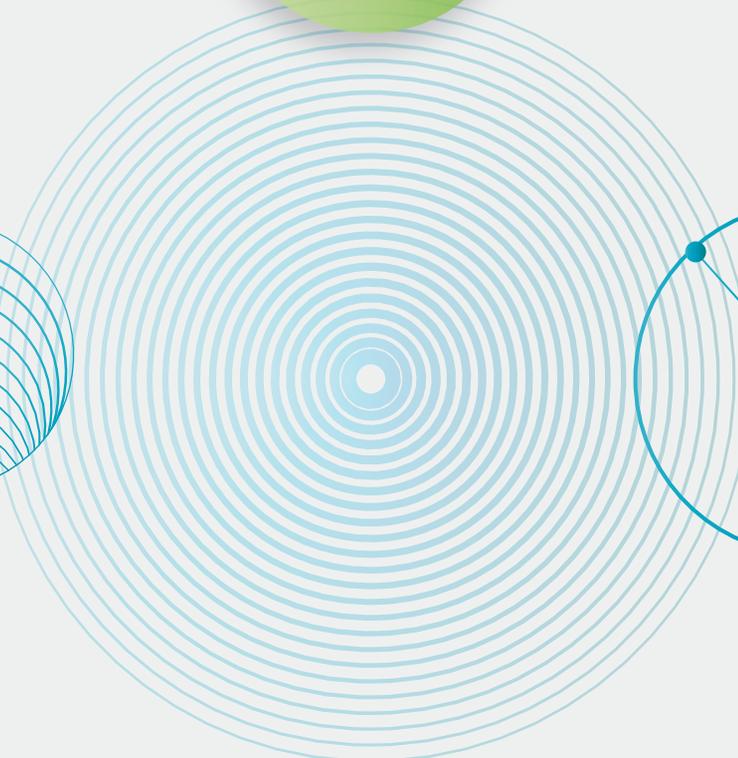
2020

LARGAN Precision Co., Ltd.

CSR Report

Corporate Social Responsibility Report

LARGAN



LARGAN Precision Co., Ltd. 2020 Corporate Sustainability Report (CSR Report)

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Largan Precision Co., Ltd. 2020 Corporate Sustainability Report

Welcome to the “Corporate Social Responsibility (CSR) Report” published by LARGAN Precision Co., Ltd. (Largan). The report meets the Global Reporting Initiative (GRI) Standards.

Overview

This report follows GRI Standards and guidelines which are developed by the Global Reporting Initiative (GRI). It covers the details of Largan’s corporate governance, sustainable environment, workplace safety, and community co-prosperity.

Data Covered

The report analyzes the relevant content from January 1 to December 31, 2020.



Scope and Boundary

This report focuses on Largan’s nine domestic operations offices and manufacturing plants; our subsidiary company in Taiwan and China is not discussed here. It includes the topics of Largan’s employees, clients, suppliers, and investors. The financial performance is calculated in New Taiwan Dollars (NTD). The source of financial data is publicly available after being accredited by CPA. It is presented in the usual way of textual and numerical descriptions.

Principle and Guideline

To strengthen the performance in comparability and report validity, the information released from this report was verified by the British Standards Institution (BSI) in accordance with the spirit of AA1000AS v3 Type 1 standards and the core level requirements of the GRI Standards reporting guidelines. The BSI issued an Independent Assurance Opinion Statement (Please refer to Appendix II) which applied the common international indicators. Any extrapolations are noted in the following relevant sections.

- ◆ Global Reporting Initiative (GRI Standards)
- ◆ Procedures for the preparation and filing of corporate social responsibility (CSR) reports by listed companies
- ◆ Code of Practice on Corporate Social Responsibility for Listed and OTC Companies
- ◆ UN Sustainable Development Goals (SDGs)

Publication Frequency

The CSR report is released by Largan on an annual basis.

Current release date: June 2021

The next release date: June 2022



2020

Contact

We hope that through the report, stakeholders can better understand Largan's efforts to promote corporate social responsibility. If you have any comments or suggestions on the report, please feel free to contact us through:

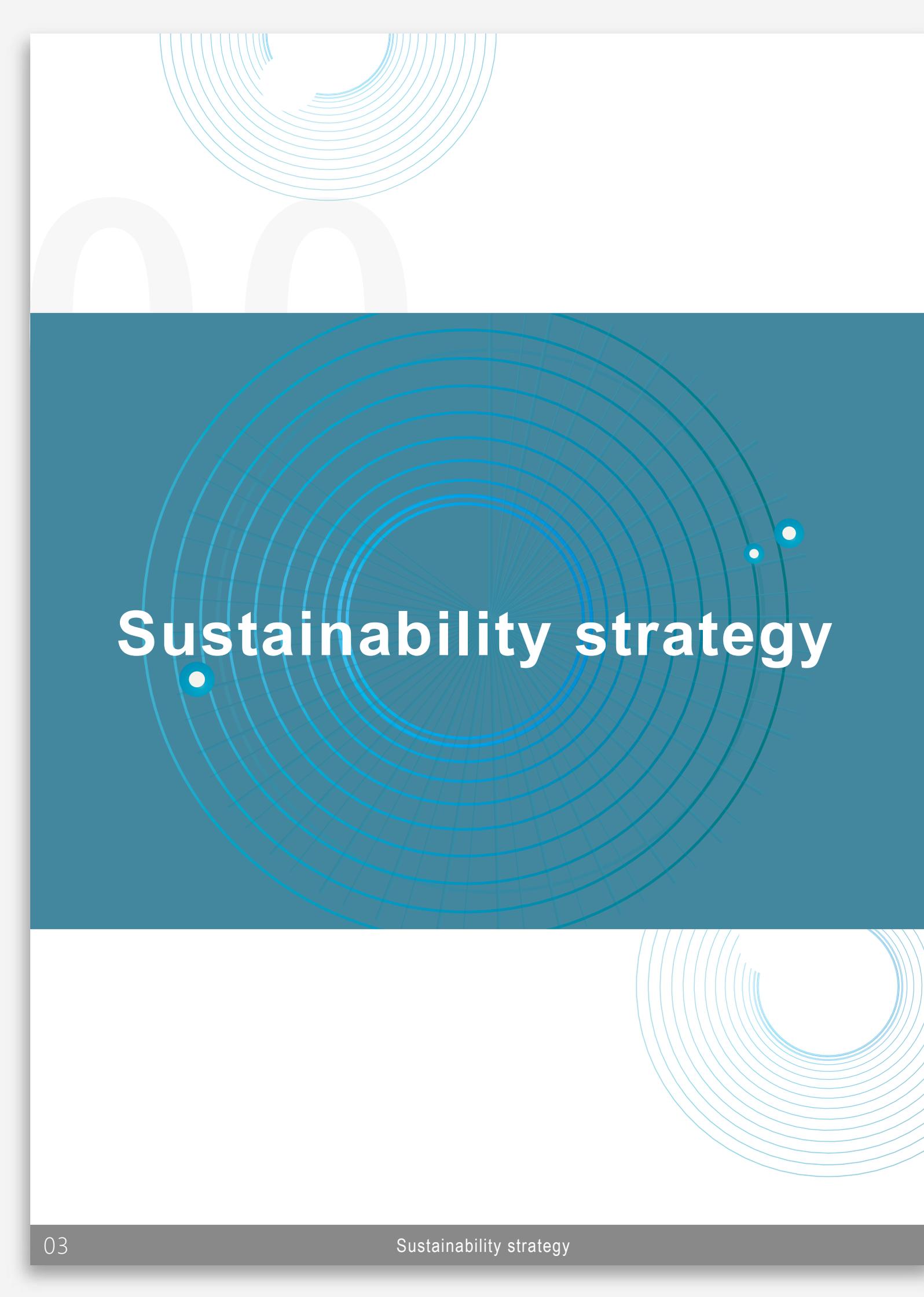
LARGAN Precision Co., Ltd.

Address: 40852 No.11, Jingke Rd., Nantun Dist, Taichung City 40852, Taiwan (R.O.C.)

E-mail : precision@largan.com.tw

TEL: 886-4-36002345

FAX: 886-4-36003345



Sustainability strategy

Message from the Chairman

With the advancement of information technology and innovation, nowadays any image output and input require a variety of optical lenses. Largan continues investing in research and development to maintain long-term competitiveness. With the spirit of continuous innovation and change, Largan has fully strengthened the Company's core areas of expertise in response to external competition and the overall operating environment.

Looking back to 2020, as smartphone penetration rate increased, the overall smartphone market development has entered a plateau period. In the face of changes in the legal environment, Largan follows the procedures, makes good use of the legal mechanism, and adjusts appropriately. Our strategies are to focus on global environmental protection trends and greenhouse gas reduction. By using ISO 14064-1:2018 independent inventory, we keep track of the Company's greenhouse gas emissions to boost energy efficiency and to improve business operations.

To face the risks and challenges brought by climate change and the rising awareness of environmental protection, we continue to plan and implement long-term energy management policies in parallel with our operational activities. In addition, we optimize the configuration of air pollution equipment and assess the environmental hazards in advance at the production stage to reduce impact to the environment. Through the greenhouse gas (GHG) inventory, we have a full understanding of GHG emissions. Last, we have developed water management measures, including actively integrating internal and external resources, implementing management reduction and wastewater diversion, increasing the proportion of recycling and reuse to maximize the benefits of water resources.

The road to sustainable vision is long. Unfortunately, we have not done enough yet. Let us work together and do our best to make a change for our environment.

Chairman : En-Chou Lin

2020 CSR goals

Economic Dimension

Responses to
SDGs targets:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTIONS



Company Goals	Actions Taken in 2020	Responses to SDGs targets	Corresponding Chapter
Align with the international standards, and disclose information about our company in English to support the government's corporate governance blueprint	CSR report was issued on June 2020 (included English version), which disclosed non-financial information, referred to the guideline and verified by an independent third party.	12.b	2. Stakeholder Communication
Upgrade production technology and production capacity scale to maintain our manufacturing cost advantage	We Invested 6.78% of our revenue in developing related technology products	12.6	3.1 Product Research, Development, and Innovation
Proactively identify the risks associated with climate change and energy supply risks, and continue to control and manage the operational impacts and damages of extreme climate	In response to substantial risks such as floods, typhoons, power outages, and rising temperatures, we developed adaptative policies and solutions, and implemented them to ensure a rapid resumption of operations after a disaster	13.3	1.3 Risk Management

Largan has contributed to the SDGs, established the following three focused dimensions for sustainability. We focus on 10 SDGs to achieve sustainability.

Social Dimension

Responses to
SDGs targets:

04 QUALITY EDUCATION

08 DECENT WORK AND ECONOMIC GROWTH



Company Goals	Actions Taken in 2020	Responses to SDGs targets	Corresponding Chapter
Cooperate/ collaborate with industry-academia, and improve students' practical skills	We strengthened the interaction and connectivity between industry and academia by arranging lecturers from schools to conduct technical seminars with colleagues in enterprises, and lecturers from enterprises to schools to engage in industry-academia sharing from time to time	4.4 8.5	1.2 Corporate Governance
Conduct Vocational Trainings and job matching	We cooperated with the Ministry of Labor's Taichung-Changhua-Nantou Regional Branch of Workforce Development Agency to conduct vocational training-related courses and employed the trainees through a matching mechanism	4.4 8.5	1.2 Corporate Governance
Promote Labor Safety and Health Self-management measures to prevent in-house disaster and reduce risk increase	We established Occupational Health and Safety Standards based on ISO 45001, Occupational Health and Safety Management Systems. By the Standards, we identified hazardous occupations, established safety operation standards, and prevented any potential disaster issue.	8.8	5.6 Healthy and Safe Workplace

Environment Dimension

Responses to
SDGs targets:

06 CLEAN WATER AND SANITATION
13 CLIMATE ACTIONS



Company Goals	Actions Taken in 2020	Responses to SDGs targets	Corresponding Chapter
Promote water conservation and energy efficiency	In addition to water quality monitoring, we recycled wastewater by classifying cooling water, process wastewater, and water for people's livelihood based on the characteristics of the water used.	6.4	6.2 Water Resources Management
Introduce GHS area three inventory and verification work	We obtained an examination statement issued by the BSI.	13.3	6.3 Energy Efficiency and Carbon Reduction

2020 Sustainable Performance

Economic Performance

2020 Consolidated revenue
NT\$55,944,489
thousand

Research and development
(R&D) expenses
NT\$3,794,356 thousand

Customer satisfaction
rate maintained at 93.7%

Social Performance

939 people received human
rights training and 100%
passed

No cases of labor disputes in
2020

939 new employees joined the
orientation session in 2020

Environment Performance

Water recycling rate remained
over 98%

Percentage of waste recycled
was 72%

ISO14064 : 2018 Greenhouse
Gas (GHG) Inventory

Sustainable Operation

102-01 102-05
102-02 102-06
102-03 102-07
102-04

About Largan



Headquarter

No. 11, Jingke Road, Nantun District,
Taichung City, Taiwan



Factories

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

Largan Precision Co., Ltd. (“Largan” or “Company” or “Corporate”) was founded in 1987 (Previously Largan Optronics that was established in 1980) . It was officially listed on the Taiwan Stock Exchange in 2002 and has become the world’s leading manufacturer of precision optical plastic lenses. The Company’s headquarters is located at Taichung Precision Machinery Technological Park. LARGAN currently has nine manufacturing facilities in Taichung, Taiwan.

In addition to a variety of lightweight and short optical components, Largan also produces voice coil motors (LARGAN Digital), contact lenses (Largan Medical), and sleep monitoring (Largan Health). We develop and expand our product categories and increase productivity to meet the market’s demand.

Main Products

Function

Optical Camera
Lens

Mainly used in scanners, multi-function printers, cellphones, drones, wearable devices, tablets, and smart TVs.

Optical glass products

Mainly used in DVD pickup heads and optical mice

Company History



Headquarter

No. 11, Jingke Road, Nantun District,
Taichung City, Taiwan

Founded in April 17, 1987

Products: Optical Camera Lens

Consolidated revenue in 2020:
NT\$55,944,489 thousand

Global Locations: Taiwan and China

Total Capital: NT\$1,341,402 thousand

Number of Employees 8,000

Global Layout



Product Sales

	2019		2020	
	Amount	Percentage	Amount	Percentage
Asia	60,573,486	99.72	55,698,679	99.56
Americas	171,288	0.28	188,533	0.34
Europe	234	--	57,277	0.10
Total	60,745,008	100.00	55,944,489	100.00

Unit : NT\$ thousand

Business Scope

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

Major Issues : Economic Performance

Issues Management

Goals and Subjects

Sustainable operation and stable financial performance

Commitment

To create stable economic value

Policy and Management

To maintain a good financial structure to provide a solid backing for sales, production, and R&D

To plan for both short term and long-term capital operation strategies to maximize return on capital under the principle of stability

Largan's business philosophy is "Innovation, Professionalism, Velocity, and flexibility." We are committed to protecting shareholder rights through the transparency of information strengthening the role of the Board of Directors, and enhancing leadership management capabilities to bring our operations to new heights.

Operational Performance

Largan focuses on the R&D, design, production, sales, and after-sales technical services of various optical lens modules and optoelectronic components. With the increase of smartphone penetration rate, the smartphone market has started to plateau. Largan continues to invest in R&D to develop successful technologies and products, in order to sustain growth in operational performance.

【Operation Results】 direct economic value of production and distribution in 2020

For more details about financial information, please visit our website at:
<http://www.largan.com.tw/index.php>

Consolidated Revenue 55,944,489,000	Gross Profit Margin 37,472,234,000	Profit Before Tax 31,693,767,000
Net Profit After Tax 24,534,131,000	Other Comprehensive Income 468,664,000	Total Comprehensive Income 25,002,795,000
Earning Per Share 182.90	Liabilities and Equity Liabilities 17.79 % Equity 18.36 %	Shareholding Status of Directors and Supervisors 28.37%

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

Main Product and Its Percentage of Sales Revenue

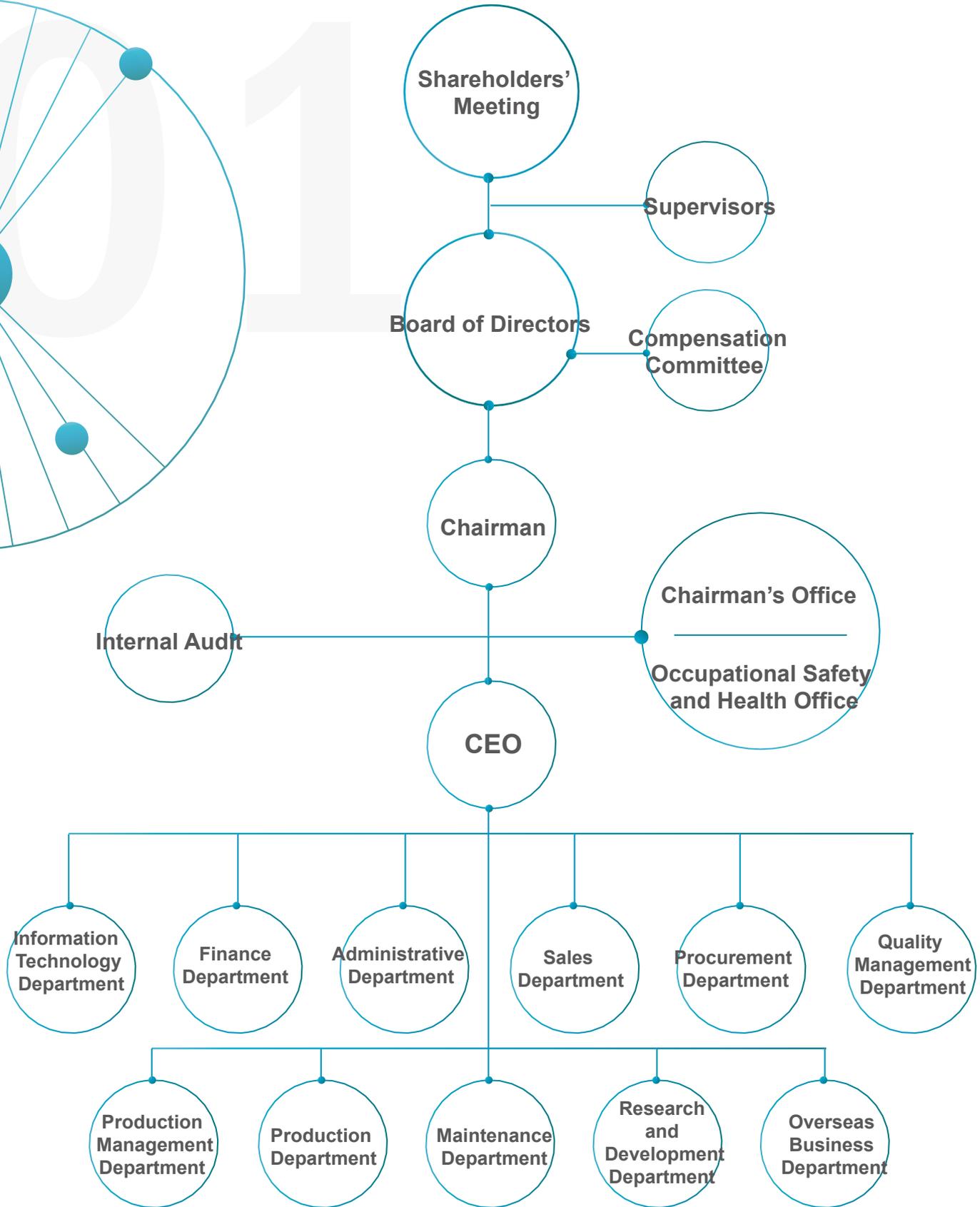
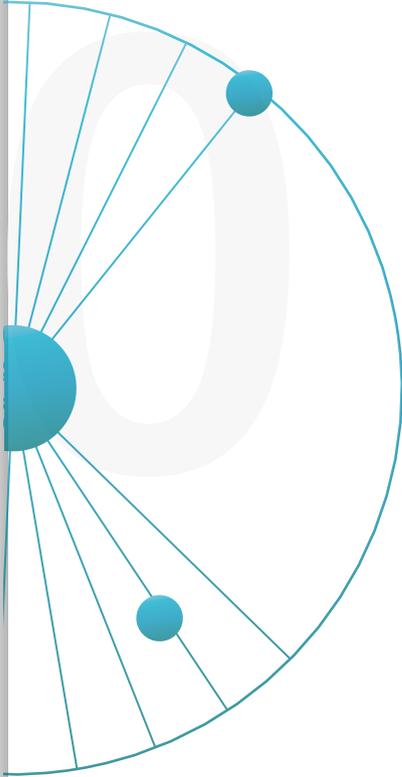
Unit : NT\$ thousand

Year	2018		2019		2020	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Optical components	49,952,158	100	60,745,008	100	55,944,489	100

Largan supports a tax policy that helps improve corporate creativity and sustainable development. We are also committed to controlling tax risks, pursuing sustainable development, and fulfilling corporate social responsibility.

Our commitments:

- | **Operational activities will be conducted in full compliance with the relevant tax laws** |
- | **Financial reporting information will be disclosed in accordance with related regulations and standards** |
- | **Any transaction for tax avoidance purposes will be prohibited** |
- | **We will establish a mutual respect relationship with tax authorities based on the principle of mutual trust and credibility** |



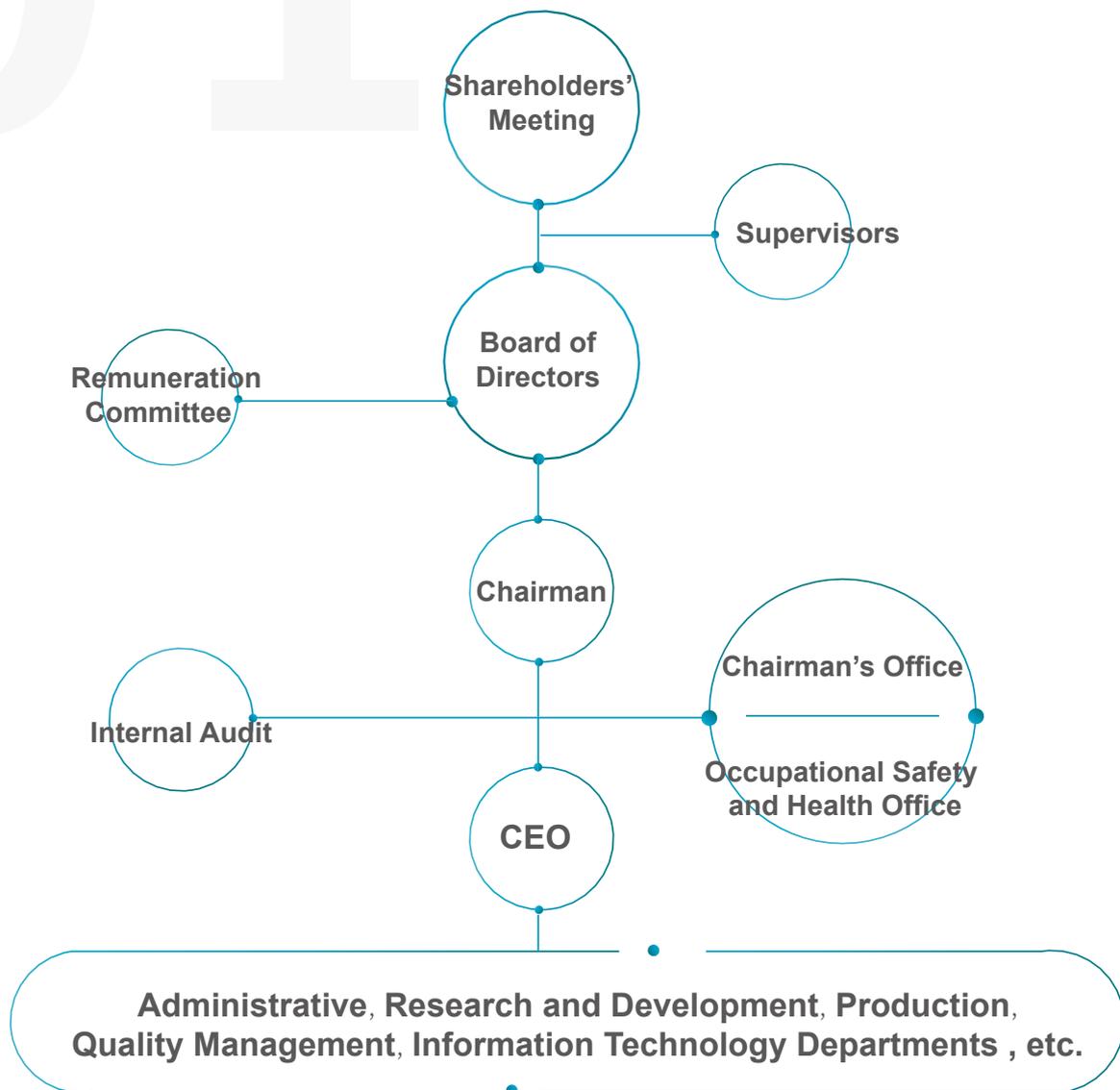
Department and Responsible Business

Main Department	Responsibilities and Functions
Chairman's Office	Manage the Company's overall business planning and execution Monitor and improve the internal control operations
Internal Audit	Inspect and evaluate the Company's internal control operations and provide analyses and recommendations
Occupational Safety and Health Office	Formulate, plan, and promote safety and health management issues Instruct related departments on its implementation
Information Technology	Plan, build up and maintain the Company's IT system
Financial	Finances, accounting, shareholder services, and taxation affairs
Administration	Human resources, general affairs, employee benefits, and labor relations
Sales	Product marketing, market research, and customer after-sales services
Procurement	Purchase raw materials, pieces of equipment, and consumables
Quality Management	Quality assurance operations of factory incoming inspection, production inspection, and finished goods inspection
Production Management	Production and sales planning, raw materials management, outsourcing, and shipping
manufacturing	Produce optical components
Maintenance	Maintain and repair machinery and inspection equipment
Research and Development	New product development and design Manufacturing technology upgrade Design and development of molding and tooling technology
Overseas Business	Assist in the production, quality assurance, and other services for overseas businesses

Governance Structure

The key to Largan's success is the dedication of the management and employees, the support of shareholders, as well as the transparency of the corporate governance mechanism and structure. Largan established the Ethical Corporate Management Best Practice Principles and Measures for Complaint Reporting to carry out ethical corporate management and establish a good governance system.

The Board of Directors has established a Compensation Committee in accordance with the following functions: the Committee is responsible for assisting the Board in fulfilling its oversight responsibilities and reporting to the Board on its activities and resolutions.



Board of Directors (BOD)

Largan established the Corporate Governance Best Practice Principles, specifying the structure of the Board of Directors, rules for proceedings of each general meeting, and obligations. Director and Supervisor elections are based on a nomination system to ensure that the BOD elections are open, fair, and inclusive.

BOD structure

- The appropriate number of BOD seats is determined by considering the scale and operational needs of Largan. Board members must have the necessary knowledge, skills, and education to carry out their duties, and should faithfully carry out their business and fulfill their duties as good stewards.
- The Board of Directors is composed of members who have a background in the relevant industries, management, law, and finance, and careful consideration is taken of the composition and diversity of the Board. All members have the necessary professional knowledge and skills to execute the business.
- Largan has seven Directors, two of which are Independent Directors. The Company has also set up two supervisors. The Company convened 4 Board meetings in total in 2020. The overall attendance rate of the Directors in the Board meetings reached 93%, and Supervisors' attendance reached 75%.

Member of Board of Directors

Designation | **Chairman** Representative of Mao Yu Commemorate Co., Ltd.

Name | En-Chou Lin

Age | 55-65

Education and Experiences | Degree in Insurance and Banking, Tamkang University
Vice President, Largan Digital Co., Ltd.

Designation | **Vice Chairman** Director of Mao Yu Commemorate Co., Ltd.

Name | En-Ping Lin

Age | 55-65

Education and Experiences | Master of Business Administration (MBA), Dominican University, USA

Designation | **Director** Representative of Mao Yu Commemorate Co., Ltd.

Name | Yao-Ying Lin

Age | Over 65

Education and Experiences | Degree in Agricultural Chemistry, National Chung Hsing University
Factory Chief, TRIOPTICS
Chairman, Largan Optronics
Chairman, Largan Precision Co. Ltd.

Designation | Director

Name | Shih-Ching Chen

Age | Over 65

Education and Experiences | Department of Mechanical Engineering, National Cheng Kung University
Manager at a German optics company
President, Largan Optronics
Chairman, Largan Precision Co. Ltd.

Designation | Director

Name | Ming-Yuan Hsieh

Age | Below 55

Education and Experiences | Department of Applied Mathematics, Feng Chia University

Designation | Independent Director

Name | Shan-Chieh Yen

Age | 55-65

Education and Experiences | Department of Electrical Engineering, Taichung Industry High School
Assistant Vice President, Largan Precision Co. Ltd.

Designation | Independent Director

Name | Ming-Hua Peng

Age | 55-65

Education and Experiences | Mechanical Engineering, Ming Chi Institute of Technology,
Assistant Vice President, Largan Precision

Diversify in Education and Experience

The ability to exercise operational judgment, financial accounting, crisis management, industry knowledge, global vision, leadership, and decision making are all considered in determining our Board members.

Diversified Board of Directors (Capabilities)

	Operational judgment	Accounting and financial capability	Business management	Crisis management	Industry Knowledge	Understanding of international markets	Leadership ability
En-Chou Lin	●	●	●	●	●	●	●
En-Ping Lin	●	●	●	●	●	●	●
Shih-Ching Chen	●	●	●	●	●	●	●
Yao-Ying Lin	●	●	●	●	●	●	●
Ming-Yuan Hsieh		●			●	●	
Shan-Chieh Yen		●			●	●	
Ming-Hua Peng		●			●	●	

Director's Remuneration

The remuneration of Directors and Supervisors are determined pursuant to Article 26 of the Company's Articles of Incorporation. If the Company sustains profit for the current year, it may set aside no more than 5% of profit as Director and Supervisor compensation. The criteria for determining remuneration include the overall performance of the Company, future trends and business risks of industry, as well as the individual's performance achievement rate and contribution to the Company.

The Role of the Board of Directors

The Directors possess transparent and sufficient information to make decisions that have a significant impact on organizational development, performance improvement, operational performance, and risk control. They are able to carry out the Board's role in planning the future direction of the Company through communication and discussion.

Operations of the Board of Directors

The Company convened a total of 4 Board of Directors meetings in 2020. The attendance was as follows:

Designation	Name	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person (%)
Chairman	Mao Yu Commemorate Co., Ltd. Representative: En-Chou Lin	4	0	100
Vice Chairman	Mao Yu Commemorate Co., Ltd. Representative: En-Ping Lin	4	0	100
Director	Mao Yu Commemorate Co., Ltd. Representative: Yao-Ying Lin	4	0	100
Director	Shih-Ching Chen	4	0	100
Director	Ming-Yuan Hsieh	3	0	75
Independent Director	Shan-Chieh Yen	4	0	100
Independent Director	Ming-Hua Peng	3	1	100

Training for Directors in 2020: "Introduction to Code of Integrity Management and ISO 37001 Implementation Practice." The total number of hours of training is 12 hours.

Compensation Committee

There are 3 members in this committee, which operates in accordance with the Company's Compensation Committee Charter.



The attendance of each committee member were as follows:

Designation	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Convener	Shan-Chieh Yen	3	0	100
Member	Ming-Hua Peng	3	0	100
Member	Sun-Yuan Chien	3	0	100

External Organization

Largan has joined several external associations to effectively cooperate with the strengths of the industry and to keep abreast of industry trends. As a member, we participate in seminar discussions and conference activities, interacting closely with external partners and working together for the common prosperity of the industry from time to time.

Name of organization	Role
Taiwan Optics Association	Member
Manufacturers' Association of The Taichung City Precision Machinery Innovation Technology Park	Member
Manufacturer's Association of Taichung Industry Park	Member

Social Responsibility Committee

The Social Responsibility Committee members are the representative of each department. This committee is led by the top executives (Deputy General Manager) to plan annual strategies for corporate social responsibility (CSR) issues, review implementation effectiveness, balance the interests of all stakeholders, and drive the positive development of the industry and supply chain. Each department can report relevant issues to the deputy general manager at any time. The committee reviews implementation effectiveness on a semi-annual basis and provides the latest relevant documents to the Board of Directors after the full year to present the annual outcome.

Lagan's CSR Policy

To enhance labor rights, Lagan is committed to complying with Taiwan's Labor Standards Act and related laws and has established working rules, sexual harassment prevention, and control, anti-corruption and bribery, fair trade, appeal procedures, as well as a management mechanism to protect the rights of our employees.

Every factory has a CEO Mailbox for all colleagues to express their opinions about the Company. Lagan also sets up a personal data protection mechanism to prevent unfair treatment of our employees, another way to maintain good labor relations.

Commitments:

- Do not employ child labors under the age of 16
- Respect employee's freedom of association and collective bargaining
- No discrimination, harassment, and retaliation
- Provide reasonable salary and benefits
- Provide multiple communication channels to maintain harmonious labor relations
- Provide a safe working environment and establish preventive measures
- Protect employment opportunities for the people with disabilities

Chairman

Top executive (the duty is performed by the head of the Administrative Management department)

Commitee Member

Representative of each department

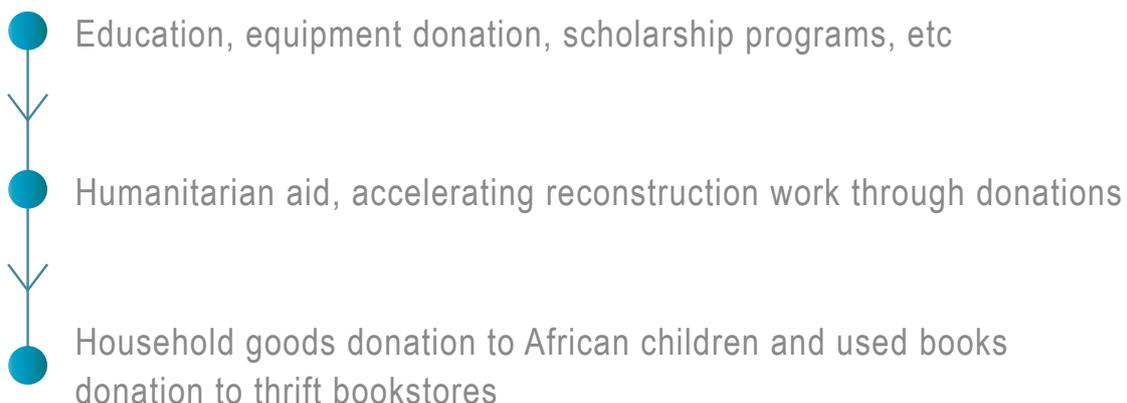
Job Responsibility

Formulate the annual strategy on Corporate Social Responsibility
Formulate a corporate social responsibility activity plan
Review the implementation and direction of CSR plans
Make decisions for other CSR related issues

Review and Evaluation

Conduct review meetings every six months, co-planning the CSR issues and promoting relevant activities
Report to the BODs the current annual implementation outcome every year

Operations Path



- Industry-academia cooperation: To upgrade students' practice skills, Largan donates equipment and provides scholarships regularly. In addition, Largan arranges corporate instructors to share the experiences of the industry with students and faculty members at school to strengthen the interaction and connectivity between industry and academia.
- Social care: In response to social disasters, Largan donates relief funds or provides necessary resources.
- Vocational Training and job matching: Coordinate with Taichung-Changhua-Nantou Regional Branch of Workforce Development Agency under the Ministry of Labor to conduct vocational training courses. Our target courses include unemployed labor training Youth vocation training and on-the-job employee training. Upon completion of their training, trainees will be employed through a matching mechanism.

CSR Implementation Effectiveness:

13 campus seminars were held in 2020, with 1,125 participants (Due to COVID-19 measures, some schools suspended large-scale campus recruitment activities, thus the decline of 40% in 2020 as compared with 2019)

Donation details and ratios in 2019 - 2020

Year	Month	Detail	Cash (NT dollars: ten thousand)	Supplies (box)
2019	July	Scholarship for National Chung Hsing University	10	
	August / October	Hands-on scholarship program for National Cheng Kung University	115	
	November	Used household products recycling activity		67
2020	January	Hands-on scholarship program for National Cheng Kung University	113	
	August	Scholarship for National Chung Hsing University	10	
	September	Epidemic prevention donation	10	
	November	Hands-on scholarship program for National Tsing Hua University Used household goods recycling activity	100	50
	December	The equipment maintenance fee for National Cheng Kung University	120	

Vocational Training and job matching in 2020 :

Job matching for a total of 30 people who joined our 2020 vocational training in the fields of precision machining, machine equipment maintenance, and hydropower engineering

Among those who participated in our training program, 10 people were from the National Chin-Yi University of Technology, 22 from Ling Tung University, and 7 from Chung Chou University of Science and Technology.

12 people participated in our Youth Employment Pilot Program and 50 participated in our Youth Employment Flagship Program

1.3 | Risk Management |

Major Issues : Risk Management

Issues Management

Goals and Subjects: To get a head start over the global economic situations and the risks of climate change and energy supply, Largan formulates development strategies and adjusts the business models in advance, actively implementing relevant response actions.

Commitments: Largan pays close attention to global industry dynamics and climate change and promptly adjusts the development goals and business strategies to reduce potential risks.

Policy and Management: Largan holds management meetings from time to time to review and adjust operational direction to prevent risks in advance.

To respond to climate change and energy supply risks, Largan actively identifies risks caused by climate change such as floods, typhoons, and power outages, regularly controlling operational impacts and damage caused by extreme weather. Largan adapts policies and solutions to the risk of climate change development issues, actively executing the relevant response actions. In 2018, Largan obtained Green Building License at “No. 13 Jingke Road” to improve energy efficiency and carbon reduction continuously





	Type of risk	Potential Operational Impact	Adjustment actions
Real risk	Floods, typhoons	<ul style="list-style-type: none"> Affect production capacity and revenue decline Unable to deliver on or off schedule 	<ul style="list-style-type: none"> Establish water resources monitoring The existing storage capacity can support 3~5 days (three days experience in drought resistance) Prepare water tankers to support water shortage factories Set up an anti-typhoon team to carry out anti-typhoon operations Inspect the processing equipment of each factory
	Power outage, power trips		<ul style="list-style-type: none"> IT has an Uninterrupted Power System (UPS) to support power demand. The generator is automatically turned on and can be used for emergency power demand The reserve generator oil and tanker supply can support more than a few days.
	Rising Temperature	<ul style="list-style-type: none"> Increase in electricity consumption and greenhouse gas emissions 	<ul style="list-style-type: none"> Promote the concept of energy saving Electric light changed to energy saving bulb and inductive power
Transition risk	Emission Control	<ul style="list-style-type: none"> Need to increase carbon control equipment Increase operating costs 	<ul style="list-style-type: none"> Import a continuous monitor to control exhaust emissions. Assess and control hazardous gas emissions during the production process
	Corporate image	<ul style="list-style-type: none"> Expect to reduce the product's environmental footprint Negative feedback from stakeholders to the Company 	<ul style="list-style-type: none"> Manage related measures by the CSR Committee Strengthen the implementation of energy-saving, water-saving, and related green processing facilities



Operational Risk

Major risk	Regulation Risk	Procurement risk	Sales risk	Climate change risk
control method	<p>Follow major policies and laws,</p> <p>Pay attention to important policy and legal changes at any time, plan to respond, and reduce the impact of changes in laws and regulations on company operation</p>	<p>There are multiple suppliers of primary raw materials and a secure inventory mechanism. Therefore, there is no risk of raw material breakage.</p>	<p>Diversify revenue share of sales customers and actively develop new customers. Therefore, there is no risk of sales concentration.</p>	<p>Procurement Planning and selection of supply sources, place of origin, production methods, etc. to avoid climate change and natural disasters' impact on costs</p> <p>Plan alternative materials at the research and development stages.</p>

Environmental Risk

Major risk	Energy Efficiency and Carbon Reduction	Water Resources	Waste Management
control method	<p>Launch ISO14064: 2018 Voluntary Greenhouse Gas Inventory investigation in 2020</p> <p>The goal is to save 1% of electricity per year for energy efficiency and carbon reduction. Through factory greening and equipment improvement (such as induction lighting, LED lamps, etc.) we expect to control carbon emissions effectively.</p>	<p>Maximize the efficiency of water resources through recycling, water quality distributary, and pollution prevention. The goal for the above recycling efforts is expected to reach more than 90% per year.</p>	<p>The total weight of waste is 1,073 tons</p> <p>Establish "Enterprise Waste Management Procedures" to standardize the procedures for the classification, collection, storage, and treatment of industrial waste</p> <p>The factory's available raw materials/wastes are converted to recycling. The waste disposal by incineration is changed to adopt the recycling method, and the proportion is about 72%.</p>

Safety and health management risks

Major risk	Occupational Safety Operation Risk
control method	<p>Largan set up an occupational safety and health department. As an executive of the Occupational Safety and Health Management Unit, we formulated a Guidebook of Occupational Safety and Health Management and related regulations. We also promoted safety and health management tasks and improved processing and equipment to ensure that the safety and health management complies with the rules.</p> <p>Establish occupational safety and health hazard identification and risk assessment methods and corresponding management, supervision, and improvement measures, to prevent safety and health-related disasters in the factory and reduce related risks.</p>

Quality Management System

Largan insists on the importance of quality management, committing to the quality policy as follows:

- Ensure that all policy decision-making is consistent with the Company
- Guarantee the efficiency of a quality management system to meet customers' demands and continue sustained improvement
- Provide a framework to compose and verify the target
- Convey information to all levels in the Company through employee training and message boards
- Verify the appropriateness of all policy and decision-making

Environment, Health and Safety Policy

Largan has established, and continuously improved an environmental safety management system following the requirements of ISO-45001 and decided on an appropriate implementation method according to the requirements.

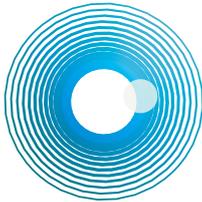
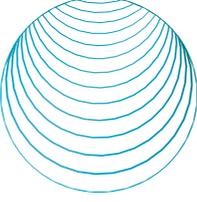
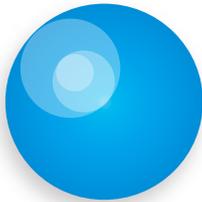
- Pollutions and hazard prevention and continuous improvement
- Comply with environmental safety and health regulations and customer requirements
- Provide resources to increase environmental protection and health performance
- Reduce ecological safety and health risks
- Effectively control waste, water pollution, and accidents
- Encourage employees to participate in activities of the environmental protection and health management system
- Efficient use of energy

Quality Management System

Major Issues : Ethics, Compliance

Issues Management	<p>Goals and Subjects: Continuous growth and sustainable operation to achieve economic scale and improve the overall competitiveness of the Company.</p>
	<p>Commitments: Uphold integrity and transparency in corporate governance and protect the rights and interests of stakeholders.</p>
	<p>Policy and Management: Establish an effective accounting system and internal control system Follow relevant regulations, and work with the government to promote the sustainable development of the petrochemical industry Establish an internal control mechanism, seek value creation, and risk reduction actions, and protect the rights and interests of shareholders Strengthen communication with all stakeholders and strive to meet the expectations of all stakeholders for the Company's sustainability.</p>

To establish corporate governance, Largan has formulated relevant regulations and created a sustainable business environment. To ensure that the Company's employees behave in compliance with ethical standards, Largan has developed the "Corporate Governance Practice Standards" for employees to follow and stakeholders to understand the Company's moral principles in detail.



Ethics Behaviors

Ethical compliance

- | Do not provide or receive improper benefits directly or indirectly when performing business
- | Do not provide or promise any facilitating payment and disguised bribery
- | Do not disclose confidential company information. Comply with confidentiality agreements
- | No insider trading
- | Do not engage in commercial transactions with the candidate of dishonest operations
- | Protect and ensure that company assets can be used effectively and legally for official duties-
- | Comply with government laws, and the Company's methods and procedures

Responsibility of Supervision

Dedicated unit [CSR Committee]: report to the Board every year.
The implementation of the Company's ethical management was reported at the Board of Directors meeting on July 29, 2020, and no dishonest conduct by the Company's personnel was detected or reported to the Company.

Compliance statement

A statement on the internal control system for 2020 was approved by all Directors, stating that the design and implementation of the internal control system for 2020 are adequate.

Compliance and signature

Directors and managers sign the behavior standards statement during their duties.
Directors and managers abide by integrity, and there were no violations of integrity in 2020.

Ethical Corporate Management Best Practice Principles

The legal and internal audit department are the responsible units for the supervision and execution of the ethical management policies and prevention plans. They report to the Board on an annual basis.

Conflict of Interests

The Directors of the Company 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 interests, the director may present their opinions and answer questions, but may not join the discussion or vote. 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.

Largan follows relevant laws and regulations for publicly listed companies to establish various internal practices and makes adjustments to the internal practices, rules, and procedures as necessary. When employees are engaged in daily work and business, they must abide by the Company's relevant operating standards.

In addition, to include the confidentiality obligations into labor contracts, we also formulate infringement prohibitions and Enforcement Rules of the Personal Data Protection Act and information security management and other relevant regulations. We enhance employees' awareness of compliance with applicable laws through continuous education and training. The Company has acted following the laws, so there were no significant monetary fines or other non-monetary penalties in 2020.

Integrity Management

Largan values the idea of Integrity. Following the principles of honesty, transparency, and responsibility, Largan has established the “Ethical Corporate Management Best Practice Principles and Measures for Complaint Reporting” to assist the Company in establishing a corporate culture of ethical management, sound development, and good business operations. We require everyone to uphold integrity as the basic principle when performing their duties, and strictly prohibit any corruption, bribery, etc.

The Company has set up a full-time unit to promote ethical corporate management under the Board of Directors (A full-time unit under the Board of Directors to promote ethical corporate management). The responsible ethical management steering team is composed of the legal and internal audit departments and reports its implementation to the Board of Directors every six months. A policy was established in 2016 to prevent conflicts of interest and to provide appropriate channels for complaints and involve the following:

- Assist in integrating the value of integrity into the Company's business strategy and formulate relevant anti-fraud measures in conjunction with relevant laws and regulations
- Establish work and business-related standard procedures and behavior guidelines for preventing dishonest behaviors
- Set up supervision and balancing mechanism for activities involving dishonesty risks within the business scope
- Promote and coordinate integrity policy advocacy training
- Plan the reporting system to ensure the effectiveness of implementation
- Assist the Board of Directors and managers in checking and evaluating whether the preventive measures are working effectively and evaluate compliance regularly.

Operating business activities with integrity

Conduct business activities fairly and transparently based on the principle of ethnics management

Consider the legitimacy of agents, suppliers, customers, or other business dealings to see if there are records of dishonest behaviors. Avoid dealing with people who have records of dishonest behaviors.

Contract signed with agents, suppliers, customers, or other business partners:

The content includes compliance with the integrity management policy and the terms of termination or cancellation of the contract. If transaction involves in dishonest behavior, the contract may be terminated or cancelled at any time.

Scope of the integrity management prevention program

Bribery | Provide illegal political donations | Improper charitable donation or sponsorship |

Offer or accept unreasonable gifts, entertainment, or other improper benefits.

Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. | Engage in unfair competition |

Largan maintains the highest ethical standards through employee education and training, self-assessment and review of the Company's operation, and the establishment of anonymous reporting channels. In addition, it exposes information on integrity management on the public website. Largan always pays attention to domestic and foreign integrity management standards. We encourage our directors, managers, and employees to provide suggestions to improve the Company's Integrity.

Education and Training

- Senior managers regularly communicate the importance of integrity to directors, employees, and appointees.
- Organize educational training and policy advocacy events regularly. Invite the Company's counterparties to participate in such commercial activities.
- Combine the integrity management policy with employee performance appraisal and human resources policies to establish an explicit reward and punishment system.

Effectiveness of 2020

Promote our core value

Arranged newcomer training courses, e.g., Intellectual property protection, trade secret infringement prevention, prohibited trade secrets, etc.

A total of 973 people participated in the internal education and training, and the total training hours were about 973 hours

Reporting Systems

- Set up an internal complaint mailbox and provide a reporting service on the Company website.
- Assign a dedicated unit to find out relevant facts immediately and if necessary, seek assistance from regulations or related departments.
- Keep the recording and preserve it for five years or until the end of the lawsuit.
- Whistleblowers and the disclosed content shall be kept confidential to protect them from improper handling.
- Establish incentive measures for whistleblowers and award bonuses based on the severity of the circumstances.

Implementation Effectiveness in 2020 No personnel violated the principle of integrity.

Information disclosure

- Company website
- Annual report.
- Prospectus
- Market Observation Post System

Internal Control Mechanism

The Company's internal auditor checks the compliance situation and behavior records from time to time and makes an audit report for review to ensure the implementation of the Company's policies and mechanism improvement.

Control Operation

Scope : evaluate the adequacy and effectiveness of the internal control system and the efficiency of operating activities

Target : The audit targets include the business of each unit of the Company.

Opportunity : Scheduling→ By the end of the year, the Audit Office will draft the next year's audit plan based on the risk assessment results and submit it to the Board of Directors for review and approval.

Project-based→ The Company's senior executives or the head of the audit office shall designate the audit subject and work timeframe. The auditors shall conduct audit tasks within the determined time.

Audit Process

- Draft an annual audit plan based on the results of the risk assessment
- Perform audit operations following the annual audit plan
- Perform project audits as needed and report to managers immediately existing deficiencies or potential risks
- After performing the audit work, issue an audit report and provide suggestions.
- Continue to track the missing items in the audit and make a quarterly follow-up report until they are all improved.
- After the audit report and follow-up report are reviewed, they should be delivered to independent directors for review before completing the audit project by the end of the month

There were no significant internal control deficiencies in 2020, and the effective declaration of the internal control system was disclosed in the annual report.

Compliance with the Law

Establish the " Ethical Corporate Management Best Practice Principles. " Set up Largan's mailbox and related complaint windows on the website for different stakeholders as a channel for internal and external complaints.

Comply with the Company Act, Securities, and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, Listed and Over The Counter (OTC) company-related regulations, and others business practices.

In 2020, there was no dismissal or disciplinary action due to corruption incidents and no contract termination or non-renewal contract due to corruption violations. Environmental protection followed the ISO14001 environmental management system. There were no violations of environmental

Information Security

To reduce the risk of corporate operations, the Company has established relevant policies, management systems, and prevention mechanisms to implement information security and private business security. It continues to improve and strengthen protection capabilities.

Information Security Policy Promotion

The Company's information security policy is reviewed by the management, auditing, and information technology (IT) departments. The information and proposed improvement plans are consolidated and submitted to the BODs and the CEO, and the policy implementation specialists are assigned to promote and implement the policy according to the conclusion of the meeting.

Information Security Management

Conduct information asset risk assessment

Verify whether it is in compliance with the corporate environment and high availability for system architecture, network security, resource management, and software and hardware authorization

Adjust risk issues or incorporate it into an improvement plan

Promote confidentiality policy and data protection

Record keeping

Mobile devices control

Access control

Record arrregation by the audit and legal units from time to time

Report abnormal information

Reduce the risk of information leakage

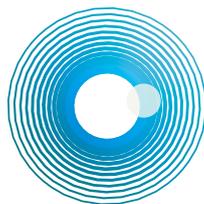
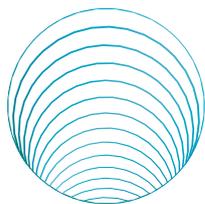
Promote information security awareness to enhance employees' understanding of information security and implement them on a daily basis.

Maintain close cooperation with various information security companies and tackle information security incidents and security weaknesses that occur in multiple places to ensure that errors are fixed shortly.



Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has established a corporate social responsibility policy. The committee is a cross-departmental communication and management platform. The top administrative managers lead the dedicated representatives of various departments to formulate and promote the annual corporate social responsibility issues, review the effectiveness of the implementation, balance the interests of all stakeholders, and drive a positive development of the industry and supply chain.

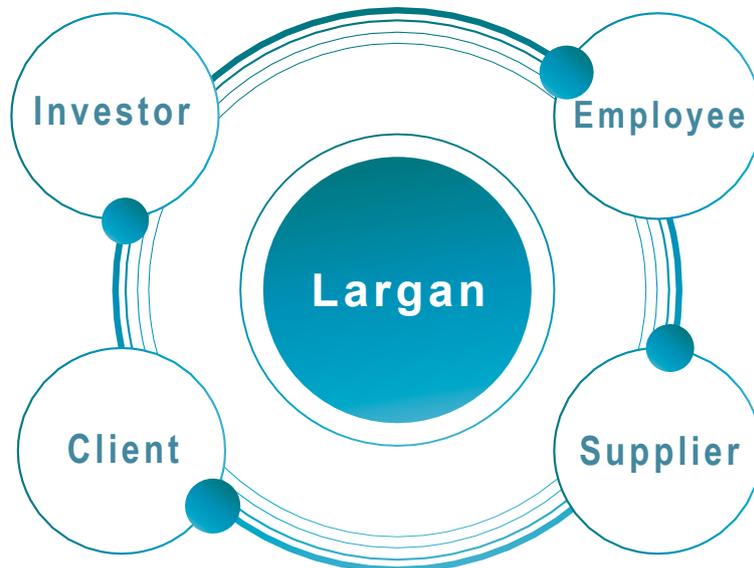


2.1 | Stakeholder Identification |

We actively establish communication channels with all stakeholders. By understanding and responding to the concerns of our stakeholders, we can revise and adjust our practices at any time concerning the goal of sustainable management, and even fully disclose our commitment to corporate governance, economic, environmental, and social aspects, demonstrating our determination to promote corporate sustainability and fulfill our corporate social responsibility.

The CSR Committee identified four main communication stakeholders, including investors, clients, employees, and suppliers.

We communicate with stakeholders through multiple channels and analyze the issues to identify the most important ones for our stakeholders. We take necessary measures to strengthen the information disclosure. The Board of Directors' meeting is held every year, and the communication with stakeholders is reported to the Board of Directors' meeting to fully reveal the actual implementation.



Largan has disclosed corporate social responsibility on the Company's website, including the information of the main contact person.

Employee Relations

Largan collects employees' feedback through various channels, which allow employees to express their opinions adequately and freely without any duress. The organization works hard to maintain a strong and healthy labor relationship. If employees have concerns about labor relations, benefits, work environment, personal health issues, etc., he/she can provide feedback through the channels below, and a designated associate will respond to the concern accordingly.

Contact Window: HR depart. Renan Ho Contact No. : 04-36002345 #50465 E-mail: renanho@largan.com.tw

Sales Services

LARGAN Precision Co., Ltd. was founded in 1987 as a professional lens designer and manufacturer in the optics industry. Headquartered in Taichung City Precision Machinery Technological Park, Taiwan, LARGAN currently owns nine factories in Taiwan, one in China, and is known as one of the world's leading manufacturers in glass spherical and plastic aspherical lens design and production. Largan's products are globally distributed; product lines include but are not limited to lens for mobile phones, NB/laptops, tablets, and digital cameras (DSC). We are also developing lens application in security and automotive products. If you have any inquiries for the lens related business, please feel free to contact us via:

Headquarters Sales Department Contact Window: Simon Shen E-mail: Sales@largan.com.tw

Suppliers Services

In order to promote sustainable development for our future generations, we, Largan, need to establish partnerships with our supply chain. Most of all, both sides should be in strict accordance with the social responsibility, including environmental protection, labor rights, health and safety, risk management and ethics regulations, and no use of conflict metals.

Contact Window : Jane Hsu
janehsu@largan.com.tw

Investor Relations

Largan hosts investor conferences on a quarterly basis and uploads the relevant presentation materials on both Largan's and the Taiwan Stock Exchange's websites.

Contact Window : Josephine Huang 40852 No.11, Jingke Rd., Nantun Dist, Taichung City 40852, Taiwan (R.O.C.)
Sales@largan.com.tw

2.2

Effectiveness of Communication on Issues concerned by Stakeholders

A total of 19 stakeholders' concerned agendas are listed below:

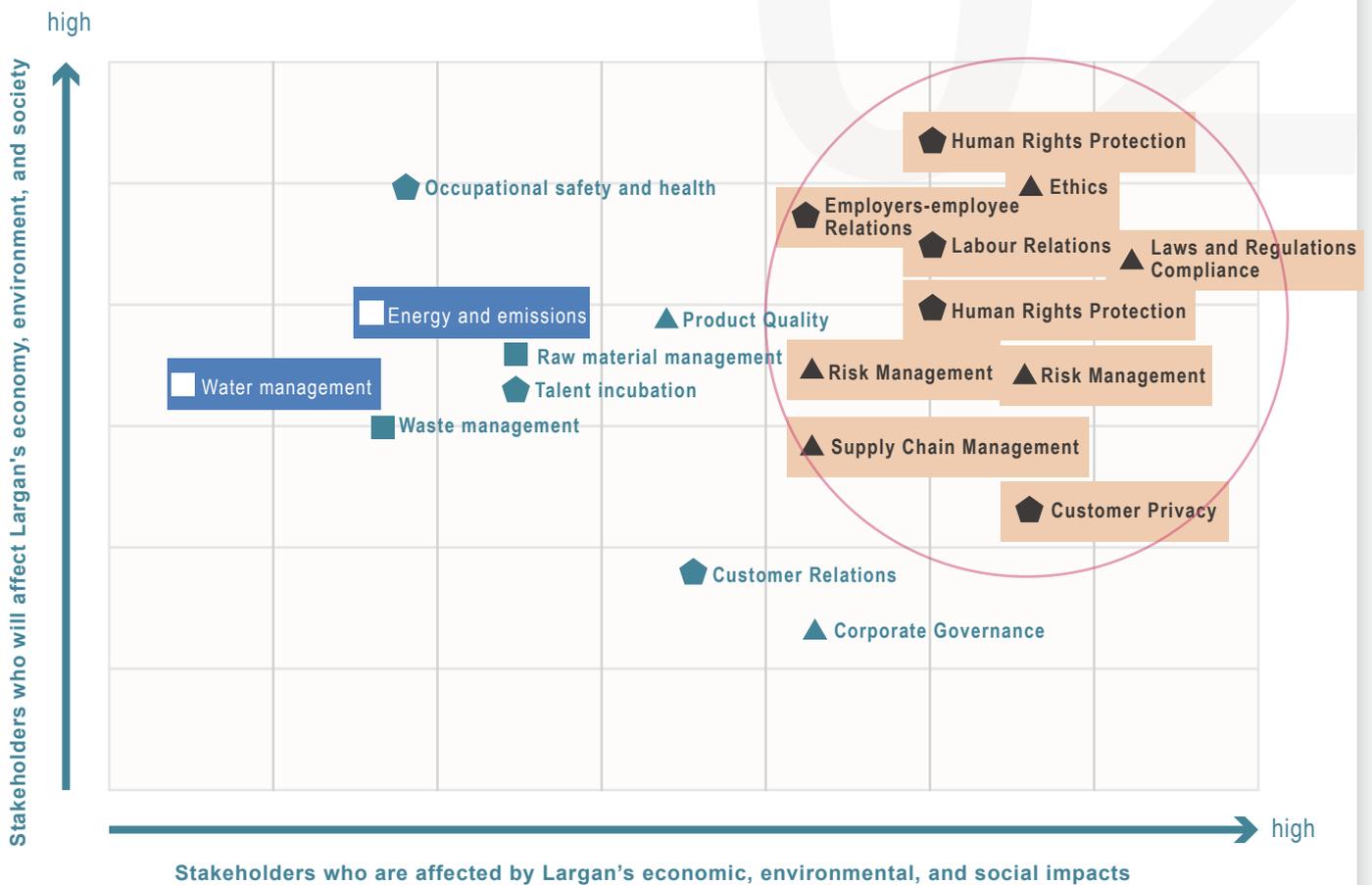
Stakeholder	Meaning to Largan	Concern Issue	Communication channel	Key achievements in 2020
Employee	Largan provides multiple ways to reflect opinions so that employees can fully express their views.	Business Performance Corporate Governance Ethics Risk Management Laws and Regulations Compliance Diversity and Equality Human Rights Protection Employers-employee Relations Labor Relations Occupational Safety and Health Talent incubation Energy and Emission Water Management Waste Management	Labor-manager meeting (quarterly) CEO Mailbox (any time) Email (anytime) Bulletin board dissemination (any time) Relevant Parties (any time)	Convene five labor-management meetings to pandemic epidemic prevention and care measures, revise relevant personnel management regulations, and plan labor benefits (includes a health examination). Tackle labor complaints to ensure rights of labor in the workplace. Announce the news related to labor and provide an English version for foreign colleagues.
Customer	Important business partners to meet customer needs and create a win-win situation	Client Relations Client Privacy Product Quality Supply Chain Management Regulations and rules Compliance	Customer Satisfaction Survey (annually) Questionnaire (annually) Customer meeting (from time to time) Phone/Email (any time) Relevant Parties (from time to time)	Respond to customers' questions promptly Distribute customer satisfaction survey questionnaires and propose improvement analysis for those with lower scores Follow up the outcome

Stakeholder	Meaning to Largan	Concern Issue	Communication channel	Key achievements in 2020
Supplier	Establish a good partnership with our supply chain	Water Management Waste Management Energy and Emissions Supply Chain Management Laws and Regulations Compliance	Supplier Audits (Annually) Supplier self-assessment survey (Annually) Relevant Parties (from time to time)	<p>Audit the leading raw material suppliers</p> <p>The social responsibility self-assessment forms are fully recovered. The suppliers are reviewed to see if they have set specific health, safety, and human rights targets to meet Largan's standards.</p> <p>Suppliers have signed a letter of commitment to comply with human rights conventions and integrity commitments.</p>
Investor	Uphold ethical corporate management and-commit to sustainable governance to create value for shareholders	Corporate Governance Operational Performance Ethics Risk Management Compliance with the Laws	Financial Report (Annually) Investor conferences (Quarterly) Annual shareholder's meeting (Annually) Market Observation Post System (Annually) Investor relations activities as needed	<p>Convene a shareholder meeting</p> <p>Conduct investor conferences , seminars, face-to-face, and conference call meetings with domestic and overseas investment institutions</p> <p>Update material information as necessary on the Market Observation Post System</p>

2.3

Identify Material Issues

The Company sent a questionnaire to our essential stakeholders. We collected 75 valid questionnaires in total. The results were submitted to the CSR committee and then to the supervisor for review. Among the total 19 concerning issues, we adjusted and proposed to disclose 10 major and 2 minor issues for this year.



▲ Economic dimension ■ Environmental dimension ◆ Social dimension

■ Minor issues ■ Minor Issues

Identify CSR Major Issues

Degree of Involvement : ●Direct / ○Indirect (Facilitating or commercial relationship)

Economic Dimension

Major Issues	Ethics			
Responses to Chapter	1.5 Ethics Norms, Laws and Regulations Compliance			
GRI Content Index	205anti-corruption			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

Major Issues	Risk Management			
Responses to Chapter	1.3Risk Management			
GRI Content Index	201 Economic Performance			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

Major Issues	Operational performance			
Responses to Chapter	1.1 Principles of Business			
GRI Content Index	201 Economic Performance			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

Degree of Involvement : ● Direct / ○ Indirect (Facilitating or commercial relationship)

Major Issues	Supply Chain Management			
Responses to Chapter	4.2 Sustainable Supply Chain Management			
GRI Content Index	201Economic Performance 308 Supplier environmental assessment			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	●	●

Social Dimension

Major Issues	Customer Privacy			
Responses to Chapter	418 Customer Privacy			
GRI Content Index	4.1Customer Operational			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	●	○	○

Major Issues	Employment Labor/Management Relations			
Responses to Chapter	5. Friendly Workplace			
GRI Content Index	401Employment 402Labor/Management Relations			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	○

Degree of Involvement : ●Direct / ○Indirect (Facilitating or commercial relationship)

Major Issues	Diversity and Equality			
Responses to Chapter	5. Friendly Workplace			
GRI Content Index	405 Diversity and Equal Opportunity			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	○

Major Issues	Human Rights Protection			
Responses to Chapter	5.3 Human Rights			
GRI Content Index	412 Human Rights Assessment			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

Major Issues	Laws and Regulations Compliance			
Responses to Chapter	1.5 Ethics Nor, Laws and Regulations Compliance			
GRI Content Index	419 Socioeconomic Compliance			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

Degree of Involvement : ●Direct / ○Indirect (Facilitating or commercial relationship)

Environmental Dimension

Major Issues	Energy and Emissions			
Responses to Chapter	6.3 Energy Efficiency and Carbon Reduction			
GRI Content Index	305 : Emissions			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

Major Issues	Water Management			
Responses to Chapter	6.2 Water Resource Management			
GRI Content Index	303: Water and Effluents			
Boundaries Impact	Employee	Customer	Supplier	Investor
Degree of Involvement	●	○	○	●

In 2020, the Company identified 10 major and 2 minor issues. The management actions are listed below.

Economic dimension / Environmental dimension

	GRI Standards	Importance to Largan	Facilitating measures
Ethics	205 anti-corruption	Fairness, honesty, trustworthiness, and transparency are the principles of establishing Largan's corporate culture and good business operations.	Formulate ethics management code, reporting, and appealing methods.
Risk Management	201 economic performance	Facing the operational and environmental risks, a risk management mechanism must be established to reduce losses and continue to maintain the interests of stakeholders.	Control the operational impact and damage caused by extreme weather. - Develop and adopt policies and solutions to climate risks. Implement relevant response actions.
Operational Performance	201 economic performance	Achieve the goal of sustainable operation and create new employment opportunities	Keep up with the latest economic trends and increase capital expenditures in a timely manner Customer expanding Control costs and expenses
Supply Chain Management	201 economic performance 308 supplier environmental assessment	To promote Largan's business development, it is necessary to establish partnerships with various manufacturers in the supply chain. All partners must comply with the social responsibilities of the supply chain.	Formulate supply chain management regulations Establish mutual trust and stable partnerships with suppliers. Grow together and build sustainable supplier relationships.

Performance	Assessment Mechanism	Future goals
There was no report of dishonest behaviors in 2020	According to the evaluation of "Judging the effectiveness of the internal control system," the Company completed the 2020 self-assessment of the control environment and confirmed that the internal code of conduct and regulations have been established.	Continue to strengthen employees' integrity and moral values and establish a corporate culture of integrity management.
Comply with laws and reduce the impact of changes on company operations Perform ISO14064:2018 Greenhouse Gas (GHG) Inventory and refer to the latest version Reduce industrial wastewater discharge and water consumption There is an occupational safety and health department, which is 100% in compliance with occupational safety regulations	Assess regulatory compliance Assess the new version of Greenhouse Gas (GHG) Inventory, - formulate wastewater recycling mechanisms Implement the occupational safety management system in accordance with the law	Comply with the laws and reduce the impact of any law change on the Company's operation Reduce energy use and carbon emissions Commit to lowering wastewater discharge and water consumption Set up occupational safety and the health department, which is responsible for safety and health management
Costs and expenses are properly controlled in 2020, and the return on equity is 18.36%	Improve in-plant production efficiency increase production capacity and quality develop new materials, new products, and new manufacturing processes	Continue to improve process technology, and pursue revenue and profit growth
There were no suppliers on the rejection list in 2020.	Conduct audits on suppliers based on the "Supply Chain Management Regulations."	We provide routine audits and appraisals for suppliers and a social responsibility self-assessment form to critical suppliers. Evaluate its regulations on environmental protection, safety, or health to implement suppliers' corporate social responsibility.
Suppliers complied with environmental protection regulations in 2020.	Implement environmental protection regulations for suppliers in accordance with the "Procurement Management Procedures."	

Social Dimension

GRI Standards

Importance to Largan

Facilitating measures

Customer Privacy

4.1 Customer Operational

Improve customer satisfaction and loyalty
 Increase the willingness of new customers to cooperate
 Create the most significant profit for the enterprise.

Formulate relevant standards for satisfaction surveys and require all employees to abide
 Improve information security protection measures to ensure that customers obtain sufficient information with the legal authorization process

Employment Labor/Management Relations

401 Employment
 402 Labor/Management Relations

As the most important partners, employees hope to create a challenging, continuous learning and fun working environment.

Provide an overall compensation strategy with industrial competitiveness and a statutory retirement system to unite Largan's employees.

Diversity and Equality

405 Diversity and Equal Opportunity

Establish a harmonious and equal relationship between labor and management is essential to sustainable operation.

Towards a society with gender equality and diverse respect
 Provide fair employment opportunities regardless of gender, religion, race, nationality, or party affiliation.

Human Rights Protections

412 human rights assessments

Comply with labor laws and regulations and a foreign labor management measures specially formulated to protect their labor rights.

Formulate labor human rights protection regulations and regularly evaluate the risks of forced labor.

Law and Regulations Compliance

419 Socioeconomic Compliance

To build complete corporate governance, formulate relevant regulations, and create a sustainable business environment

Formulate the "Regulations of Practice for Corporate Governance" for employees and stakeholders to follow and more understand the company's ethical standards

Performance	Assessment Mechanism	Future goals
<p>No complaints incident that violated the protection of confidentiality of customers</p> <p>There was no customer privacy or information loss that damages customer rights and interests.</p>	<p>Conduct internal audits, and patent application</p> <p>Management measures are specifically formulated in the Company's job description.</p>	<p>Continue to comply with internal regulations, maintain the goal of zero customer complaints, and increase the willingness of new customers to cooperate</p>
<p>Allocate 1%~30% as employee remuneration</p> <p>A total of 107 people applied for parental leave without pay.</p> <p>A total of 3 persons applied for retirement</p>	<p>Employees can submit comments or appeals to the department's supervisor or each plant management unit in written letters, by mail, oral, or telephone, to report problems at any time.</p>	<p>Provide competitive salaries and benefits to attract and retain outstanding talents. Pass on to colleagues for their hard work and contributions to the Company.</p> <p>In 2020, there were no labor disputes and cause losses cases.</p>
<p>The "Employee Welfare Funds Regulations" allocate employee benefits to participate in labor insurance and health insurance.</p> <p>Fair, reasonable and objective performance appraisal work.</p>	<p>Appropriate employee welfare funds and handle welfare matters following the "Employee Welfare Funds Regulations" provisions".</p> <p>Hire 58 disability peoples in 2020 ◦</p> <p>In 2020, total 939 newcomers to be assessed, all of whom will participate in the performance appraisal.</p>	<p>Towards a society with gender equality and diverse respect</p>
<p>A total of 973 trainees in 2020, and the training pass rate is 100%.</p>	<p>Formulate management regulations such as "Prevention of Involuntary Workers," "Protection of Maternity in the Workplace," "Sexual Harassment Prevention," "Prevention Measures for illegal Violations in the Performance of Duties"</p>	<p>Comply with labor laws and regulations and a foreign labor management measures specially formulated to protect their labor rights.</p> <p>100% comply with relevant labor laws and regulations.</p>
<p>The Company did not have significant monetary penalties or other non-monetary penalties in 2020.</p>	<p>Regulations of Practice for Corporate Governance.</p>	<p>Continue to strengthen employees' integrity and moral values.</p> <p>Establish a corporate culture of integrity management.</p>

Environmental Dimension

GRI Standards

Importance to Largan

Facilitating measures

Energy and Emissions

305 : Emissions

Pay close attention to the Company's greenhouse gas emissions in response to global environmental protection trends and act in concert with the national development of the overall greenhouse gas reduction strategy.

Investigate GHG following the new version of ISO 14064-1: 2018.

Water Management

303: Water and effluents

Improve water resources management measures
 Reduce water shortage crisis
 Implement water management and volume reduction
 Promote recycling and reuse

According to water use characteristics, it is mainly divided into the following categories: cooling tower, processing wastewater, and civil use water to conduct wastewater recycling.

Performance	Assessment Mechanism	Future goals
<p>Include the direct category of greenhouse (Scope 1), the indirect category of energy (Scope 2), and the indirect emission sources of transportation, raw materials, and products (Scope 3) as the scope of evaluations</p> <p>Greenhouse gas emissions are 282,560.1654 (metric tons of CO₂e/year) in 2020.</p>	<p>ISO 14064-1: 2018, conduct greenhouse gas inventory</p>	<p>Saving 1% of electricity every year is the goal of energy-saving and carbon reduction. Through plant greening and equipment improvement (such as induction lighting, LED lamps, etc.), it is expected that carbon emissions can be effectively controlled.</p>
<p>The annual water recovery rate remained above 98% until 2020</p>	<p>Monitor water quality and develop wastewater recycling mechanisms</p>	<p>Continue to recycle wastewater to increase the amount of recovered water and reuse</p> <p>The efficiency of using water resources in the entire plant is maximized, with an annual recovery rate of over 90%.</p>

Innovation Development

Major Issues : Product Quality

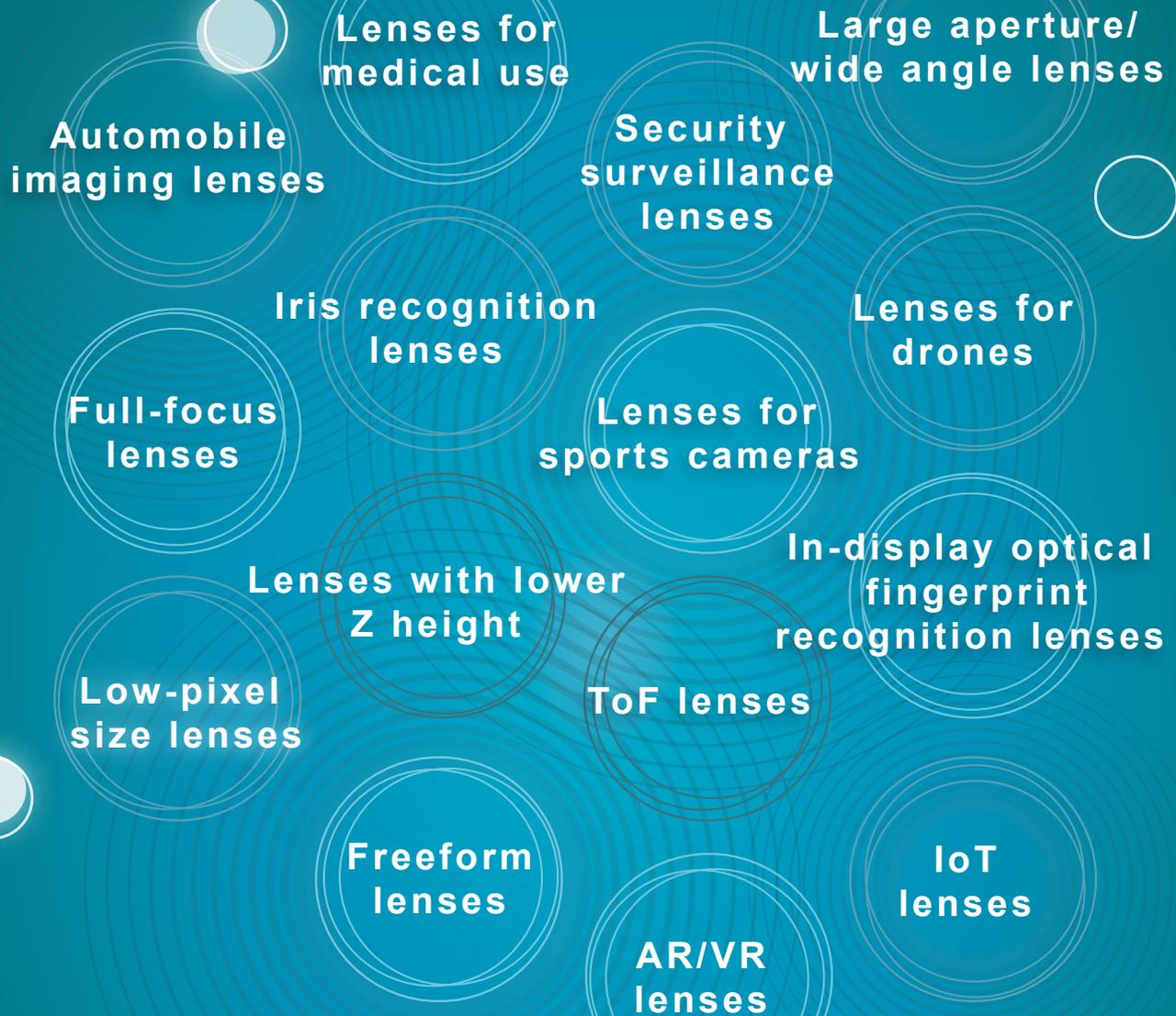
Issues Management

- Goals and Subjects:** Self-discipline and growth,
Committed to improving the development and quality of product
- Commitments:** Improve production technology and capacity scale
Maintain the Company's advantage in manufacturing costs
Enhance overall production and sales competitiveness
- Policy and Management:** Take advantage of existing production equipment to upgrade processing technology
Stay up with future product development trends and develop products
Strengthen on-the-job training of employees internally and actively recruit outstanding talents from outside

3.1 | Product research, development and innovation |

Optical products require a wide range of optical components. The Company can use plastic lenses, spherical lenses, aspheric lenses, different precisions and product objects, and glass lenses separately.

As various optoelectronic imaging products have become lighter and smaller, optical lenses have also moved towards lighter, lower cost, more miniaturized good quality products that can be mass produced. At the same time, as consumers demand high-resolution, wide-angle, and large-aperture camera lenses, the number of lenses has also increased. In 2021, R&D expenditures are expected to account for 5-10% of revenue. Depending on global market conditions and the Company's actual future R&D plans, we will continue to improve the specifications of existing products and develop mainstream products in the next few years.



Abbreviations:

ToF : Time of Flight (ToF)

AR : Augmented Reality (AR)

VR : Virtual Reality (VR)

IoT : Internet of Things (IoT)

Technologies and products which are successfully developed in 2020 are listed below:

Item	Technologies and products successfully developed
Phone Camera	<p>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 freedom 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 freedom 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</p>
Automobile rear view imaging lenses	<p>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</p>

3.2 | Market future |

With the ongoing innovation of information technology, any image output and input would require different optical lenses. These items include digital cameras, binoculars, microscopes, photocopiers, fax machines, laser printers, barcode scanners, computer cameras, cameras, security cameras, TV, projectors, mobile video phones, various optical disc players (CD/DVD Player, CD/DVD-ROM Drive) and visual communication components. The most significant mass production is expected in 2021, and the output is a high-end video phone product.

The main application products of optical components include various optical disc drives, digital cameras, video phones, and other product lines. According to the prediction of multiple organizations, mobile video phones will become the most used product of a single optical component group. The demand for cell phone camera lenses is increasing day by day, and the resolution is increasing while the size of the lens is miniaturizing, so the success or failure of the future manufacturers will be the key to improve the precision of the product and obtain the market opportunity.

Operational Strategy

Production Strategy

Take advantage of existing production equipment to improve process technology
Master the management of raw materials and finished products
Implement ISO 9001 & ISO 14001 and achieve quality goals

Sales Strategy

Existing customers: provide market-competitive products and services
Potential new customers: use our existing optical technology to actively develop a potential customer group for optical applications
Product end customers: Directly connect with end customers, and manufacturers specified for product import

R&D Strategy

Keep an eye for future product trends and co-develop products with the counterparts
Invest in the latest optical/mechanical design

Operational Strategy

Flatten organization and strengthen project structure organization
Strengthen on-the-job training of employees internally, and recruit outstanding talents externally

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 greatest return on funds.

Research and development expenditures over the years			Unit: NT\$ thousand
Year	R&D expenditures	Revenue	Percentage (%)
2020	3,794,356	55,944,489	6.78

Production Strategy:

Existing production equipment and upgrading processing technology.

Grasp the raw materials management and product management

Implement ISO 9001 & ISO 14001 and achieve quality goals.

Sales Strategy

Existing customers: provide market-competitive products and services

Potential new customers: Existing optical technology and actively develop a potential customer base for optical applications

Product end-customers: Directly connect with end-customers, and the import products assigned by manufacturers.

Co-creation Value

4.1 | Customer Operational |

Major Issues : Customer Privacy

Issues Management

Goals and Subjects: Consolidate good partnerships with customers and expand the business scope

Commitments: Protect the privacy and confidential information of our customers.

Policy and Management: The process of production complies with international regulations and guidelines.
Ensure the safety of products and services
Provide complaint channels to protect the rights and interests of customers

Largan strive to provide the best service for our customers. We believe that the appropriate customer service is the key to maintaining customer relationships. Good customer relationships will help build customer loyalty, and better loyalty in return will help expand the scope of business and consolidate good partnerships with customers.

The privacy and confidential information of the customer are strictly protected according to their personal information. In production, follow international regulations and standards to ensure the safety of products and services; formulate rights protection policies and provide complaints channels to prevent products and services from directly or indirectly damages the rights, health, and security of consumers or other stakeholders.

In 2020, there were no incidents that violated confidential customer information and caused complaints by customers.

Customer Maintenance and Satisfaction Survey

We conduct customer satisfaction surveys routinely based on the operating procedure LPS00-B-021:

- The sales department employees conduct customer satisfaction surveys by individual visits, fax, email, or mail every year.
- Complete the customer satisfaction survey form by customers
- Sales return the surveys to the responsible department and propose improvement responses for unsatisfactory items
- Customer satisfaction survey and improvement results are included in the management review.

In addition to the customer satisfaction survey, the following goals such as monitoring, analysis, and improvement are also included in the investigation:

- Delivery accuracy rate or delivery achievement rate
- Number of excess freight
- Number of customer complaints in the factory 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)

A customer satisfaction survey is conducted for the top 10 customers in sales. The top 10 customers in 2020 are all overseas customers.

Largan's customer satisfaction survey results

Item	Overseas
Total number of questionnaire received/sent out	10/10
Return rate(%)	100.00%
Average Satisfaction	93.7
Target Value	90
Achievement status	Achieved

Top three items of satisfaction

1. Professional level of salesperson
2. Attitudes of salesperson
3. Development ability/Delivery accuracy/ Sample provided

Customer feedback and handling

To promptly answer customer questions and needs, the Company has set up a message system on the official website. Customers can easily find it on our website and send their opinions in the form of an email. Once receiving the feedback, the Company will immediately forward customers' opinions to the internal office for processing.

Major Issues : Supply Chains Management	
Issues Management	<p>Goals and Subjects: Establish mutual trust and stable partnerships with suppliers, grow together, and build sustainable supplier relationships</p>
	<p>Commitments: Ensure that the suppliers of the raw materials and suppliers of the component are qualified and ensure that the suppliers can provide raw materials and parts that meet the Company's requirements.</p>
	<p>Policy and Management: Formulate supplier management regulations, evaluate suppliers, and delivery management to ensure qualified supplier management</p>

To promote Largan’s business sustainably, the Company must establish partnerships with multiple manufacturers in the supply chain. All partners must also comply with the social responsibilities of the supply chain, including green environmental protection, employee human rights and ethics, health and safety, risk management, and mining prohibition in conflicted areas.

Largan has established "Regulations of Supplier Management" to ensure that the suppliers of the raw materials and suppliers of parts are qualified ones, establish mutual trust and stable partnerships with suppliers, grow together, and build a sustainable supplier relationship.

Supplier Selection

The general supplier selection and accreditation qualifications are domestic primary raw materials and leading material consumables suppliers who have passed ISO 9001 or IATF16949 quality certification. If not, the Company will arrange an on-site evaluation based on the need.

Regulations Compliance

- Code of Conduct - Responsible Business Alliance (RBA)
- Slavery Convention Prohibition
- Mining prohibition in conflicted areas
- Transportation safe management regarding dangerous chemicals
- Integrity Management

In the "Regulations of Supplier Management," suppliers need to pass relevant certifications for environmental protection, safety, or hygiene. The selection of suppliers, sampling and recognition of hazardous substances, and delivery management are stated in the related laws. At the same time, there are also rules for supplier self-assessment methods and on-site audits when necessary.

Supplier Environmental Protection Mechanism

Regarding the purchased raw materials, mechanical facilities (machines, molds/tools/tools), and services (engineering, outsourcing), such as the legal definition of primary environmental considerations:

In addition to complying with the relevant supplier specifications and requirements of the procurement contract and order, the [Supplier Social Environmental Responsibility Assessment Form] developed by the labor safety/environmental engineering personnel following the procurement operation management procedures and conducted a professional environmental audit. Suppliers complied with environmental protection regulations in 2020.

Hazardous Substance Supplier Selection

Selected suppliers, including all raw materials, supplementary materials, etc.

Suppliers must ensure that the substance content of their products is consistent with Largan's restricted substances.

Choose a supplier that meets the requirements and ask them to fill in the Prohibited Substances Guarantee Letter. Once the Letter is accepted, the samples can then be sent for further processing approval.

Samples and Acknowledgement

Procurement will inform the supplier of relevant environmental protection requirements. Meanwhile, as the sample is approved, an ICP test report and SDS (safety data sheet) must be provided.

Delivery Management

ICP test report :

For high-risk materials, an ICP test report with a one-year validity period must be provided.

For low-risk substandard materials, an ICP test report with a five-year validity period must be provided every seven years.

Safety Data Sheet (SDS): If there is any change in the ingredient formula, the supplier should update and inform it at any time.

Certificate of non-use of environmental management substances: submit once per year.

Supplier test item list: submit once per year.

EU Regulation on the Registration, Authorization, and Restriction of Chemicals (REACH)

The Substance of Very High Concern (SVHC) survey: submit once per year.

Audit and Appraisal

Suppliers that have a significant impact on product quality will be evaluated following the regulations of supplier evaluation management, including test and calibration services.

There was no supplier on the rejection list in 2020.

Social Responsibility Self-Assessment Form

In addition to auditing and appraisal, Largan also provides social responsibility self-evaluation forms for critical suppliers. Evaluate its specific regulations on environmental protection, safety, or hygiene to implement the supplier's corporate social responsibility.

All raw material supplier self-evaluation forms were received in 2020.

Number of domestic and overseas supplier in 2020

Domestic						Overseas	Overall amount
Raw Materials	workpiece	Purchased goods	Engineering	Waste Management	Total		
38	122	1575	88	17	1840	113	1953

Metal Conflict-free

According to the "Statement of Mineral Conflict-Free," Largan requires all the suppliers to ensure that the materials such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co), palladium (Pd) are not sourced mining from the conflict zone in the Democratic Republic of Congo (DRC).

Statement of Mineral Conflict-Free

The Company and its suppliers are willing to take a responsibility for society and environmental protection jointly.

The Company does not accept illegal mining of gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co), palladium (Pd) from the DRC and neighboring conflict areas.

The Company must inform and ask its suppliers to fulfill the preceding statement.

5.1 Talent Cultivation

Major Issues : Employment, Labor/Management Relations

Issues Management

Goals and Subjects: Talent is an essential asset of the Company. We aim at attracting and retaining outstanding talents.

Commitments: We are committed to expanding the scale of the R&D team, striving to add new product lines and increase the value and quantity of products.

Policy and Management: Provide an industry-competitive overall remuneration strategy, diversified benefits, and a legal retirement system.

Major Issues : Diversity and Equality

Issues Management

Goals and Subjects: Create a diverse and equal working environment that is challenging, continuous learning, and fun

Commitments: Move toward a society of gender equality and diversity and respect

Policy and Management: Provide fair employment opportunities regardless of gender, religion, race, nationality, or party affiliation
We allocated employee benefits to enrolling in labor insurance and health insurance following the "Employee Welfare Funds Regulations
Fair, reasonable, and objective performance appraisal work

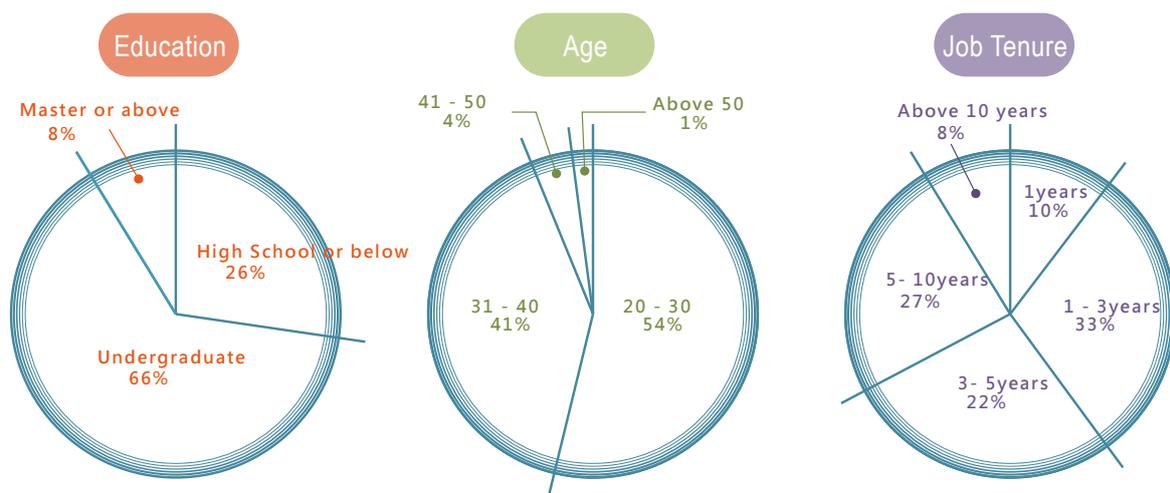
Manpower Distribution

As the penetration rate of smartphones increases, lens specifications are becoming more vital in response to user needs. Largan continues to invest in R&D and innovation, strives to expand the scale of the R&D team and product categories, and seeks to add new product lines and boost the value and quantity.

Talents are an essential asset of the Company. We hope to create a challenging, continuous learning, and fun working environment.

Staff salary is determined by individuals' academic background, professional knowledge, technology, years of experience, etc. Largan proposes an industry-competitive overall remuneration strategy, diversified welfare programs, and a statutory retirement system. In 2020, Largan continued to focus on the recruitment with relevant science and engineering backgrounds or outstanding talents with interdisciplinary and integration capabilities and developed higher-level standard lenses. Owing to the number of mounted lenses has gradually increased, the Company has also actively raised the scale of production capacity while the demand for production line personnel has continued to grow accordingly. It has pushed to increase the production capacity scale and create profitable growth.

In December 2020, the total number of employees is 8,000 in Largan. See charts below for the laborer distribution:



Largan offers full-time jobs only for talent recruitment. We do not have any dispatch or temporary workers.

Largan treats interviewees equally and does not discriminate against them or have different treatment due to their gender or physical disability. Through multiple recruitment channels, more female workers and people with disabilities can work in Largan to contribute to the Company.

There were no significant changes in operations in 2020.

Please refer to Article 16 of the Labor Standards Act for any operational changes. Usually, such change would be announced within 10-30 days in advance based on the job tenure in Largan.

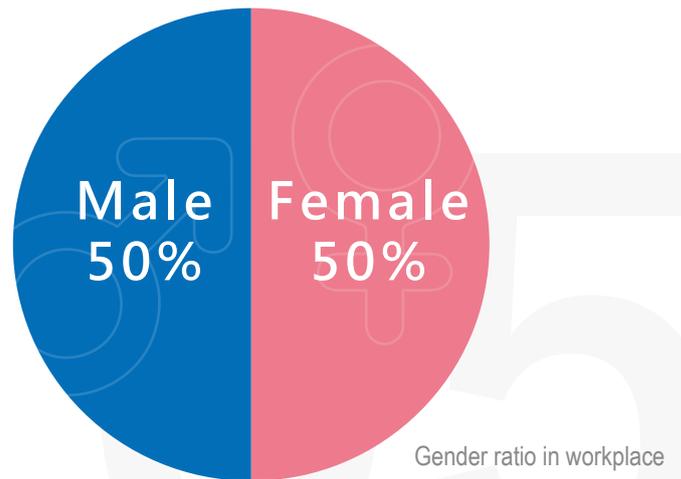
New employees in the past three years

		Year		2018	2019	2020
Taiwanese	Male	Below 30	Total	768	758	560
			Rate(%)	37.2%	42.9%	57.6%
		30-50	Total	119	83	81
			Rate(%)	5.8%	4.7%	8.3%
		Above 50	Total	0	0	1
			Rate(%)	0.0%	0.0%	0.1%
	Female	Below 30	Total	372	270	231
			Rate(%)	18.0%	15.3%	23.7%
		30-50	Total	114	99	66
		Rate(%)	5.5%	5.6%	6.8%	
	Above 50	Total	0	0	0	
		Rate(%)	0.0%	0.0%	0.0%	
Foreigner	Male	Below 30	Total	14	15	4
			Rate(%)	0.7%	0.8%	0.4%
		30-50	Total	7	5	2
			Rate(%)	0.3%	0.3%	0.2%
		Above 50	Total	0	0	0
			Rate(%)	0.0%	0.0%	0.0%
	Female	Below 30	Total	664	531	28
			Rate(%)	32.5%	30.1%	2.9%
		30-50	Total	7	5	0
		Rate(%)	0.3%	0.3%	0.0%	
	Above 50	Total	0	0	0	
		Rate(%)	0.0%	0.0%	0.0%	
Total number of new employee		Total	2,065	1,766	973	
		Rate(%)	100%	100%	100%	

Employee turnover in the past three years

		Year	2018	2019	2020
Taiwanese	Male	Below 30	Total 495	Total 458	Total 328
			Rate(%) 40.0%	Rate(%) 35.7%	Rate(%) 34.2%
		30-50	Total 143	Total 117	Total 111
		Rate(%) 11.6%	Rate(%) 9.1%	Rate(%) 11.6%	
	Above 50	Total 0	Total 1	Total 1	
		Rate(%) 0.0%	Rate(%) 0.1%	Rate(%) 0.1%	
	Female	Below 30	Total 258	Total 208	Total 177
			Rate(%) 20.8%	Rate(%) 16.2%	Rate(%) 18.5%
		30-50	Total 109	Total 98	Total 108
	Rate(%) 8.8%	Rate(%) 7.6%	Rate(%) 11.3%		
Above 50	Total 1	Total 0	Total 2		
	Rate(%) 0.1%	Rate(%) 0.0%	Rate(%) 0.2%		
Foreigner	Male	Below 30	Total 4	Total 7	Total 4
			Rate(%) 0.3%	Rate(%) 0.5%	Rate(%) 0.4%
		30-50	Total 10	Total 4	Total 8
		Rate(%) 0.8%	Rate(%) 0.3%	Rate(%) 0.8%	
	Above 50	Total 0	Total 0	Total 0	
		Rate(%) 0.0%	Rate(%) 0.0%	Rate(%) 0.0%	
Female	Below 30	Total 205	Total 355	Total 192	
		Rate(%) 16.6%	Rate(%) 27.6%	Rate(%) 20.0%	
	30-50	Total 21	Total 36	Total 27	
	Rate(%) 1.7%	Rate(%) 2.8%	Rate(%) 2.8%		
Above 50	Total 0	Total 0	Total 0		
	Rate(%) 0.0%	Rate(%) 0.0%	Rate(%) 0.0%		
Total number of employee turnover		Total Rate(%)	1,238 100%	1,284 100%	958 100%

To encourage diversity and promote an equal employment environment, Largan considers the ability of the personnel and the suitability of the job regardless of gender, religion, race, nationality, or party affiliation during the interview. The ratio of male to female employees is quite balanced in Largan. See below:



Employment for People with Physical and Mental Disabilities

According to "People with Disabilities Rights Protection Act," the number of employees with disabilities should not be less than 1% of the total number of employees in the Company. If it does not meet the standard, the Company will pay the "Margin on Subsidy" to the Employment Fund for People with Disabilities.

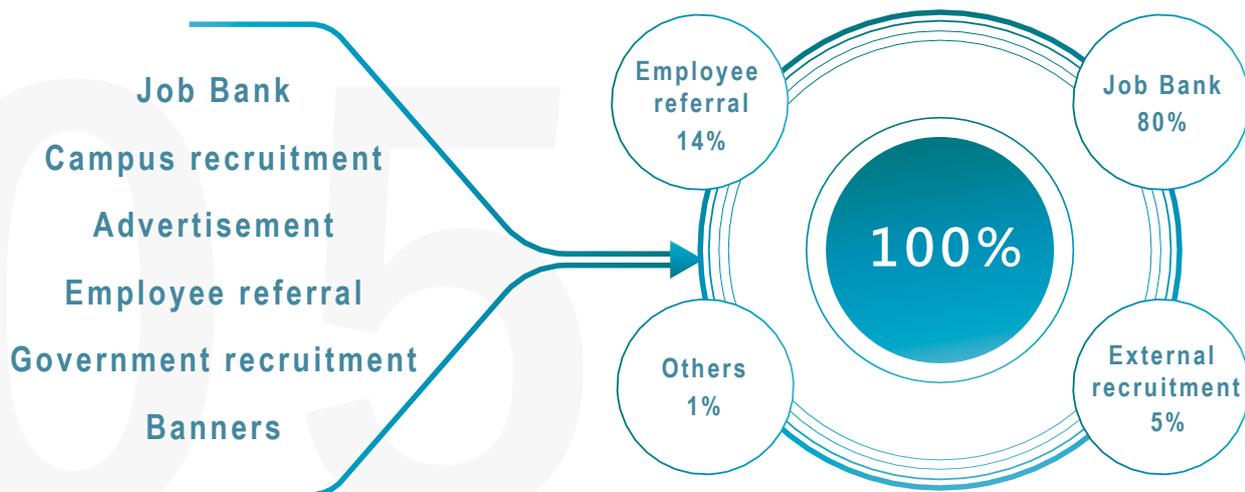
Largan provides full-time employment opportunities for people with disabilities. In 2020, 58 people with disabilities were hired, and the employment-weighted proportion did not reach 1%. The workforce policy committee reviewed the following factors: insufficient number of applicants with disabilities, special working environment, and other factors that may cause them to choose to leave after the job adjustment. Therefore, according to the regulations, the Company paid the margin on subsidy and opened job vacancies.

The Company adopts humanized management. Both the labor and management sides establish the ideal of a win-win situation. Therefore, the relationship between work and management is harmonious. In 2020, there were no labor and management disputes.

Talent Recruitment

Largan drafts a business plan every year, including staffing needs and direction, and submits applications to the human resources department based on actual conditions. The human resources department will release job vacancies and internal job rotation to run the recruiting procedures through several recruitment channels.

External Channels



5.2 | Talent Training |

Largan arranges internal education training or encourages each department to participate in external training courses. The training is flexibly adjusted based on individual employee's needs. In addition, the Company also provides adequate training plans and hires professional lecturers from time to time to give lectures on professional and technical subjects to enhance the employee's professional skills.

On-the-job training systems

The annual training plan is compiled based on the Company's annual operating plan, including new personnel training, general education training, professional course training, management course training and language ability training, etc. The courses include the Company's history, structure, business philosophy, corporate culture, and ethics, labor and human rights regulations, corporate law, green environmental concepts, quality systems, occupational safety and health, introduction to manufacturing processes, and Company environment and welfare.

In addition, the Company assists our staff to understand the environment and system better. Once hired, compulsory courses of general education and professional ability are set to meet different needs.

Through the tracking and management of the training system, the Company can keep track of the implementation progress of training courses, create specific training benefits, and cultivate talents who meet the organizational development need.

The average number of each employee's training hours

Job Position	Training Hours				Number of Trainee				Average Training Hours			
	2019		2020		2019		2020		2019		2020	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Administrative	478.83	386.75	759.9	441.2	76	63	117	87	6.30	6.14	6.49↑	5.07
R&D	1994	168	2190.5	221.5	232	24	168	28	8.59	7.00	13.04↑	↑7.91
Maintenance	949	64	2037	30	76	4	101	1	12.49	16.00	20.17↑	↑30.30
Manufacturing	4738.8	7401.65	12330.6	10775.4	733	1345	798	909	6.46	5.50	15.45↑	↑11.85
Quality Control	686.1	1770.6	1609.2	2141.4	98	259	147	285	7.00	6.84	10.95↑	↑7.51

Note: The difference between men and women in a maintenance job position in 2020 is >10H. There was only one female employee receiving training, so the average value is high.

Performance Management and Employee Development

Employee career development

Performance appraisal helps improve the Company's human resources system and further improve the overall operating system. New employees must conduct assessments after work in the factory for three months. In addition, it guides supervisors and colleagues to understand the Company's behavior, results, personality characteristics, and further move towards the common goal.

The supervisors perform fair, reasonable, and objective performance appraisal tasks by work specifications regulations. The supervisors enable each member of the team to clearly understand the role of his or her position.

At the same time, employees are given clear work objectives and future performance improvement guidelines to achieve the overall business objectives.

The number of newcomers who have been assessed in 2020 is 939 (the number of Taiwanese newcomers). No difference in assessment due to gender.

The purpose of the system emphasizes reaching a consensus of work goals between colleagues and supervisors, making good use of the system, and adjusting its functions to a mechanism of "Employee Development and Performance Evaluation as a Supplement." By so doing, the system considers the two significant aspects of evaluation and development. The goal functions to cultivate and develop the personal abilities of employees so that they can master the business skillfully, becoming the right-hand of the supervisor and the pillar of the Company. At the same time, through internal recommendation, the required management positions are appointed and the recommended and promoted personnel can be suitable for their talents.

Permanent Employee Assessment Statistics

Permanent Employee assessment statistics

Job position	2018 1,373 people (Taiwanese Newcomer)				2019 1,210 people (Taiwanese Newcomer)				2020 939 people (Taiwanese Newcomer)			
	Appraisal number (person)		Rate(%)		Appraisal number (person)		Rate(%)		Appraisal number (person)		Rate(%)	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Technical	156	19	11.4	1.4	193	11	15.95	0.91	178	15	18.96	1.60
Administrative	19	28	1.4	2.0	15	15	1.24	1.24	18	19	1.92	2.02
Direct Labor	450	287	32.8	20.9	380	223	31.40	18.4	311	158	33.12	16.83
Total	625	334	45.5	24.3	588	249	48.60	20.58	507	192	53.99	20.45

5.3 | Human Rights |

Major Issues : human rights protections

Issues Management

Goals and Subjects: Comply with labor laws, and formulate a foreign labor management regulation to protect their rights and interests

Commitments: 100% comply with relevant labor laws and regulations

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

Largan has participated in the international labor conventions, the Responsible Business Alliance (RBA), and is committed to complying with Taiwan's labor-related laws. The regulations of labor human protection management consist of working hours and wages, humane treatment, non-discrimination, anti-bullying in the workplace, and freedom of association.

- | **Prevention of involuntary labor**
- | **Maternity Protection in the Workplace**
- | **prevention of sexual harassment**
- | **Prevention Measures for illegal Violations in the Performance of Duties**

The "Management for Recruitment and Appointment" clearly reveals standards such as the prohibition of child labor and the protection of young laborers at night; for foreign workers, the foreign labor management regulation is specifically formulated to protect their labor rights and interests.

The management department regularly evaluates the risks of forced labor. If there is any violation, it will disclose the information to the relevant unit supervisors and give reminders to ensure that similar situations will not happen again in the future.

	No forced labor	No child labor
Risk assessment	Internal control of working hours	The age of the interviewee is up to the legal standard
Goal	Do not force or coerce unwilling personnel to perform labor services.	No child labor, only applicants over 15 years old are recruited.
Mitigation measures	Working hours control Continuous attendance, attendance tracking on holidays Provide feedback channels	Confirm the original identity card of the interviewee.
	No illegal discrimination	Safe and hygienic environment
Risk assessment	Following Taiwan's labor laws, the principle of non-discrimination will be revealed during the interview process.	Implement occupational disease prevention and promote the physical and mental health of employees
Goal	The personal information that is unrelated to work will not be asked during the interview.	Make sure that improper actions cause no occupational disaster. Non-mandatory requirements
Mitigation measures	Review regulations regularly.	Establish personal safety and work environmental protection measures. Provide medical assistance. Doctor's on-site service. Personnel education, training and dissemination.

Work-life balance

Risk assessment | Expand the interpersonal interaction between colleagues by participating in leisure activities.

Goal | The participation rate is low.

Mitigation measures | Strengthen the in-plant dissemination of the Welfare Committee and increase participation. Distribute questionnaires and provide directions for improvement.

To make everyone in the Company understand the policies and practices of labor rights and corporate social responsibility, the management department of the human rights unit will conduct the following arrangement:

On the day of registration, the newcomer will receive an arrangement on 30-minute corporate social responsibility and labor human rights policy dissemination. Through videos, briefing, and explanations, they can get a better sense of human rights law and regulations and understand their rights and complaint channels.

To ensure that the employee fully understands the content, the employee must pass the standards test to be considered qualified.

If their score is lower than the standard, the employee will need to come back the next day for another round of training and tests.



Qualified

Unqualifie

It is necessary to set another time for training and retrain the employee to ensure that they can fully understand labor, human rights, and other interests.

In 2020, the number of trainees was 939 (the number of Taiwanese newcomers), and the training pass rate is 100%.

The goal for 2021 will be set for achieving another 100%. We expect that our employees understand labor human rights very well.

Implementation of various human rights indicators in 2020

| **No discrimination**

| **No violation of freedom of association**

| **No child labor**

| **No forced labor**

Definition of significant incident: Primary information released or announced to the external of the company.

Employee Benefits

Allocate the welfare funds for employees in accordance with the provisions of the "Employee Welfare Funds Regulations"

Insurance Benefits

Provide employees with various insurances following the relevant policies

Labor Insurance	Health Insurance	Group Insurance	Casualty Insurance
Meal	Marriage allowance	Maternity pension	
Consolation money	hospitalization benefit	travelling allowances	
Birthday cash gift	Labor Day cash gift	Holiday Bonus	

Allowance

Friendly parenting

- Each factory has set up a nursery room
- There is a parking zone reserved for pregnant women.
- A total of 22 childcare institutions have signed the contracts to provide multiple childcare programs for employees

Health Care

- Hire factory nurses to provide nursing resources in a timely manner
- Provide the doctor in-plant service every week
- Call to condole with those who are injured and sick, and provide them with resumption assessments.
- Provide a free labor health check once a year
- Provide the ophthalmology check for employees' family members

Emergency Relief

According to Largan's Emergency relief policy, in case of serious illness and other difficulties in life, employees can apply for emergency relief to the Company.

In 2020, 3 employees were unable to attend work due to significant injuries or illnesses that caused difficulties for their families. The total amount of emergency relief dispensed was TW\$ 594,300 dollars.

Other Benefits

Family Day	Convenient Store Discount	Meal Subsidy
Free Parking Lot	Authorized Store	Contact Lens Discount

Pension Management

The pension fund is served to protect employees' rights to claim retirement pensions in the future. The establishment of the fund is based on the "Labor Standards Act" and the "Labor Pension Regulations."

Retirement standards

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

- **aged fifty-five or older and has worked for more than fifteen years.**
- **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:

- **aged sixty-five or older.**
- **When the worker is unable to perform his/ her duties due to disability.**

Payment Standard

For employees with less than 15 years of service, two bases are given for each year of service. For those over 15 years, one base is given for each year of service.

The total number of bases shall be no more than 45. For those who have not completed half a year of service, they will be counted as half a year; for those who have completed half a year, they will be counted as one year.

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

Allocation

The Company will deposit it into the personal pension fund account of the Bureau of Labor Insurance, The Ministry of Labor at the rate of 6% based on the monthly allocation standards of wages.

Accounting Base

The conversion standard of pension base is in accordance with the average salary of one month once approved of retirement.

Payment Period

When retirees meet the requirements for voluntary retirement, the Company shall pay their pensions in one lump sum within 30 days from the date of retirement. If the payment cannot pay in a lump sum, it may be reported to the competent authority for approval and paid by installments.

Other Regulations

Retirees are requested to fill in a retirement application form.

The Company should force the mandatory retirees to retire. The retirees should go through the formal procedure.

The employee has the right to claim pensions fund from the month of retirement. The right of pensions fund will be extinguished by non-exercise for five years.

3 people applied for retirement in 2020.

Parental Leave Allowance

Parental leave allowance is open to the employees who meet the qualifications for application.

Parental leave statistics		Unit : person								
Parental leave	2018			2019			2020			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Number of people eligible to apply for parental leave (A)	170	92	262	361	176	537	562	286	848	
Actual number of applicants (B)	22	83	105	15	98	113	3	150	153	
Application rate (B/A) (%)	13	90	40	4	56	21	0.5	52	18	
Annual number of persons to be reinstated (C)	12	38	50	16	87	103	8	102	110	
Actual number of applications for reinstatement (D)	5	29	34	11	60	71	4	68	72	
Reinstatement rate (D/C) (%)	42	76	68	69	69	69	50	67	65	
Number of people reinstated in the previous year (E)	4	34	38	5	29	34	11	60	71	
Number of people reinstated for one year in the previous year (F)	3	27	30	5	29	34	11	59	70	
Retention rate (F/E) (%)	75	79	79	100	100	100	100	98	99	

Note: Employees may apply for parental leave without pay before their child reaches the age of three, according to Article 16 of the Gender Work Equality Act

Number of people eligible to apply for parental leave in 2019= 2018 + 2019

Number of people eligible to apply for parental leave in 2020 = 2018 + 2019 +2020

Compensation Benefit

The Company provides an industry-competitive overall compensation strategy to attract and retain outstanding talents. According to the Company's policies, 1%- 30% of operating profit performance is allocated as employee compensation (long-term bonus). By so doing, we hope to attract outstanding talents, reward employees who make contributions, boost work morale, and improve work efficiency.

Employee wages structure, including:

Salary	Allowances	Holiday Bonus	Season Bonus	Long-term bonus
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Salary of full-time employees who are not in supervisory positions in the past two years:

Year	Average	Median	
2019	1,391,764	751,540	
2020	1,259,131	779,351	

Unit: NT\$

Employee welfare expenses :

Classification of expenditures	2018	2019	2020 (compared with 2019)	
Cash gift (Marriage / maternity / sick / funeral ceremony and so on)	4,135,300	4,497,700	4,619,500 ↑	
Birthday voucher	5,811,000	6,473,000	6,866,000 ↑	
Employee travel allowance	21,960,000	24,528,900	27,126,700 ↑	
Meal Subsidy	87,358,918	97,342,423	99,787,644 ↑	
The company Welfare committee	12,172,000	13,218,000	13,991,000 ↑	
Group Comprehensive Insurance	1,577,235	1,441,083	1,115,813 ↓	
Regular health check	2,484,950	2,627,002	2,449,564 ↓	
Company Culture (Labor Day and annual dinner) / Societies / Leisure activities	32,868,028	30,165,293	29,310,470 ↓	

Unit: NT\$



Care and Communication

Largan provides a variety of communication channels to facilitate communication and coordination between laborers and staff managers. We have a deep understanding of employees' satisfaction with the management and welfare system and strive to maintain a good labor relation. Since its establishment, the labor-management relationship has been harmonious, and there has been no loss due to labor disputes. It is estimated that the possibility of future losses would be extremely low due to labor disputes.

In addition, through the labor-management meeting, employee representatives can reflect their suggestions and opinions on specific topics. Through the discussion in the forum, they can reach a consensus with the Company and ensure a smooth communication channel.

Largan provides all-around communication channels, a diversified, mutual, and open reflection mechanism. Through the implementation of employee communication and opinion transmission, our employees' voices can be effectively heard.

◎ Labor Opinion

Working Environment

Monitor cameras are installed near the emergency doors to reduce blind spots in the factory area and improve the safety of the working environment

Improve the environment and labeling of waste storage areas to improve the safety and health of the storage areas

Improve traffic lane labels and traffic control measures to improve traffic safety in the factory

Increase the noise measurement at the boundary and actively improve the noise in the factory area.

Others

◎ Labor-Management Meeting

The Company's labor-management meeting 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, and foreign laborers, which can consider the opinions of all types of people. The Company established a labor-management consultation system to promote labor-management cooperation as well as prevent labor disputes.

The fundamental spirit is to encourage voluntary consultation and cooperation between labor and management. To gather the wisdom and potential of everyone to work together, Largan will enhance the communication between labor and management and reduce conflicts, making sure that the two sides reach a consensus.

© Discussion topics on Labor-Management Meeting

Incentive bonus for revenue achievement

Holiday bonus

Company Shareholder Meeting

Employee annual health examination and consultation service matters

Employee compensation matters

Handle the matters related to the annual dinner

Annual bonus matters

Establish the official social media to increase mutual communication channels with employees

© Employee Suggestion Box

The Company has set up employee suggestion mail boxes at the workplace or dormitory in a conspicuous place and some private places. We encourage employees to address problems following the regular management system and channels. Employees are suggested to express their opinions in the following situations to the [Employee Suggestion Mail Box]:

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

[Employee Suggestion Box] Responses can include but are not limited to solving the following related issues:

- Anti-discrimination, anti-harassment, and abuse
- Avoid involuntary 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
- Dormitory and restaurant management
- Hazardous waste management, wastewater management, rainwater management, waste gas emission management, and plant boundary noise management

[Employees or potential employees shall not be subject to dismissal, blacklisting, discrimination, harassment, intimidation, retaliation, or other employment decisions against any such employee or potential employee who, in good faith, submits any question, suggestion, complaint, or grievance to a supervisor or managers, or participates in any way in the investigation or handling of any of them.]

In 2020, a total of 56 opinion letters were received, and all were resolved as scheduled. The processing results will be reported back to the reporter or by the public announcement (in an anonymous letter).

5.6

Healthy and Safe Workplace

Largan promises to provide employees with safe, healthy, and high-quality work while maintaining the safety of contractors 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, moving toward the goal of "zero accidents."

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 improved its safety and health management performance day by day.

The Company holds the spirit of the "zero accident" occupational safety and health policy, adopting strategies such as:

Implement the ISO 45001 Occupational Health and Safety Management Systems

Provide safe and healthy working environment and personal safety protection

Comply with occupational safety and health regulations and other requirements

Establish hazard identification and reduce occupational safety and health risks.

Provide good consultation and communication channels.

Work Environment and Personal Safety Protection

- When a plant is built or partly rebuilt, relevant units such as manufacturing, management, information, and security will conduct safety and health risk assessments.
- For hardware facilities, Largan carries out planning, design, and construction according to relevant regulations, international norms, and Company standards. The auditing unit also checks safety and health to make safety and hygiene much more effective.
- Operational safety and health management include:
High-risk operation control / Contractor entry management / Construction safety management
Chemical safety management / Occupational disaster analysis and statistics
Proper operating environment measurement / Disaster emergency response procedures / Regular fire drills

Therefore, in the event of a disaster, the damage and impact to the Company's property, personnel, society, and environment will be minimized.

Occupational Safety and Health Autonomous Management

Largan promotes self-management measures for occupational safety and health, including pre-employment training, on-the-job training, and license training, etc. The Company focuses on controlling potential hazards, providing necessary protective measures for employees, implementing work environment measurement, emergency response and drills, health care and medical care, occupational disaster management, internal safety, and health inspections, as well as preventing in-plant disasters.

Occupational Safety and Health Education and Training	Working environment measurement	Emergency response and drill
Health care and medical care	Occupational disaster management	Internal safety and health check

Occupational Safety & Health Education and Training

To allow new employees to be more familiar with the Company's related operations, the Company arranges new employees to attend occupational safety and health education and training on the first day of work. Employees' evaluation is based on the course content. In 2020, 939 (Taiwanese newcomers) people participated in new employee education and training.

Working Environment Measurement

To ensure that the safety of the working environment in the factory, the working environment measurement is carried out every six months. Through the measurement, we can understand the actual situation of hazard exposure in the working environment and monitor the direction of personnel caused by the working environment in the factory. The monitoring types include dust, noise, carbon dioxide, and organic solvents. If there is any abnormality in the measurement results, the Company will carry out engineering control and administrative management improvements for the problem.

In 2020, the Company arranged 18 badges of operating environment measurements in each plant area. No abnormalities were found.

Emergency Response and Drill

To reduce the impact of disasters on our workers, each factory has set up self-defense firefighting groups and arranged regional evacuation and disaster prevention drills in situations such as fires and chemical spills from time to time every year. At the same time, the Company set the fire brigade of the jurisdiction to guide the factory to observe the effectiveness of the emergency response. We also increase employee participation, as well as minimize the impact of disasters on employees and the Company.

The emergency response center is equipped with the following facilities:

Response information

Plant floor map, machine layout, strain program diagram

Fire Protection and Monitoring

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

Strain Equipment

Protective clothing, personal protective equipment, self-contained air breathing apparatus, hand-held detectors, leakage treatment equipment, warning equipment, etc.

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

Ambulance Equipment

According to the emergency rescue practice, it recommends installing AED, emergency shower equipment, eyewash, first aid backpack, and disaster relief kit in the workplace.

Occupational Disaster Management

Largan is concerned about the cause of each occupational accident. To effectively manage it, the Company has established an abnormal handling procedure for environmental safety and health. Once an accident occurs, we will immediately report to the security office, 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.

35 Occupational Disaster Notifications in 2020 , FR=2.42 、 SR=12 、 FSI=0.17

Occupational injury rate in 2020	Disabling Injury Frequency Rate (FR)	Disabling Injury Severity rate (SR)	Frequency-Severity Indicator (FSI)	Frequency-Severity Indicator (FSI)
Index	2.42	12	0.17	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)/working hours×1,000,000

Occupational injury death rate = number of deaths caused by occupational injuries/working hours×1,000,000

Internal Safety and Health Inspection

To implement automatic internal inspections, five necessary audits are conducted by the security room, including chemicals, machinery and equipment, on-site environment, fire equipment, waste disposal, and so on. It can eliminate potential operational hazards.

In 2020, the Company completed the assessment for 17 on-site departments, a total of 179 missing items were issued. According to our analysis and statistics, the top three are 47.9% of chemicals, 19.6% of mechanical equipment, and 9.5% fire-fighting equipment. At the same time, the completion rate of coaching and tracking unit improvement is 100%.

Internal Participation in Consultation and Communication Channels



Occupational Safety and Health Committee

Largan has set up an Occupational Safety and Health Committee. According to the bylaws, labor representatives are elected to provide a formal channel for managers and employees to communicate face-to-face on the environment, safety, and health. In addition, the Company holds a quarterly meeting to discuss the above issues. In response to the increasing scale of our new plants, the heads of various departments have monthly meetings to address environment-related issues and implement environmental protection, safety, and health management. A total of 43 people participated in the meetings in 2020.

Hazard Identification, Opportunity and Risk Assessment

Establish 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 such as occupational safety and health system, risk control, and incident prevention.

Twelve departments co-joined the committee, identifying 756 hazardous factors, and completing corresponding control measures in 2020.

Health Work Promotion

Health care and medical care	Human hazard assessment and management	Abnormal workload prevention
Prevention of illegal infringement in the workplace	Maternal health protection and management	

Health Care and Medical Care

The Company provides employees with free health checks and additional health checks for operators every year. We conduct statistical analysis of health examination to find out possible 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.

2020 Employee health examination

Categories	Item	Number of participation
Regular checking	Based on Regulations of the Labor-Health Protection	4723
Special checking (Dust/noise)	Based on Regulations of the Labor-Health Protection	87

Doctors provide the service regularly in the factory, and the Company arranges the professional physician consultation service for abnormal health checkups, maternal ethnic groups, abnormal workloads, and occupational disasters. For those classified as second-level management or above, the physician will comprehensively evaluate the health status to provide appropriateness of the arrangement on the job position. A total of 1,015 people participated in health consultation services throughout the year.

level 1-4 management of Health risk

Level 1	Level 2	Level 3	Level 4
The results of the health examination are all normal; there is no abnormality.	The results of the health examination are abnormal, and the assessment is on unrelated occupational work content. Appropriate re-examination or treatment shall be arranged after receiving health guidance.	The health check results are abnormal, and the preliminary assessment is related to occupational work. Level 3 will be re-determined after arranging the occupational medicine clinic.	The results of the health examination are abnormal; doctors suggested that it is associated with occupational work. Doctors then arranged for further occupational disease assessment and examination procedures and treatment.

Emerging Infectious Diseases Prevention Plan for Enterprises

We believe that healthy employees are the backbone of normal business operations, and it is our responsibility to take care of the physical and mental health of our employees.

When facing the potential threats of emerging infectious diseases in the workplace, the Company has a dedicated unit to continuously monitor global emerging infectious diseases, evaluate their subsequent impact, and formulate a workplace epidemic prevention plan.

Due to the potential threat of COVID-19 emerging infectious diseases in the workplace in 2020, the Company aimed to minimize the infection by following the below actions:

- | **The dedicated unit continues to monitor whether there are emerging infectious diseases around the world and evaluate its subsequent impact** |
- | **Draft an pandemic prevention plan in the workplace** |
- | **Provide alcohol for employees to disinfect** |
- | **Set partitions in the restaurant to reduce droplet infection** |
- | **All personnel entering the factory (including manufacturers and visitors) are required to wear a mask** |

During the pandemic in 2020, the Company issued independent health questionnaires to investigate the health condition of employees and related contact history and expanded the scope to visiting guests, manufacturers, interviewers, etc. To accurately stay up with the health situation of employees, the Company also set up epidemic prevention notification mailboxes. During the period, if employees have abnormal conditions such as physical discomfort, they must report immediately. Nurses also listed and tracked the reported cases (going abroad, fever, etc.) to confirm the follow-up condition and avoid loopholes in epidemic prevention.

The Company has independent isolation paid leave of 14 days to concentrate on home quarantine or independent management to avoid the risk of infection.

Pay Attention to Infectious Diseases Such as Seasonal Flu

The Company is cautious about seasonal influenza (such as H1N1, H3N2...Influenza A virus or Influenza B virus) and other infectious diseases that are still pandemics every year. It continues to control the risks of various infectious diseases (such as tuberculosis, typhoid, etc.), avoid excessive or insufficient response, improve epidemic prevention capabilities, and announce epidemic prevention knowledge on the announcement board of each factory for their reference.

Human-based hazard Assessment and Management

The Company has established correct safety awareness and evaluated and improved the project through the human factor engineering safety education and training on the hardware design and handling operations of the machine area for employees. For example, the human factor assessment and improvement of machine maintenance include the provision of spreaders, lifting trolleys, and jigs to replace parts and components.

To prevent repetitive work from causing musculoskeletal diseases, the labor health service personnel conduct a questionnaire on all employee's body soreness and the degree of work impact act in concert with the annual health check to identify high-risk groups. In addition, the industrial safety and environmental protection unit will identify human risks and develop improvement plans.

Maternal Health Protection and Management

To prevent female employees from exposing maternal health hazards in the workplace, the Health Center 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.

Largan distributed questionnaires, arranged physician assessments, as well as provided parking spaces for pregnant women, and appointed stores related to maternity. The Company also provides information on pregnancy and childcare before issuing questionnaires.

Sustainability Protection

Largan has an adequately established environmental management system following ISO 14001:2015 and set up a dedicated unit responsible for environmental management and maintenance. Through internal management methods, we reduce pollution, improve the living environment system, reduce negative impacts, and seek to make contributions to environmental protection.

6.1 Pollution Prevention

Air Pollution Management

In recent years, governments of various countries have paid more and more attention to improve air quality. Air pollutants have become a critical environmental issue of global concern. In response to global trends, Largan has started planning and implementing air pollution prevention since establishing factories. Through internal audits and self-inspection, we will effectively execute pollution prevention, training, control and promise to continue to improve pollution and hazard prevention in conjunction with preventive maintenance, training, and operations. Following the requirements of the Bureau of Energy, the Ministry of Economic Affairs, our plant needs to save 1% of electricity every year and reduce carbon emissions.

Optimization of Air Pollution Equipment

Pre-evaluate the pollution factors that cause harm to the environment in the production process and strive to reduce the environmental impact.

Set up various complete air pollution prevention systems on Activated Carbon Adsorption Process and Wet Scrubber to effectively prevent odors and reduce the emission of volatile organic compounds (VOCs) and suppress the occurrence of air pollution.

Comply with the environmental protection Act and regulations.

Emission Monitoring

Largan Seventh Factory (No. 13 Jingke Road) introduced Total Hydrocarbons Analyzer (THC), which can grasp the exhaust gas treatment effect of the air pollution prevention system and report related emissions information to the factory time. We also monitored through the headquarter to ensure that the chimney emissions complied with laws and regulations.

To ensure that the stable operation of pollution prevention and control equipment 24 hours per year, all air pollution prevention and control equipment shall be equipped with at least one backup system (N+1 design). Largan has achieved zero failure prevention and control equipment management to ensure that emission pollution monitoring is continuously stable.

Waste Management

Largan has established the "Enterprise Waste Management Procedures" internally to regulate the classification, collection, storage, and industrial waste treatment. It is expected that with the continuous increase in production capacity, the Company will use management measures to remove debris and improve environmental sanitation to prevent the waste output from expanding in the same proportion and causing environmental threats.

Largan converts the raw materials/waste by the available process in the factory to recycling. For the external recyclable items, suppliers are required to reuse them to reduce unnecessary waste of resources. For incineration, the waste is converted to recovery and reuse; the proportion is 72%.

2020

Disposal method (incineration/landfill/recycling)	Amount (ton)
Incineration (landfill)	368.26
Incineration (extraction distillation)	94.04
Heat Treatment	128.64
Physical Treatment	482.46

Largan's 2021 target policy: Under the "resource recycling and reuse", the total weight of the recycling and reuse is expected to reach 200 metric tons.

Equipment, raw materials	Production process	Industrial Wastes	Recycling dissemination
For equipment, raw materials, and other external waste products, suppliers are required to recycle and reuse the waste products to reduce unnecessary waste of resources and improve recycling.	Source control of materials used in the production process in the factory. Process raw materials/waste recycling and reuse. Classification and management of other general recyclable items. In 2020, all of the waste was incinerated and will be recycled and reused in phases.	Evaluate whether there is any utilization value for each output and supplier waste that can be recycled and reused.	Promote the importance of resource recycling to the factory employees, improve the environmental protection concept and literacy of each employee, and make more efforts and social contributions to the earth's environmental protection. Garbage sorting, paper recycling

6.2 | Water Resources Management |

Major Issues : Water Management

Issues Management

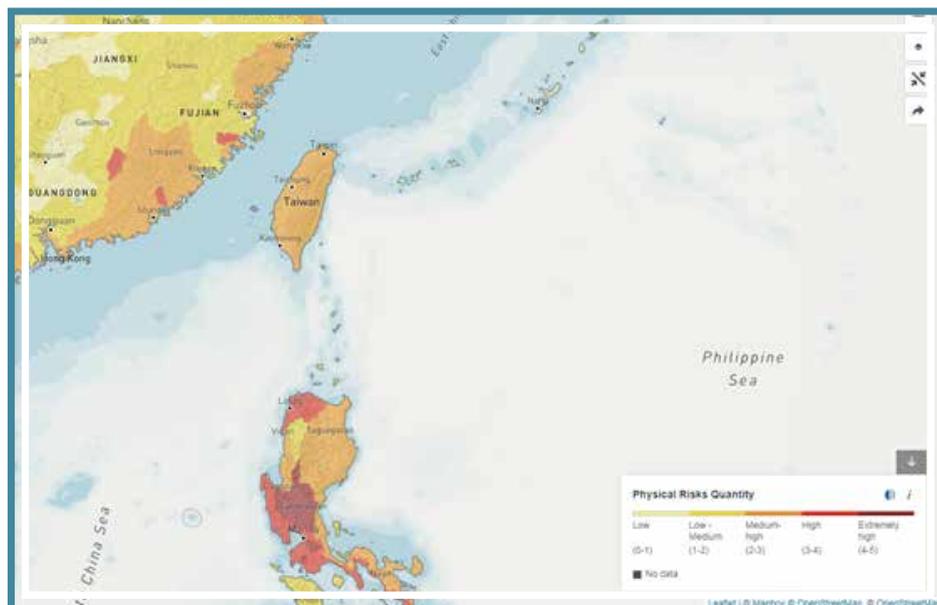
Goals and Subjects: To improve water resources management measures and reduce the water shortage crisis, we implement water management and volume reduction.
Increase the recycling rate

Commitments: The annual water recycling rate remained above 98%

Policy and Management: Rainwater and condensed water are collected and reused.
The water quality of the washing tower is added with chemicals to increase the concentration to reduce emissions.
The wastewater is effectively divided into streams, and the wastewater discharged from the process is recycled.

Water Resources Overview

Largan is located at the Taichung Precision Machinery Technology Innovation Park and Taichung Industrial Park. It is a moderate water resource risk area. The water source mainly comes from tap water and recycled water from the plant. Groundwater and surface water are not used as the water source of the plant. The total tap water consumption of the plant in 2020 is 913.9 million liters.



Source : World Resources Institute <https://www.wri.org>

Water Resources Management Measures

Largan Wastewater Management Policy:

- Pollution prevention: monitor the treatment process, and the discharge water quality is better than the legal standards.
- Compliance with laws and regulations: Continue to pay attention and implement the requirements of domestic environmental protection laws and regulations and respond to environmental protection regulations and trends.
- Continuous improvement: Optimize the evaluation and application of the processing efficiency of each unit to achieve energy-saving and create the best water reuse.
- Environmental improvement: Consider all possible environmental pollution sources and minimize the hazard factors through control and improvement.

Largan integrated internal and external resources and implemented reduction management to avoid water waste and improve water resources management measures. By doing so, it will reduce the water shortage crisis due to the instability of water resources caused by climate change and water shortage caused by the annual dry season. We also separated the wastewater system to increase the recycling rate. In addition, we monitored discharged water quality and pollution prevention to maximize the efficiency of water use in the entire plant area and minimize the impact of the drainage on the environment.

Each plant area manages the sewage sewer system of the industrial area that is piped to the park to reduce the impact of water bodies.

The internal water quality standards are lower than the management standards, and emergency measures should be taken if there is any abnormality.

No highly toxic chemical substances are used in any plant.

All wastewater in the plant area is taken into the pipes. After treatment, it reaches the discharge water standard and being discharged to the receiving waterbody, reducing the impact on the environment to a minimum.

Waste and Sewage Management Measures

Various types of wastewaters and rainwater are discharged from the plant area; the water pollution control license is obtained following the "Water Pollution Control Act." The pipes are discharged to the Taichung Precision Park and the sewage treatment plant in the industrial zone. The in-plant self-inspection standards are better than the pipe standards to ensure that the discharged water quality meets the standards of environmental protection laws.

Test items	The Taichung City Precision Machinery Innovation Technology 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 value	5-9	5-9	5-9	5-9

Waste Water

After being processed by the treatment system, it will be discharged to the sewage sewer system approved by the park.

storm-water drainage

It is discharged from a dedicated rainwater outfall, and there is no source of water outflow from the rainwater outfall when it is sunny.

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

There was no overflow or significant leakage in the plant area, and there was no pollution impact loading on the surrounding environment during 2020.

Largan has installed monitoring instruments (pH, chemical oxygen demand, suspended solids) at the plant's discharge outfall, conducts self-checking of the discharged water quality every week, and outsources at least three times a year. The data is used for online instrument comparison and calibration to ensure the stability of online monitoring instruments.

According to the data report of sewage water quality inspection in the factory area, Largan's COD (Chemical Oxygen Demand in Wastewater) detection value was lower than the standard value of 300ppm, and SS (Suspended Solids in Wastewater) was lower than the normal value of 320ppm.



Effluent test report

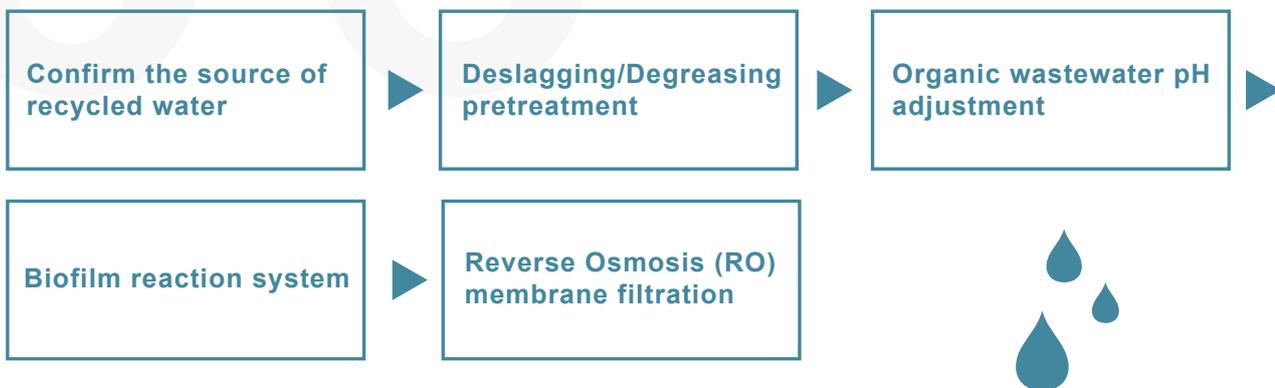
Pollution Prevention Section:

Use rolling review and PDCA management model to respond to pollution sources caused by process changes and reduce the impact on the environment.

The processing equipment is designed in N+1 mode, and it operates stably for 24 hours and 365 days. It is equipped with a real-time monitoring system to record operating parameters. If the value exceeds the preset value, an alarm will be sent out immediately.

Largan conducts the water quality monitoring also uses the wastewater recycling process in the factory to recycle wastewater based on the characteristics of the water, including cooling towers, process wastewater, and city water.

Sewage Recycling Process:



Recycling and Reuse of Water Characteristics:

The cooling water tower drainage is collected separately from the cooling water tower recovery system for recycling. After the pollutants are removed through the nanofiltration membrane and RO, they will be recycled to the secondary water tank.

Process wastewater classification

- Organic wastewater processing is introduced into the biological system for treatment, and after MBR and RO treatment, it will be recycled to the secondary water tank.
- Clean water is collected and monitored. If the water quality is good, it will be recycled to the pure water and raw water storage bucket after ACF and RO treatment to reduce the raw water consumption of the pure water system. However, if the water quality is poor, it will be recycled to the secondary water tank.

The civil sewage and restaurant sewage in the factory are collected, treated by the biological system, MBR, and RO, and then recycled to the secondary water tank for recycling. The wastewater recovery rate is about 80%.

After membranes separate the backwash water of the pure water system, it will be recycled to the secondary water tank.

The concentrated water of the pure water system is effectively collected and recycled to the pure water equipment for regeneration and backwashing.

Recycle air conditioning condensate to the cooling water tower for recycling.

After the rainwater is collected, it will be recycled for use in irrigation equipment.

According to statistics, until 2020, the annual water recovery rate will remain above 98%

The primary considerations are continuous innovation and improvement. The system efficiency and other information are included in the regular tracking review project to achieve the best control of water resources reduction.

Apply daily recording and analysis of water-using units, and immediate maintenance of abnormal water-using units to avoid water waste.

Adjust the reasonable water consumption of cooling towers and washing towers through regular water quality testing.

The sanitary ware equipment in the factory shall use water-saving devices approved by the country to achieve water-saving functions and designs.

Promote employees' water-saving concepts and information from time to time and strengthen water-saving concepts.

Water Saving Plan

Rainwater and condensate collection and reuse

The water quality of the scrubber is added with chemicals to increase the concentration and reduce emissions.

Recycling of wastewater discharged from the process

After the processing water is the cleaning and recycled, it is supplied for processing used.
The RO recovered water from the process is used for the regeneration of the pure water system (2B3T).

Cooling tower management

Increase the multiple units of water quality concentration and save emissions.
Water quality monitoring & agent evaluation.
The cooling water tower is discharged and recycled after film processing.
Extensive use of recycled water from the factory.

6.3 | Energy Efficiency and Carbon Reduction |

Major Issues: Energy and emissions

Issues Management

Goals and Subjects: In response to global environmental protection trends and aligning with the National Overall Greenhouse Gas Reduction Strategy development, we pay attention to the Company's greenhouse gas emissions to reduce operating costs.

Commitments: We are committed to the inventory of greenhouse gas emissions and conducting a project for voluntary reduction of greenhouse gas emissions, based on the inventory results.

Policy and Management: According to the new version of ISO 14064-1:2018, direct greenhouse gas emissions (category 1), indirect emissions from imported energy (category 2), and other indirect emissions (category 3 to 6) are included in the inventory.

Greenhouse Gas (GHG)

In response to the global environmental protection trend, we cooperated with the National Overall Greenhouse Gas Reduction Strategy development to achieve the sustainable development goal of energy-saving and carbon reduction. Although it should not list the emission sources of registered greenhouse gas emissions under the supervision, the Company's greenhouse gas emissions are still monitored by independent greenhouse gas inventories. Operating costs can also be reduced by improving energy efficiency.

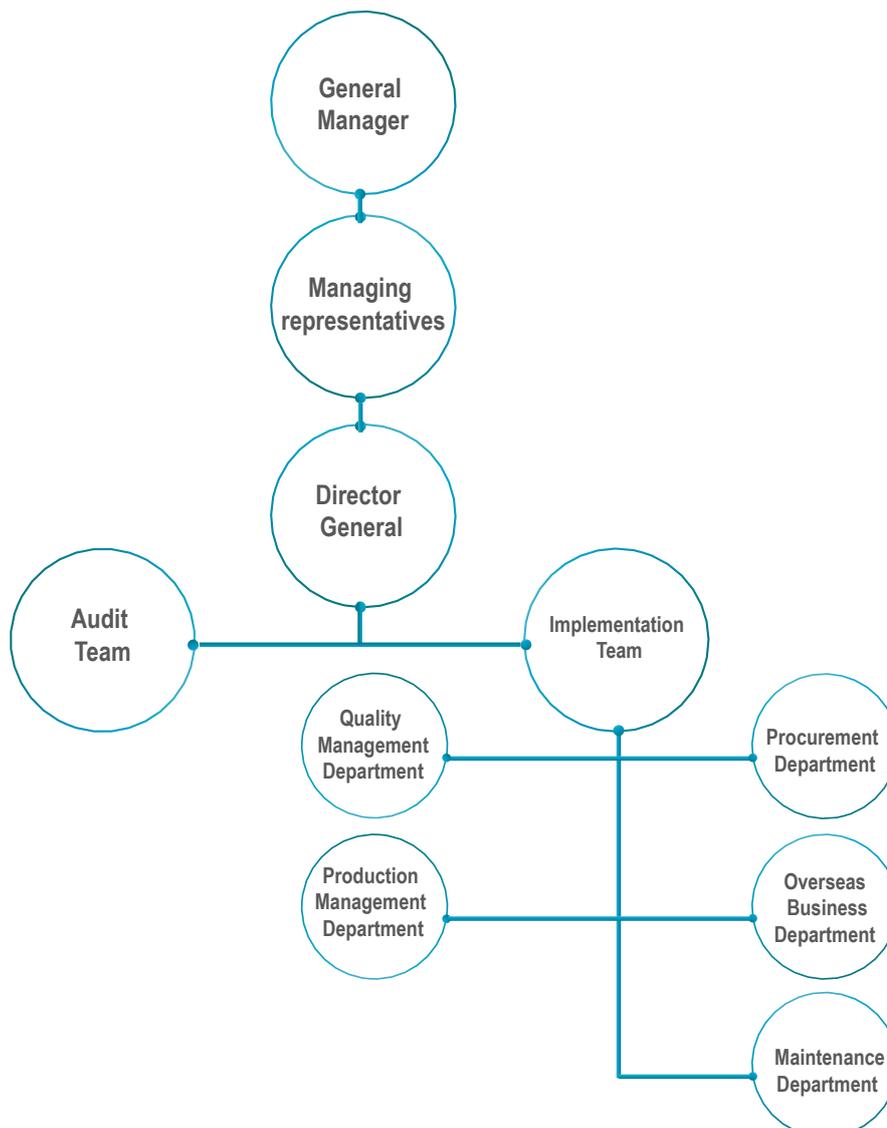
Largan followed the ISO 14064-1:2018 standard to check direct greenhouse gas emissions (category 1), indirect emissions from imported energy (category 2), and other indirect emissions (category 3 to 6) in 2020. Since 2020 is the first complete inventory check, the year is tentatively set as the base year.

Greenhouse Gas Policy Statement

The increase of greenhouse gases has caused the rapid deterioration of the global climate. Accordingly, our environment also has affected the economic development of various places. As global citizens, we must cooperate with government policies and fulfill our corporate responsibilities.

Largan is committed to the inventory of greenhouse gas emissions, and following the inventory results, we have scheduled further conducts of the voluntary reduction of greenhouse gas emissions.

The organizational structure of the Greenhouse Gas Inventory Steering Committee



In 2020, Largan's greenhouse gas is 282,560.1654 metric tons of carbon dioxide equivalent.

	Direct emission source (Category One)	Direct emission source (Category One)	Other indirect emission sources (Category 3-6)	Total
Emission equivalent (Metric tons CO2e/year)	790.5714	205,187.8764	76,581.72	282,560.1654
Percentage (%)	0.28	72.62	27.1	100

Remarks :

- 1.The result is based on Largan's self-inspection.
- 2.Citation GWP value as IPCC Fifth Assessment Report: 2013.

Carbon management

The Company has achieved the goal of carbon dioxide reduction in response to reducing greenhouse gas emission management.

In 2020, we continued to replace high-efficiency LED lighting to reduce electricity consumption and plant greening, hoping to control carbon emissions effectively. At the same time, employees were encouraged to save energy to achieve energy-saving and power consumption reduction goals.



GRI Content Index

The following indicators have been verified externally, and the relevant verification results are shown in the external independent assurance opinion statement.

General Disclosure (2016)

GRI Standard	Disclosure Content	Chapter	Page	Remark	
Organizational profile	102-1	Name of the organization			
	102-2	Activities, brands, products, and services			
	102-3	Location of headquarters			
	102-4	Locations of operations	1.Sustainable Operation	08	
	102-5	Ownership and legal form			
	102-6	Markets served			
	102-7	Scale of the organization			
	102-8	Information on employees and other workers	5.1 Cultivate talents	60	
	102-9	Supply Chain	4.2 Sustainable Supply Chain Management	57	
	102-10	Significant changes to the organization and its supply chain	--	--	No major changes in the supply chain in 2020
	102-11	Precautionary Principle or approach	1.3 Risk Management	23	
	102-12	External activities	--	--	No external initiative signed
	102-13	Membership of associations	1.2 Corporate Governance	12	
Strategy	102-14	Statement from senior decision-maker	Sustainability Strategy	03	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	1.5 Ethics and compliance	28	
Governance	102-18	Governance structure	1.2 Corporate Governance	12	
Stakeholder	GRI102 102-40	List of stakeholder groups	2. Stakeholder Communication	38	
	102-41	Collective bargaining agreements	--	--	The company has no union
	102-42	Identifying and selecting stakeholders			
	102-43	Approach to stakeholder engagement	2. Stakeholder Communication	38	
	102-44	Key topics and concerns raised			
engagement	102-45	Entities included in the consolidated financial statements	1.Sustainable Operation	08	
	102-46	Defining report content and topic Boundaries	Largan's CSR Report	05	
	102-47	List of material topics	2.3 Identify Material Issues	40	
	102-48	Restatements of information	--	--	Unreformed report
	102-49	Changes in reporting	--	--	No major changes
	102-50	Reporting period			
	102-51	Date of most recent report			
	102-52	Reporting cycle	Largan's CSR Report	05	
	102-53	Contact point for questions regarding the report			
	102-54	Claims of reporting in accordance with the GRI Standards			
	102-55	GRI content index	GRI Content Index	91	
	102-56	External assurance	Appendix	91	

Material Issues

Economic- Ethics

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 205 Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	1.5 Ethics and compliance	28	

Economic-Risk Management

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 201 Economic Performance	201-2	Financial implications and other risks and opportunities	1.3 Risk Management	23	

Economic- Performance

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	1.1 Business Philosophy	11	

Economic- Supply Chain Management

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 204 Procurement Practices	204-1	Proportion of spending on local suppliers	4.2 Sustainable Supply Chain Management	57	

Society -Customer Privacy

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.1 Customer Operational	55	

Society– Employment, Labor/Mangement Relations

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 401Employment GRI 402Labor /Management Relations	401-1	New employee hires and employee turnover	5. Friendly Workplace	60	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
	401-3	Parental leave			
	402-1	Minimum notice periods regarding operational changes			

Society - Diverse Workplace

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5. Friendly Workplace	60	

Society - Human Rightst Protection

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 412 Human Rights Assessment	412-2	Employee training on human rights policies or procedures	5.3Human Rights	67	

Society- Laws and Regulations Compliance

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	46	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 419 Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	1.5 Ethics and compliance	29	

Environmental- Energy Efficiency and Carbon Reduction

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	6.3 Energy Efficiency and Carbon Reduction	88	
	305-2	Energy indirect (Scope 2) GHG emissions			
	305-3	Other indirect (Scope 3) GHG emissions			

Environmental –Water Management

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 303 Water and Effluents	303-1	Interactions with water as a shared resource	6.2 Water Resources Management	84	
	303-2	Management of water discharge-related impacts			

Environmental –Supply Chain Management

GRI Standard (2016)		Disclosure Content	Chapter	Page	Remark
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Response to Material Issues	45	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4.2 Sustainable Supply Chain Management	57	
	308-2	Negative environmental impacts in the supply chain and actions taken			

INDEPENDENT ASSURANCE OPINION STATEMENT

Largan Precision Co., Ltd. 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Largan Precision Co., Ltd. (hereafter referred to as Largan in this statement) and has no financial interest in the operation of Largan other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Largan only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Largan. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Largan only.

Scope

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

1. The assurance scope is consistent with the description of Largan Precision Co., Ltd. 2020 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the Largan's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Largan Precision Co., Ltd. 2020 Corporate Social Responsibility Report provides a fair view of the Largan CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Largan and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate Largan's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Largan's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a review of issues raised by external parties that could be relevant to Largan's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 7 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Largan has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Largan's inclusivity issues.

Materiality

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

Responsiveness

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

Impact

Largan has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Largan has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Largan's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Largan provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Largan's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the Largan's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

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

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



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