

2-3 Risk Management


With the aim of securing the functions of risk management and fulfilling the responsibilities of the Board of Directors, Largan has established the "Risk Management Measures." The impacts of risks and corresponding response actions are reported to the Board of Directors once a year. Relevant risk management policies are approved by the Board to ensure effective identification, analysis and assessment, control and treatment, and ongoing monitoring of various risks. The purpose is to enhance crisis awareness among all employees, implement risk control within a reasonable scope, and ultimately optimize overall business operations.

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

Risk Management Policy: Prevention in advance, loss avoidance			
Management Measure	<b>Objectives</b> To get a head start over the global economic situation and the risks of climate change and energy supply, at Largan we actively act upon developing strategies and adjusting the business models beforehand.	<b>Commitment</b> Utilizing thorough due diligence and proactive communication methods for early warnings, closely monitoring global industry trends and climate change, adjusting development goals and business strategies in a timely manner, and mitigating potential risks.	<b>Policy and Management</b> Largan holds management meetings as preventive measures to adjust operation strategies in response to operational risks.

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

2-3-1 Influence and Response of External Risks

External Risk Cause	Impact on Operational and Corporate Governance Risks	Countermeasures
 Industry Competition	In the field of optical lenses, there is competition from Taiwanese and Chinese manufacturers, but Largan has a leading edge in high-end optical lenses. The competition in the industry is fierce. Therefore, it is necessary to maintain a leading position in the field of R&D patents, process efficiency and yield rate, and maintain a competitive advantage.	The Company continues to increase and improve the number of R&D manpower and patents. With process efficiency and equipment improvement, production efficiency and yield rate are improving. Especially in the field of high-end lens research and development, we maintain at least one to two generations ahead of high-end lens products.
 Climate Change	The physical risk of global extreme weather continues to increase. In response to extreme weather, the risks of droughts, blackouts, , water shortages, and power outages will cause losses to the Company.	• IT Dept. has equipped uninterruptible power system (UPS) to support power supply. • Power generator automatic operation. For more, please refer to 6.1 Climate Action

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