Green Production

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

6-1 Climate Action

● TCFD Disclosure Framework

The Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report (AR6) in 2021, indicating that global warming in the near term (by 2040) may lead to more extreme environmental variations. To address the challenges posed by climate change and enhance corporate climate resilience, Largan has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework. Through the four core elements—governance, strategy, risk management, and metrics and targets—the Company has established a governance structure to identify, assess, and manage climate-related risks and opportunities, integrate climate-related topics into decision-making processes, and determine factors that may affect future business operations in order to develop corresponding strategies. To further strengthen climate-related risk management mechanisms, the Board of Directors, as the Company's highest governance body, makes decisions and provides guidance, ensuring smooth top-down and bottom-up communication across all management levels and effective execution of strategies.

Governance	・The ESG Committee resolves and supervises the Company's climate and environmental management policies, formulates, and guides the execution of climate governance strategies by each department. ・The Sustainability and Risk Management Section is responsible for establishing risk management mechanisms and processes. ・The Corporate Governance Section promotes the linkage between sustainability goals and performance outcomes. ・The ESG Committee collects and evaluates climate-related risks and opportunities, and, based on the assessment results, formulates energy-saving and carbon-reduction plans for implementation across all departments.	Risk Management	・Quantitative impacts on the Company are evaluated to jointly develop risk management directions and response plans. ・Climate-related risks and opportunities are incorporated into the Company's overall enterprise risk management, overseen by the Sustainability and Risk Management Section.
Strategy	・All governance units continuously monitor global climate trends and benchmark against industry peers to evaluate the Company's short-, medium-, and long-term climate-related risks and opportunities. ・Climate scenario analysis is applied to assess risk factors under global climate change, disclosing the Company's resilience to climate-related risks and opportunities.	Metrics and Targets	・The ESG Committee develops climate-related metrics and targets. ・The Environmental Section supports all departments in implementing energy-saving and carbon-reduction plans, regularly reviewing execution results, and completing the annual greenhouse gas inventory.

6-1-1 Governance

● Climate Governance Structure

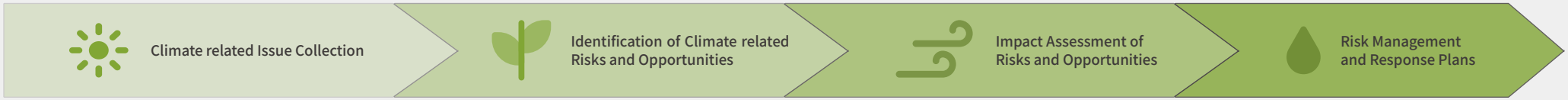
Facing the challenges of climate change, establishing a sound climate governance structure has become an urgent priority for corporations. Largan implements clear organizational structures to ensure execution in alignment with governance hierarchy, proactively addressing climate risks and opportunities. The Board of Directors sets climate and environmental management policies, while the ESG Committee and the Sustainability and Risk Management Section supervise the Corporate Governance, Economic, Environmental, and Social Sections in executing climate change response programs. Cross-departmental collaboration is conducted across environmental management, social initiatives, and corporate governance to comprehensively advance sustainability governance goals.

6-1-2 Strategy and Risk Management

● Climate-related Risks and Opportunities

Largan annually reviews and monitors international and industry trends in climate-related topics. Through a risk identification and assessment process, the Company systematically identifies climate-related risks and opportunities, evaluates their impact level and potential influence, and develops appropriate response plans to strengthen corporate climate resilience while maintaining optimized process execution.

● Climate-related Risk Identification and Management Process



- Identify climate risk factors by benchmarking against industry peers and surveying internal perspectives on climate change to develop a list of climate-related issues.
- Based on the climate-related issue list, identify potential climate-related risks and opportunities, and classify them into transition risks, physical risks, and opportunities.
- Assess the severity of impact and time horizon for identified risks and opportunities.
- Evaluate the Company's preparedness for risk prevention and its ability to capture opportunities.
- Develop response plans and risk management mechanisms according to the results of the risk and opportunity assessments, and implement them across all departments.

6-1-3 Results of Climate-related Risk and Opportunity Identification

Under the supervision of the Board of Directors, Largan identifies three transition risks, two physical risks, and two opportunities based on the duration of impact and level of severity for each risk. These results provide internal reference to enhance understanding of the climate change challenges faced by the Company, monitor the implementation status of climate-related risk management, and facilitate collaborative discussion on the feasibility of risk management planning and response measures.

（1）Climate-related Risk Response Plans

Impact Dimensions	Impact Aspect	Climate Risks	Impact Duration	Impact Description	Risk Management and Response Plans
Transition Risks	Electricity Consumption Risk	**Electricity Price Increases** Taiwan's overall electricity demand has increased year by year. Combined with fluctuations in international fuel prices, this has led to higher summer peak loads, resulting in greater pressure on power supply and increased power generation costs. Electricity price adjustments have become a key variable in corporate operating costs.	Short	• Rising electricity costs affect the manufacturing cost structure and require payment of carbon emission fees. • Risk of power rationing during peak electricity demand periods.	• Implement high-efficiency air-conditioning, process cooling, and lighting systems (e.g., variable-frequency air compressors and LED lighting). • Regularly monitor electricity prices, temperature trends, and policy developments.
	Regulations and Policies	**Carbon Pricing** Taiwan's carbon fee mechanism will take effect in 2025, and the EU Carbon Border Adjustment Mechanism (CBAM) will be officially implemented in 2026. **Enhanced Disclosure Requirements** Domestic and international requirements for greenhouse gas emissions reporting and disclosure are increasing.	Short	Additional resources are needed to enhance greenhouse gas inventory capabilities, leading to increased costs.	Since 2020, Largan has conducted greenhouse gas (GHG) inventories in accordance with ISO 14064-1:2018 standards and established a "GHG Inventory Task Force" to track overall emissions and develop preventive measures for climate change.
	Supply Chain and Raw Materials	**Fluctuations in Critical Materials** • As corporations' advance energy transition initiatives, market demand for certain critical materials is growing. • Environmental policies and carbon pricing mechanisms are driving up production costs for critical materials. • Supply chains are affected by extreme weather events, impacting supply capacity.	Short	• Fluctuations in critical material prices necessitate sourcing alternative materials, increasing procurement costs. • Climate impacts on the supply chain may cause production line disruptions, resulting in delivery delays that affect both costs and revenue.	• Diversify sources of supply to avoid reliance on raw materials from a single region. • Select quality local suppliers to reduce transportation costs and carbon footprint. • Identify suppliers with high climate risk exposure and enhance their capabilities to address climate change risks. • Seek low-carbon manufacturing partners to strengthen the resilience of the sustainable supply chain.

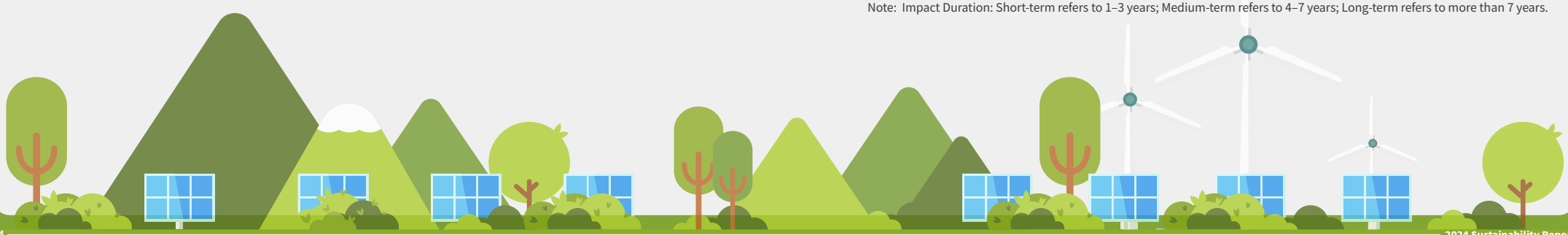
Impact Dimensions	Impact Aspect	Climate Risks	Impact Duration	Impact Description	Risk Management and Response Plans
Physical Risks	Immediate	**Intensified Natural Disasters** Increased frequency of typhoons and heavy rainfall events.	Short	Risks such as production line interruptions and equipment damage increase operating costs and reduce production capacity.	• Assess whether plant locations face potential compound natural disaster risks and conduct scenario simulations for corresponding response plans. • Regularly inspect emergency power systems and uninterruptible power systems, and install water storage systems to ensure stable water and power supply during disasters; regularly check plant drainage facilities to prevent blockages. • Establish an emergency response team to develop disaster response measures promptly in the event of natural disasters.
	Long-term	**Extreme Climate Variability** Water shortages and changing rainfall patterns.	Medium	Potential flooding at plant sites or insufficient water supply could increase costs.	

Note: Impact Duration: Short-term refers to 1–3 years; Medium-term refers to 4–7 years; Long-term refers to more than 7 years.

(2) Climate-related Opportunities and Response Plans

Impact Dimensions	Climate Opportunities	Impact Duration	Impact Description	Risk Management and Response Plans
Opportunities	**Energy Conservation** Develop energy-saving plans, promote paperless operations, phase out high-energy-consuming equipment, and implement water conservation improvement programs.	Short	Energy-saving plans reduce resource consumption.	• Continue to promote the importance of water and electricity conservation across all departments to foster sustainability awareness. Adjust temperature settings or install timers to reduce power consumption during operation. • Promote e-systems to reduce paper consumption. • Install a power monitoring system to promptly address any anomalies and reduce energy loss. • Install water-saving equipment and regularly record and analyze water usage. Inspect and immediately repair if anomalies are detected. • Replace high-energy-consuming and outdated equipment. • In 2018, the plant located at No. 13, Jingke Road, Taichung, obtained a Green Building Label. The feasibility of adopting green building methods will be considered for all future plant constructions.
	Use of Alternative Energy Adopt green electricity and low-carbon energy, and install renewable energy facilities (such as solar photovoltaic systems).	Short	Increase revenue from energy generation.	• Plan to install 1,100 kW of solar photovoltaic capacity in new plant construction to actively increase the generation and utilization rate of green electricity. • Seek suitable renewable energy sources to replace conventional energy, thereby reducing environmental pollution.

Note: Impact Duration: Short-term refers to 1–3 years; Medium-term refers to 4–7 years; Long-term refers to more than 7 years.



6-1-4 Climate Scenario Analysis

To assess the potential impacts of future carbon pricing changes on the Company's transition and physical risks, Largan referenced the Representative Concentration Pathways (RCPs) and temperature rise projections defined in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) when evaluating physical risks. Scenario settings were developed to analyze the impacts of extreme climate change—such as sea level rise, water scarcity risk, and changes in rainfall patterns—on Largan. Through climate scenario simulations, the Company formulates strategies and plans to respond to future risks, thereby reducing the potential for overall financial loss.

(1) Transition Risk Scenario Analysis: Carbon Pricing

Carbon pricing is a key policy tool for addressing climate change and has become a major factor affecting corporate policy and operational finance globally, both now and in the future. Using the Company's 2023 GHG inventory results as the baseline, the financial impacts of carbon pricing are as follows:

Largan's combined Scope 1 and Scope 2 GHG emissions in 2023 totaled 164,275.322 metric tons CO_2e. Based on Taiwan's latest announced carbon fee—NT$300 per metric ton for entities not participating in voluntary reduction programs—the estimated carbon fee payable in the first year of implementation is approximately NT$26.78 million. This constitutes a material risk.

Note: Calculations are based on 2023 Scope 1 and Scope 2 GHG emissions, without assuming any future carbon reduction target pathway.

Analysis results indicate that future carbon pricing will directly impact Largan's carbon emission costs. The Company conducts annual GHG inventories and third-party verification in accordance with ISO 14064-1:2018. Based on inventory results, Largan sets carbon reduction targets aimed at achieving net-zero emissions and formulates appropriate reduction strategies. The inventory results show that Scope 2 (energy indirect) emissions account for the largest share of the Company's total emissions. As a result, energy conservation has been prioritized. Measures include incorporating solar power installations in new plant construction plans, replacing lighting equipment at all sites with energy-efficient LED and sensor lighting, and setting an annual energy-saving target of over 1.5 million kWh.

(2) Physical Risk Scenario Analysis: Long-term – Water Scarcity Risk

The water scarcity risk assessment applied the World Resources Institute (WRI) Aqueduct Water Risk Atlas to project water stress levels for 2030 and 2050 under RCP 2.6 (low GHG emissions scenario, optimistic) and RCP 8.5 (high GHG emissions scenario, pessimistic). The data indicate that, under both scenarios, all sites would experience low to medium (10–20%) water stress, suggesting generally stable water supply conditions, though slight water stress could still occur during dry seasons.

Although the assumed scenarios indicate relatively low water risk, Largan adopts precautionary measures and promotes water conservation by planning both supply-expansion and demand-reduction strategies. These include maintaining an average process water recycling rate of over 99%, reusing recycled water in cooling towers and for process purposes to reduce raw water usage, installing water-saving devices, optimizing water efficiency in offices and plants, and regularly monitoring water consumption data to enable reasonable allocation without affecting production. In addition, the Company will continue to monitor climate change trends, evaluate the necessity of installing water storage systems, and strengthen its adaptive capacity to climate change.

(3) Physical Risk Scenario Analysis: Long-term – Changes in Rainfall Patterns Potentially Leading to Plant Flooding

The rainfall pattern change analysis adopted scenarios of 1.5° C and 2° C temperature increases, using "R200mm heavy rainfall days" (days with more than 200 mm of rainfall in a single day within one year) as the analysis indicator. The projections are based on the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP):

Plant Location		The Taichung City Precision Machinery Innovation Technology Park	Taichung Industrial Park
Assumed Data	Observation Baseline (days)	0.4	0.6
Warming Scenario	Data Indicator		
1.5°C	75th Percentile Value	0.2	0.2
	Maximum Value	0.6	0.6
2°C	75th Percentile Value	0.2	0.2
	Maximum Value	0.6	0.6
Projected Impact		Limited Impact	

Although the projections show no significant impact, Largan continues to closely monitor surrounding watershed levels and track changes in rainfall patterns in response to changes in precipitation. The Company conducts an annual emergency response drill to ensure that employees are familiar with evacuation and equipment protection procedures, and completes an annual inventory and preparation of flood prevention materials. In addition, the Company enhances protection for key production equipment by relocating critical instruments and equipment to higher positions and ensuring proper insulation of power systems to prevent electrical leakage in the event of water ingress. Each year, Largan also evaluates the need for installing floodgate systems at its plants, and allocates pumps and emergency power supply equipment. Through these response measures, Largan proactively strengthens corporate climate resilience and prepares thoroughly to address various challenges posed by climate change.

6-1-5 Internal Carbon Pricing

To enhance the effectiveness of climate change management and strengthen the decision-making basis for low-carbon transition, Largan plans to evaluate the implementation of an "Internal Carbon Pricing" mechanism to assess in advance the potential impacts of future carbon price increases on the Company's operations.

6-1-6 Metrics and Targets

Largan has established the following climate- and environment-related metrics and targets. The detailed implementation status for each metric is provided in the subsequent sections of this chapter.
The short-, medium-, and long-term environmental management targets for addressing climate change are shown in the table below:

	Short-Term (2024~2025)	Medium-Term (2026~2029)	Long-Term (2030 and Beyond)
Energy Saving and Carbon Reduction	Target electricity saved: 1.5 million kWh/ year	2026–2027Y : Electricity savings: 1.5 million kWh / year 2028–2029Y : Electricity savings: 2 million kWh / year	Target electricity saved: 2 million kWh/ year
	Greenhouse gas emission reduction: 750 tons CO_2e/year	2026–2027Y : 750 metric tons CO_2e / year 2028–2029Y : 1,000 metric tons CO_2e / year	1,000 tons CO_2e/year
	Installation of 1,100 kW solar photovoltaic capacity in new plant construction, and purchase of renewable energy equivalent to 10% of contracted consumption. (Project in progress, expected completion by 2027 – current implementation status to be supplemented)	By 2028, purchase renewable energy equivalent to more than 10% of contracted consumption, with potential increases depending on renewable energy market supply conditions.	Purchase renewable energy equivalent to more than 10% of contracted consumption, with potential increases depending on renewable energy market supply conditions.
Waste Management	Proportion of waste sent to incineration or landfill: ≤ 7%	Proportion of waste sent to incineration or landfill: ≤ 5%	Proportion of waste sent to incineration or landfill: ≤ 5%
	Proper disposal: all waste is 100% taken care of by the legitimate professionals	Proper disposal: all waste is 100% taken care of by the legitimate professionals	Proper disposal: all waste is 100% taken care of by the legitimate professionals
Water Resource Management	Recycled water usage: 1,300 CMD	Recycled water usage: 1,300 CMD	Recycled water usage: 1,300 CMD
	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%
Regulatory Compliance	No violations of air pollution Regulations: 0 cases	No violations of air pollution Regulations: 0 cases	No violations of air pollution Regulations: 0 cases
	No violation of sewage discharge in compliance with regulations: 0 cases	No violation of sewage discharge in compliance with regulations: 0 cases	No violation of sewage discharge in compliance with regulations: 0 cases
	No violation of waste regulations: 0 cases	No violation of waste regulations: 0 cases	No violation of waste regulations: 0 cases

Performance and Goal of Material Topics

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

	2024 Target Performance	2024 Achieving Status	2025 Target Performance
Energy Saving and Carbon Reduction	Target electricity saved: 1.5 million kWh	759.2 million kWh → Achieved	1.5 million kWh
	Green House Gas emission reduction: 750 tons CO2e/year	3,751 tons CO_2e/year → Achieved	Green House Gas emission reduction: 750 tons CO_2e/year
Waste Management	The proportion of incineration and landfill disposal waste reduced to ≦ 7%	6.75% → Achieved	The proportion of incineration and landfill disposal waste reduced to ≦ 7%
	Waste Disposal: 100% managed by legitimate business	100% → Achieved	Waste Disposal: 100% managed by legitimate business
Water Resource Management	Usage of recycled water up to 1,300 CMD	2,626CMD → Achieved	Usage of recycled water up to 1,300CMD
	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate (R2) of the whole factory is 94% Recycle rate during production is 99%	Recycle rate (R2) of the whole factory is 95.8% → Achieved Recycle rate during production is 99.1% → Achieved	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate (R2) of the whole factory is 94% Recycle rate during production is 99%
Regulatory Compliance	No violation of air pollution protection regulations: 0 cases	0 → Achieved	No violation of air pollution protection regulations: 0 cases
	No violation of waste regulations: 0 cases	0 → Achieved	No violation of waste regulations: 0 cases
	No violation of sewage discharge in compliance with regulations: 0 cases	0 → Achieved	No violation of sewage discharge in compliance with regulations: 0 cases

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

Environmental Risk

Major Risks	Energy Saving & Carbon Reduction	Waste Management	Water Resource Management
Management Measures	• In 2024, ISO 14064-1: 2018 greenhouse gas inventory was conducted, and verification was completed in accordance with the Ministry of Environment's policies. • The goal of energy saving and carbon reduction is by saving at least 1 million kWh/ year through industrial site landscaping and facilities improvement• Promote paperless policy to reduce paper usage. • Bring our own environmentally friendly tableware to reduce usage of disposable utensils. • Green building planning aims to effectively control carbon emissions.	• The total weight of waste produced in 2024 is 5,065.33 tons. • Establish "Industrial Waste Management Regulation" to standardize the procedures for the classification, collection, storage, and treatment of industrial waste. • 93.25% of processed raw materials/ wastes in the factory that were meant for incineration can be recycled and reused.	• Maximize the efficiency of water resource utilization through recycling, water quality diversion, and pollution prevention, with the goal of achieving a 94% water recycling rate (R2) and maintaining a process water recovery rate of over 99%.(The calculation of the recovery rate is taken from the Regulations for Review of Water Usage Plan)

6-2 Environmental Policy and Commitment

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

Regulatory Compliance	Production Waste Reduction	Green production	Recycling strategy
Comply with relevant environmental protection laws and regulations, and strive to comply with relevant international environmental protection standards.	Continuously promote production waste reduction to fulfill the commitment of pollution prevention.	The newly established factories are following green building regulations, and continue to improve energy conservation and carbon reduction.	Review and evaluate the possibility to reuse and recycle the resources used in company activities such as water, metal, plastic and chemical items. Advocate the importance, concept of recycling and environmental protection for all staff with the aim to raise the overall awareness.

Largan has established an environmental management system following ISO 14001:2015 regulation and set up a dedicated unit responsible for environmental management and maintenance. Through internal management and environmental assessment of the product life cycle, we aim to reduce pollution produced, minimize the negative impacts on the environment, and seek to make contributions to environmental protection. Largan actively identifies the risks brought by climate change such as floods, droughts, typhoons, and power outages in order to perform periodic risk control and management, as well as formulate countermeasures with the aim to cope with the impact and damage caused by extreme weather. We have been certified by EEWH at the address No.13 Jingke Road (as shown in picture below right) since 2018 as a proof of practical effort made to help improve energy conservation and carbon reduction.

https://www.largan.com.tw/download/2024-ISO%2014001.pdf

6-3 Low-Carbon Manufacturing

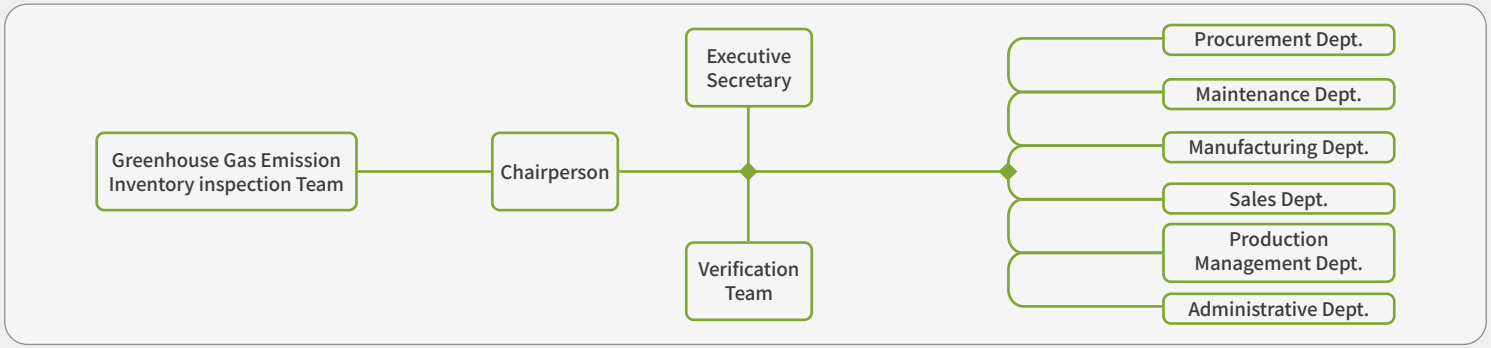
Energy Saving and Carbon Reduction Policy: Energy Saving and Low Carbon Manufacturing	
Management Measure	・Goals and Objectives: Track the Company's greenhouse gas emission status and formulate preventive measures against climate change in response to the global environmental protection trend and overall national greenhouse gas reduction strategy. ・Commitment: Perform greenhouse gas inventory inspection and formulate corresponding emission reduction measures through due diligence and early warning communication methods. ・Policy and Management: (1) Carry out greenhouse gas inventory to track the overall emission status. (2) Establish the "Greenhouse Gas Emission Inventory Inspection Team" to implement related improvement plans with the aim to achieve the objectives set.

● Climate Change

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

● Greenhouse Gas policy Statement

Largan has established energy conservation and carbon reduction sustainability goals and plans, in alignment with the ISO 14064-1:2018 standard. We have carried out an initial Greenhouse Gas inventory in 2020 with the aim to grasp an idea of overall emission status as an improvement reference for the future. We have also set up a dedicated unit of Greenhouse Gas Emission Inventory Promotion Team with the aim to effectively implement the policy and improvement plans. The organizational structure is as shown:



6-3-1 Greenhouse Gas Inventory

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

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

Year	Scope 1: Direct Emissions (tons CO_2e)	Scope 2: Energy Indirect Emissions (tons CO_2e)	Total Emissions (tons CO_2e)	Greenhouse Gas Emissions Intensity CO_2e / NT$ million
2022	1503.668	147745.272	149248.940	3.13
2023	1672.3611	162602.9608	164275.322	3.36
2024	1629.2606	171085.678	172714.950	2.90

Note: 1. The actual data and inventory scope are based on the information published by the Environmental Protection Administration's Climate Change Office on the "Mandatory Greenhouse Gas Reporting System."
2. Calculation method for greenhouse gas emissions intensity: Greenhouse gas emissions / NT$ million in revenue.

● Energy Conservation and Carbon Reduction

Objective setting：

In 2022, in compliance with the requirements of the Environmental Protection Administration, facilities with annual carbon emissions reaching 25,000 tons were required to conduct carbon inventories, verification, and reporting. The inventory results indicate that the largest proportion of the greenhouse gas emissions categorized as Scope 2 (indirect energy). After discussion, the greenhouse gas inventory team has decided to prioritize energy conservation as primary goals and formulate detail-structured electricity saving plan with the aim to achieve the ultimate objective to deduct carbon dioxide emission.

Energy Saving Measures:

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

Statistics on energy-saving measures in 2024 indicate that a total of 759.2 million kWh of electricity was saved after implementation. According to the electricity carbon emission coefficient announced by the Ministry of Economic Affairs in 2024, the carbon emission coefficient of electricity is 0.474 (kg CO_2e/kWh) (note), and the reduction amount of carbon dioxide greenhouse gas is about 3,751 tons (scope 2), which proves the energy saving measure taken was effective, and we will continue to adopt the same management measure for reaching the sustainable goal of carbon dioxide reduction.

(Note) The carbon emission coefficient of electricity refers to the amount of greenhouse gas emissions generated for each kilowatt-hour of electricity sold by the public power sales industry. Since the greenhouse gas emitted by power plants is not only carbon dioxide (CO_2), other Greenhouse gasses such as methane (CH_4), nitrous oxide (N_2O), etc., are converted into an equivalent amount of carbon dioxide (CO_2e) based on the global warming potential (GWP), which has been calculated uniformly.

Source: Taipower GreenNetwork.

6-4 Renewable Energy & Resource Conservation

● Renewable Energy

Largan is committed to comply with Greenhouse Gas emission regulations in response to the goal of carbon reduction. We have made continuous effort in improving energy saving aspects in all sorts as well as adopting green production in 2024 by planning to set up an 1100 kW solar photovoltaic energy system at our new manufacturing facilities. The aim is to effectively control CO_2 emissions and therefore achieve an environmentally sustainable future.

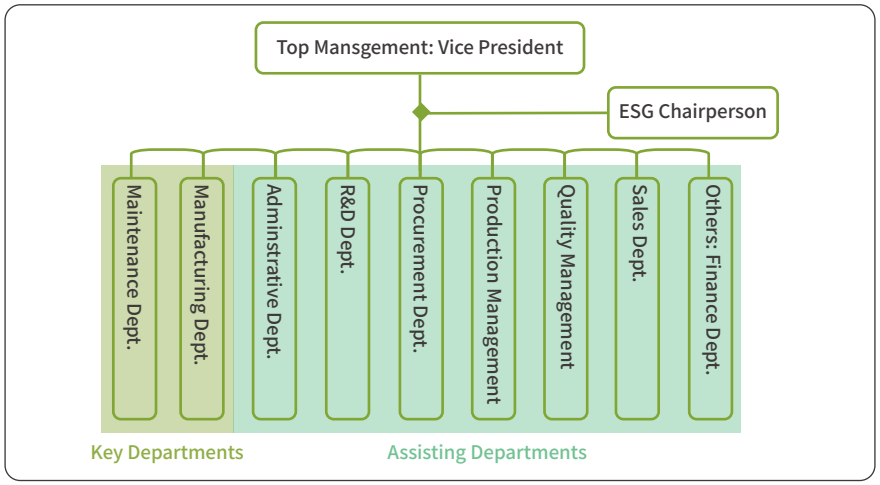
● Resources Conservation and Efficiency

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

● Energy Saving Activities and Promotion

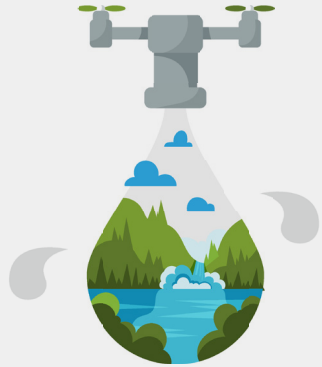
The Company replaced all lighting devices with energy-saving LED lamps, sensor lights, and installing VFD devices and solar panels in all new factories. All these activities could reach the energy saving goal for 15 million kWh (above) every year.

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



6-5 Water Resource Management

Water Resource Management Policy: Water Conservation and Reuse	
Management Measure	・Goals and Objectives: Ensure the production line to operate normally and smoothly even under disastrous events in response to the extreme climate conditions. ・Commitment: Comprehensively review and track the water reserving and recycling status, and strictly exam the quality of water discharged through due diligence and early warning communication methods. ・**Policy and Management:** (1) Compile statistics on the sources of internal water resources. (2) Establish water-saving measures to avoid waste of resources. (3) Industrial wastewater sampled, examined and analyzed by a qualified testing agency to reduce the impact made on the environment in accordance with the Water Pollution Control Act.



● Water Resource Risk Management

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

Type of Risk	Category	Potential Operational Impact	Adaptation Method
Water Resource Risk	・Droughts ・Floods ・Untreated Effluent Discharge	・Production capacity is affected that leads to declining revenue. ・Unable to deliver or delivery interrupted.	・Establish and improve the regulation of water resources management ・The existing water storage capacity is able to support demand for 3-5 days (against droughts for 3 days) ・Prepare water trucks to support factories with water shortage ・Inspect the production equipment of each factory ・Effluent Management Policy

Usage of Water Resource

Largan's factories located in the Taichung Precision Machinery Technology Innovation Park and the Taichung Industrial Park are classified as low- to medium-water-risk areas(https://www.wri.org/aqueduct) . The primary water sources are Techi/Liyutan Dam and recycled water within the facilities. The factories consume approximately 6,714 tons of water per day and do not use underground or surface water as water sources. In 2024, the total municipal water withdrawal across all factories was 1,166 million liters, while total water withdrawal reached 1,492 million liters—an increase of 27.9% due to revenue growth. Based on daily meter readings, the municipal water withdrawal, discharge volume, and water consumption over the past three years are summarized in the table below:

Item	2022				2023				2024			
	Water Withdrawal	Water Discharge	Water Consumption	Water Intensity	Water Withdrawal	Water Discharge	Water Consumption	Water Intensity	Water Withdrawal	Water Discharge	Water Consumption	Water Intensity
Precision Machinery Park	756.5	270.6	485.9	0.016	941.2	401.6	539.6	0.019	1143.0	570.4	572.6	0.019
Taichung Industrial Park	174.7	139.8	34.9	0.004	224.8	168.8	56	0.005	348.9	230.7	118.2	0.006
Total	931.1	410.4	520.8	0.020	1166.0	570.4	595.6	0.024	1491.9	801.1	690.8	0.025

Note: Water intensity is calculated as total water withdrawal (million liters) per million NTD in revenue.

Water Saving Measure

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

(1) Collect and reuse rainwater and condensed water for watering equipment.
(2) Reduce the water discharged by increasing the chemical solutions used in the washing tower.
(3) Recycle discharged wastewater from the production:
- Recycle wastewater produced during production and process the water collected by MBR and RO for water reuse during production.
- Regenerate recycled RO water using pure water producing system (2B3T).

(4) Cooling Tower Management
- Increase the solution's concentration to improve water quality and reduce effluent discharge.
- Water quality monitoring & chemical solution assessment.
- The cooling tower water discharge is recycled after filtered and processed by thin film to be reused.
- Extensive use of recycled water from the factory.

(5) The bathroom facility in the factory adopts water-saving devices approved by the state to achieve the goal of water conservation.
(6) The domestic and restaurant effluent produced in the factory is collected, treated by biological systems, then processed by MBR and RO, and finally recycled to the secondary water tank for recycling.
(7) Digital record and analyze daily water consumption, and conduct immediate unit maintenance when an abnormal water consumption occurs to avoid water waste.
(8) Advocate water-saving related information and awareness to all staff from time to time.
(9) In 2024, the total recycled water volume across all facilities reached 2,626 CMD.

The annual average water recycling rate during the production process at Precision Machinery Park remains above 99% from 2022 to 2024.

Item ｜ Year	2022	2023	2024
Overall factory recycling rate (R2)	96.8%	96.5%	95.8%
Average recycling rate during the production process	99.5%	99.4%	99.1%

● Effluent Management Measure

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

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

There was no violation of the Water Pollution Control Act during 2024. Largan is equipped with monitoring equipment (pH, chemical oxygen demand in wastewater, suspended solids) at the discharge outlet of the factories. We conduct self-testing of discharge water quality every week and outsource water testing at least three times a year. The data is provided for comparison and correction to the online dashboard with the aim to ensure the stability of the online monitoring system. According to the factory effluent quality testing data report, Largan's COD (chemical oxygen demand in wastewater), SS (wastewater suspended solids) and pH level were lower than the self-inspection standards of both the Precision Machinery Park and Taichung Industrial Park from 2017 to 2024.The testing data of the past two years are as follows:

Year	2023				2024			
Area	Precision Machinery Park Factory		Taichung Industrial Park Factory		Precision Machinery Park Factory		Taichung Industrial Park Factory	
Test Items	Management Standard	Self- Inspection Standard	Management Standard	Self- Inspection Standard	Management Standard	Self- Inspection Standard	Management Standard	Self- Inspection Standard
COD (mg/L)	300	250	480	420	300	250	480	420
S.S (mg/L)	250	200	320	240	250	200	320	240
pH	5-9	5-9	5-9	5-9	5-9	5-9	5-9	5-9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● Preventive Measure of Water Pollution

(1) Use rolling planning and reviewing method by adopting PDCA management framework in response to reduce the environmental impacts made by the pollution caused during production.

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

6-6 Waste Management

Waste Management Policy: Processing Legally and Increase the Ratio of Reuse	
Management Measure	• Goals and Objectives: Promote circular economy, increase the proportion of waste reuse in the factory, and use resources effectively. • Commitment: Reduce waste from the source, and encourage the suppliers, equipment manufacturers and employees to reuse resources through due diligence and early warning communication methods. • Policy and Management: (1) Promote to convert product waste into refuse derived fuel rod through the process of incineration actively. (2) Set recycling targets and track their achievement year by year. (3) Review the waste reduction strategy after classifying and analyzing the stats.