

Sustainable Supply Chain Management

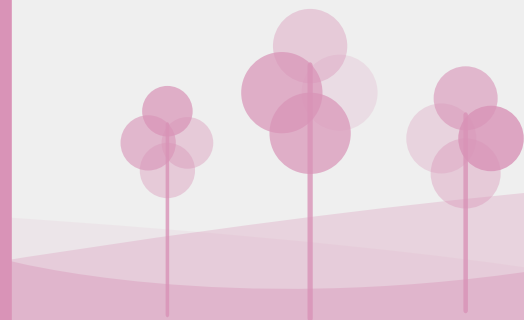
In order to establish a sustainable supply chain, Largan not only complies by laws, regulations and ethical procurement, but also assists the sustainable operation of the supply chain. We plan short-term, medium-, and long-term sustainable operation goals and work plans as shown in the following table:

	Short-Term (2024~2025)	Medium-Term (2026~2029)	Long-Term (2030 and Beyond)
Supply Chain Management	Minerals: Conduct product precious metal source investigations on raw material suppliers. Ensure sourcing of 100% conflict-free mineral	Minerals: Conduct product precious metal source investigations on raw material suppliers. Ensure sourcing of 100% conflict-free mineral	Minerals: Conduct product precious metal source investigations on raw material suppliers. Ensure sourcing of 100% conflict-free mineral
	Sign the Supplier Code of Conduct: Carry out inapplicable/prohibited substance investigations on raw material suppliers, with a completion rate of 100%	Sign the Supplier Code of Conduct: Carry out inapplicable/prohibited substance investigations on raw material suppliers, with a completion rate of 100%	Sign the Supplier Code of Conduct: Carry out inapplicable/prohibited substance investigations on raw material suppliers, with a completion rate of 100%
	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%

● Performance and Goal of Material Topics:

To achieve not only regulatory compliance and ethical procurement for Largan, but also the more important goal of establishing sustainable supply chain operations, the Company has set the following key topics, targets, and performance indicators:

2024 Target Performance	2024 Achieving Status	2025 Target Performance
Minerals: 100% utilization rate of conflict-free minerals and conduct source investigation on the supply of raw material of precious metal.	100% → Achieved	Minerals: 100% utilization rate of conflict-free minerals and conduct source investigation on the supply of raw material of precious metal.
Signing the Supplier Code of Conduct: 100% completion rate conducting investigation on inapplicable/prohibited substances used by raw material suppliers.	100% → Achieved	Signing the Supplier Code of Conduct: 100% completion rate conducting investigation on inapplicable/prohibited substances used by raw material suppliers.
Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%.	100% → Achieved	Supplier Auditing: Perform supplier audit and social and environmental responsibility investigation on raw material suppliers, with a completion rate of 100%.



5-1 Management Policy and Goals of Supply Chain Management

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

Largan has established "Procurement Management Procedures" to ensure that all suppliers of raw materials and components are qualified legitimate suppliers, and are capable of providing stable material supply to meet the company's requirements. We hope to establish mutual trusting and sustainable partnerships with our suppliers to grow together. The general qualification criteria for supplier selection and approval require domestic key raw material and major consumable suppliers to have passed quality certifications such as ISO 9001 or IATF 16949. If such certifications are not in place, on-site evaluations will be arranged as needed.

Management Policy of Supply Chain: Build a Sustainable Supply Chain

Management Measure

- Goals and Objectives: Build a trustworthy, reliable and sustainable partnership with our suppliers to grow together.
- Commitment: Ensure that all suppliers of raw materials and components are qualified legitimate suppliers, and are capable of providing stable material supply to meet the Company's requirements.
- Management Measure: Set up Procurement Management Procedures, conduct supplier evaluation and delivery management.

5-2 Suppliers Management

● Supplier Categories, Relationship and Philosophy

The suppliers of Largan can be divided into five categories: raw material, workpiece, purchased goods, contract engineering, and waste disposal.

- In 2023, there were a total of 2,055 qualified suppliers. Domestic suppliers numbered 1,955, accounting for 95.13%, while overseas suppliers numbered 100, accounting for 4.87%.
- In 2024, there were a total of 2,059 qualified suppliers, with the number of overseas suppliers increasing by 4 compared to 2023. Domestic suppliers numbered 1,955, accounting for 94.95%, while overseas suppliers numbered 104, accounting for 5.05%.

Category Year	Domestic Supplier						Overseas Supplier	Total
	Raw Material	Workpiece	Purchased Goods	Contract Engineering	Waste Management	Sub Total		
2022	12	139	1,631	115	13	1,910	86	1,996
2023	11	158	1,635	137	14	1,955	100	2,055
2024	10	148	1,660	124	13	1,955	104	2,059

● Supplier Relationship and Philosophy

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

● Goal of Supplier Management

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

● Communication with Suppliers

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

5-3 Supplier Selection

● Qualified Supplier Auditing

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

Regular Audit	Irregular Audit
<p>Perform annual regular audits on major raw material suppliers with significant influence to ensure its supply stability and service quality. Audit range includes supplier's irreplaceability, materiality of finance and other factors that may cause impact on supply stability.</p> <ul style="list-style-type: none"> • The auditing is performed based the supplier audit evaluation survey and social responsibility evaluation survey. • The audit method includes on-site assessment or written review (supplier self-assessment). 	<ul style="list-style-type: none"> • Special audit when the management status changes, or the incoming material has a major abnormality. • Requested by senior executives.

● Audit and Evaluation

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

Year	Audit and Evaluation
2022	• Major material suppliers: 12; the evaluation ratings: 12 (Excellent). • There was no supplier on the rejection list.
2023	• Major material suppliers: 11; the evaluation ratings: 11 (Excellent). • There was no supplier on the rejection list.
2024	• Major material suppliers: 10; the evaluation ratings: 10 (Excellent). • There was no supplier on the rejection list.

● Sample Acknowledgement and Delivery Management

Largan ensures all decisions made regarding exportation follow government policy and comply with regulation established by the International Trade Bureau of the Ministry of Economic Affairs. Procurement Department will notify the suppliers guidelines to follow regarding relevant environmental regulation as well as request an ICP test report and SDS Data Sheet when a sample is approved.

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



● Supplier Environmental Protection Mechanism

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

● In 2024, suppliers complied with environmental regulations. No new raw material suppliers were added; therefore, no new suppliers were screened based on environmental and social criteria.

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

● Supplier Social Responsibility Assessment Form

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

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



Each secondary item under these five major categories is assessed by suppliers to determine compliance and opportunities for improvement.

● All raw material suppliers (10) completed the Supplier Social Responsibility Self-Assessment Form in 2024.

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

5-4 Ethical Consumption

Non-Harmful Substances

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

Conflict-Free Minerals

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

Largan Conflict-Free Minerals Sourcing Policy Statement

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

The Company does not accept illegal mining of gold, tantalum, tungsten, tin and cobalt from Congo and neighboring conflict areas.

The Company must inform and require its suppliers to fulfill the aforementioned statement.