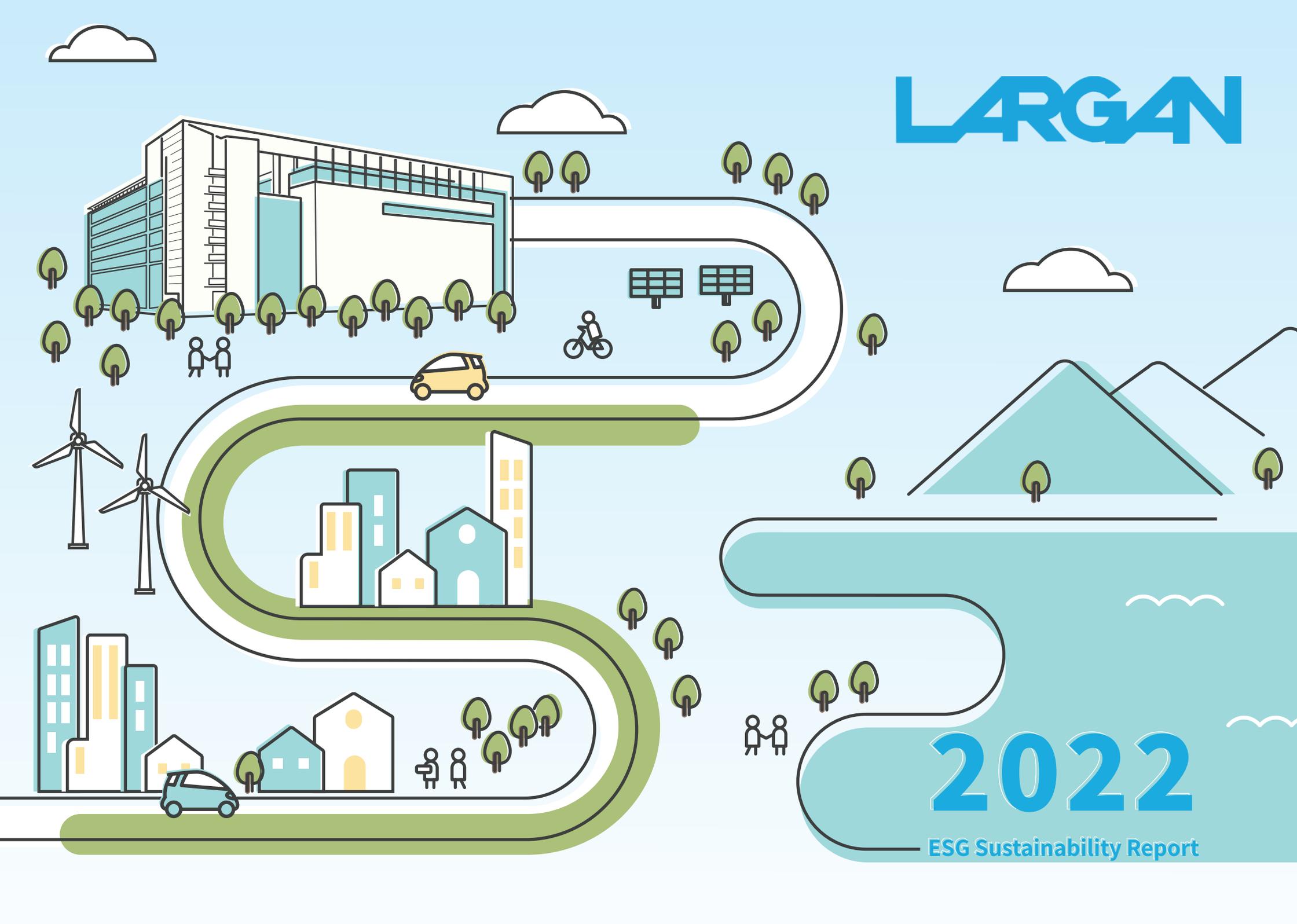


LARGAN



2022

ESG Sustainability Report

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Message from the Chairman - Sustainable Development Strategy

Largan Precision Co. is committed to technological innovation. We recognize that a company's impact is not only reflected in its performance figures, but also in how it treats the environment, society and all stakeholders. Consequently, we will persist in fulfill our corporate social responsibilities to promote a better future.

Sustainable Operation Meets Profitable Business

Given the protracted nature of the Russia-Ukraine war, the prices of international energy and raw material have soared. Additionally, the economic friction between China and the United States has led to challenges such as supply chain disruptions and reorganization, and intensified the pressure of global inflation. However, thanks to the dedicated efforts of all colleagues at Largan Optoelectronics, our revenue in 2022 reached 46.962 billion TWD, with earnings per share of 169.52 TWD. We have managed to sustain our profit momentum throughout these challenges.

Create an Ecological Livability Environment

We recognize the importance of a sustainable ecology. While pursuing high-quality products and creating value for our customers, we also actively seek green materials, optimize production processes, and reduce energy consumption and carbon emissions. In addition, to effectively reduce the ecological impact of greenhouse gases, we carry out tree-planting plans step by step. In addition to retaining native tree species in the area, nearly a thousand saplings were planted in 2022 to do our best for the environment.

Education is the Fundamental Task Crucial for Generations to Come

As the old saying goes, "It takes ten years to nurture a tree, but a hundred years to cultivate a person." To this end, we established the "Largan Precision Education Foundation" to coordinate educational support and poverty alleviation projects. Continue to support education, training and career development projects to cultivate more talents. In addition to donating equipment and providing practical scholarships, we also organized vocational training courses with the Taichung-Changhua-Nantou Reginal Branch of Workforce Development Agency, Ministry of Labor. We provide employment bonuses to encourage trainees to stay on when they are officially hired after the training is completed.

We strengthen the partnerships with stakeholders and actively communicate and respond. No matter how the challenges change in the future, we will unswervingly fulfill our commitments and continue to work hard to make positive contributions to both society and the environment.

Chairman: En-Ping Lin

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Summary

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

Report Period

This report presents data from January 01, 2022 to December 31, 2022, disclosing **Largan's sustainability management policy, risk assessment, priority sorting of Material Topics, response and list management and performance of ESG actions**. Part of the contents are written to

improve readers' grasp of the report.

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

Coverage

- ◆ This report focuses on Largan's ten domestic sites, subsidiaries in Taiwan and China are not included here. The disclosure of major issues is made for our employees, clients, suppliers and investors.
- ◆ All crucial numeric data regarding financial performance is presented in New Taiwanese Dollars (NTD) with generic description after authenticated by certified accountant.
- ◆ Since the Taiwan subsidiary and Largan shares factory area, the environmental indicators of Green Production in Chapter 6, such as water resources, waste, air pollution...performance indicators, are calculated and disclosed in a consolidated manner.

Principles and Guidelines

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

- ◆ Global Reporting Initiative (GRI Standards : 2021)
- ◆ Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR by TWSE Listed Companies
- ◆ Revision of Corporate Social Responsibility practice principles for listed and OTC firms by Dec. 7th, 2021: ESG report
- ◆ TCFD: Task Force on Climate-related Financial Disclosures
- ◆ SASB: Sustainability Accounting Standards Board: Resource Transformation Standards for hardware manufacturing industry's

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Changes of the Report

The 2022 ESG report of Largan has one major change and the other minor change, as given below:

Before

2021 ESG Report

- Material Topics: "Talent Cultivation" replaced by "Training and Development"
- Secondary Issue: Payment Terms, Payment Collection Terms, Corporate Governance, Energy Conservation and Carbon Reduction

After

2022 ESG Report

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

Note: Please refer to 1.4 Prioritization and Response of Identified Material Topics: Material Topics Identified Adjustment of 2021 and 2022

Publication Frequency

The report is generated on an annual basis. Current edition released by August 2023. Next edition released by August 2024.

Accuracy of Published Information

Internal Confirmations

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

Part of indicators are provided in continuous data from 2020 to 2022 in order to highlight intermediate- and long-term trends. Every piece of data, numbers, reviews and verified information had been documented, confirmed and approved by the related departments, also has been reviewed by top management.

External Confirmations

Financial Data: KPMG Sustainability Consulting Co., Ltd.

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

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1.1 ESG Committee & Functions

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



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

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

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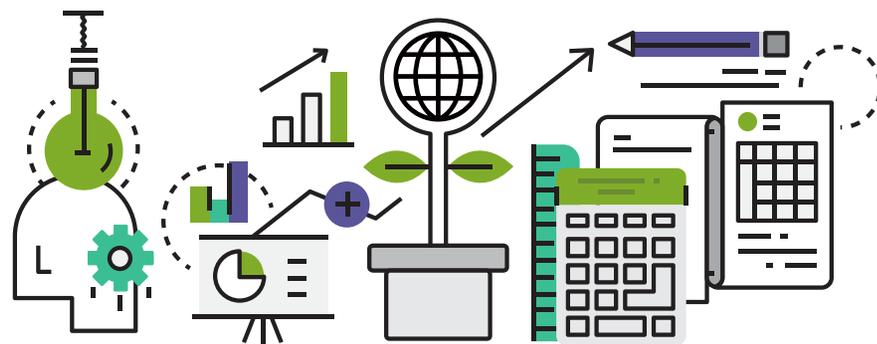
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Follow by the organization of ESG committee, the critical action item of every aspect of ESG and responsible unit as indicated in the chart below:

Aspect	ESG Critical Action Item	Responsible Unit
Corporate Governance	Corporate Governance- Financial Management System, Integrity	Finance Dept., Managers of Corporate Governance
	Various of Management System: Finance/ ISO/ Personnel Management	
	Ethics Regulation System: Compliance, Work Ethics, Anti-Corruption and Bribery	Administrative Dept./ Employees / Labor Representatives
	Information Security	Information Technology Dept.
	Risk Management	Administrative Dept.
	Client Privacy	Sales Dept.
Economy	Sustainable Development Management and Goals	Information Technology Dept.
	Complaint Management- Employee/ Client/ Supplier/ Shareholder	Administrative/ Sales/ Audit/ Finance Dept.
	Supply Chain Management (contractor including) Operational Performance	Human Resource/ Sales/ Audit/ Finance Dept. Procurement Dept.



Aspect	ESG Critical Action Item	Responsible Unit
Environmental Management/ Energy Conservation and Carbon Reduction	Energy Management Greenhouse Gas Emissions (carbon emissions included) Water Resource Management	Maintenance Dept.
	Waste Management Working Environment Management System	Administrative Dept.
	Public Area Management System	Manufacturing Dept.

Aspect	ESG Critical Action Item	Responsible Unit
Product	Product Security and Customer Service Satisfaction	Management Dept. Sales Dept.
	Quality of Product and Delivery Review	Sales Dept. Quality Management Dept.
Employee Management	Employee Management Mechanism/ Labor Relations/ Safety and Health Affair	Quality Assurance Dept. Administrative Dept. Administrative Dept.
	Community and Charitable Activities	Connect with Local Communities Repay Local Communities and Charitable Activities

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1.2 Stakeholder Identification and Contact

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



The Company has disclosed corporate social responsibility information on the Company's official website. Information including all corresponding contact is shown in the table should any stakeholders and government officials request any assistance or additional information.

Employees	<p>Contact Renan Ho</p> <p>Email renanho@largan.com.tw</p> <p>Task Help bridging employees and the firm. Provide feedback on topics such as labor relations, salary and benefits, occupational safety and health related issues.</p>
Customers	<p>Contact Simon Shen</p> <p>Email Sales@largan.com.tw</p> <p>Task Provide professional lens designing and manufacturing consultation within the field of optics industry. Provide consulting services, including customer satisfaction, trust and privacy issues.</p>
Suppliers	<p>Contact Jane Hsu</p> <p>Email janehsu@largan.com.tw</p> <p>Task With the desire to make continuous development at Largan, we need support and collaboration from partners of the supply chain. We are committed to support our partners by implementing CSR practices such as environmental protection, labor rights, health and safety at workplace, risk management, ethics regulations, and no breaching conflict minerals policy.</p>
Investors	<p>Contact Josephine Huang</p> <p>Email invest@largan.com.tw</p> <p>Task Largan values the importance of communication with our investors. We host conferences on a quarterly basis and make full disclosure with detailed information on both Largan's website and the Taiwan Stock Exchange's website to protect the rights and interests of our investors.</p>
Government	<p>Contact Eric Tseng</p> <p>Email erictseng@largan.com.tw</p> <p>Task Following government guidance, policies and providing company information when requested. Maintaining regular interaction and communication with internal departments and government.</p>

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1.3 Communication Analysis of Material Topics of Stakeholder and Its Procedure

At Largan, we collect material sustainability-related issues based on our sustainable development goals, industry standards, and the organization's annual goals.

In March 2021, the ESG committee agreed to add government departments as one of our stakeholders in accordance with relevant disclosure and regulations. Pursuant to GRI Standards, we identify a total of 15 Material Topics based on the feedback getting from our stakeholders periodically regarding the overall business operation status and impacts. Details of Significant Material Topics identified are as stated in the table:

 Stakeholders/ Employees	 Stakeholders/ Customers	 Stakeholders/ Suppliers	 Stakeholders/ Investors	 Stakeholders/ Government
<p>Meaning to Largan Largan provides multiple ways of communication to bridge a balanced and friendly relationship with the employees.</p> <p>Issues of Concern Operational Performance, Salary and Welfare, Training and Development, Morals and Ethics, Risk Management, Regulatory Compliance, Human Rights Protection, Labor Relations.</p> <p>Communication Channel Labor Meeting (Quarterly) CEO Mailbox (Irregular Basis) Email (Irregular Basis) Bulletin Board Announcement (Irregular Basis) Relevant Parties (Irregular Basis)</p> <p>Key Achievement in 2022 Four labor-management meetings were hosted to discuss the preventive and care measures for the following topics: making amendments on personnel management, labor welfare (medical examination matters). Response to worker complaints, to make sure all labor related information and rights are fully disclosed to the employees. The information is also available in English for the migrant worker to read.</p>	<p>Meaning to Largan Important business partners to meet customer needs and create a win-win situation.</p> <p>Issues of Concern Product Quality/ Deliver Date, Payment Terms, Customer Service, Customer Privacy, Operational Performance, Supply Chain Management, Regulatory Compliance, Energy Saving and Carbon Reduction</p> <p>Communication Channel Customer Satisfaction Survey (Annually) Questionnaire (Annually) Customer meeting (Irregular Basis) Calls/ Email (Irregular Basis) Relevant Parties (Irregular Basis)</p> <p>Key Achievement in 2022 Provide immediate response and solution to customers. Distribute customer satisfaction surveys and propose improvement analysis accordingly. Follow up the outcome and the improvement performance.</p>	<p>Meaning to Largan Establish sustainable partnership with our supply chain partners, in order to improve Largan's corporate development continuously.</p> <p>Issues of Concern Payment Terms, Safety and Health, Waste Management, Supply Chain Management, Raw Material Management, Energy Saving and Carbon Reduction.</p> <p>Communication Channel Supplier Audits (Annually) Supplier Self-Assessment Survey (Annually) Relevant Parties (Irregular Basis)</p> <p>Key Achievement in 2022 Suppliers must conduct business with integrity and in full compliance with all applicable laws pertaining Human Rights Covenants. The social responsibility self-assessment form is to evaluate whether the suppliers have achieved the RBA standards by setting goals and measures regarding safety and human rights. Conduct irregular inspections on the raw material suppliers. Track improvement progress if there's any deterioration of the incoming material purchased.</p>	<p>Meaning to Largan Commit to integrity management and dedicate on sustainable governance to create value for shareholders.</p> <p>Issues of Concern Operational Performance, Corporate Governance, Risk Management, Regulatory Compliance, Morals and Ethics.</p> <p>Communication Channel Financial Report (Annually) Investor Conferences (Quarterly) Shareholder's Meeting (Annually) Public Disclosure on Market Observation Post System (Annually) Relevant Parties (Irregular Basis)</p> <p>Key Achievement in 2022 Hosting shareholder-investor conference seminars, face-to-face, and conference call meetings with domestic and overseas investment institutions. Regularly update material information on the Market Observation Post System to protect the investors' interests.</p>	<p>Meaning to Largan Following government guidance, policies and providing Company information if required. Maintain regular interaction and communication with external departments and government.</p> <p>Issues of Concern Regulatory Compliance</p> <p>Communication Channel Official Documents/ Calls/ Mail and Email Communication (Irregular Basis) Communication (Irregular Basis) Government Policy/ Regulation Advocacy/ Hearing (Irregular Basis) Supervisory Visits (Irregular Basis)</p> <p>Key Achievement in 2022 Arrange employees to participate in government activities and meeting (policy prorogation, safety and health training, energy saving and epidemic prevention measures); and maintain regular interaction and communication.</p>

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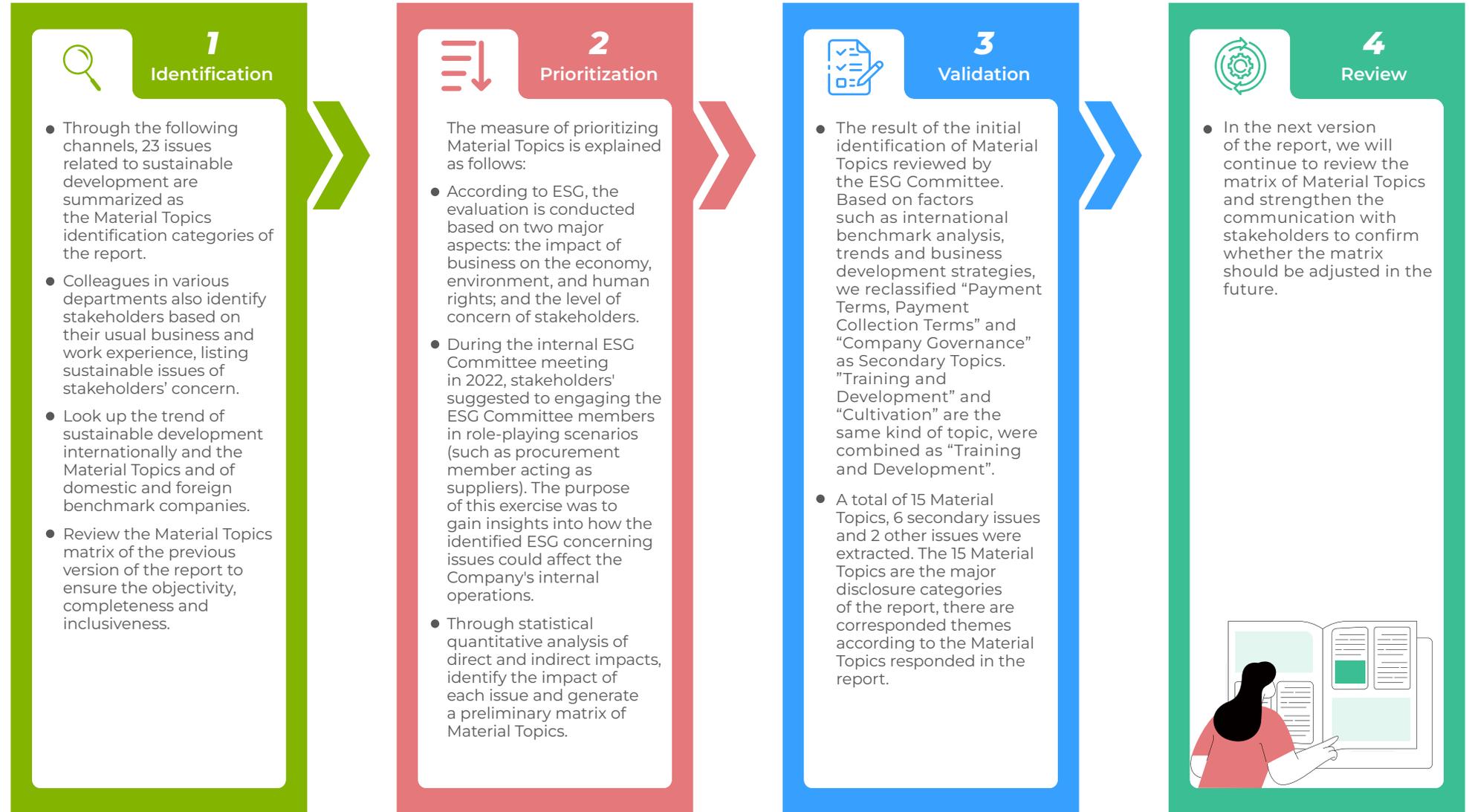
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Significant Material Topics mentioned above are referred from GRI Standards (GRI), based on the identification, prioritization, validation, review to conduct Material Topics analysis to confirm the scope of disclosure of the report and the major sustainable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



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1.3.1 The Analysis of the Internally and Externally Impact of Material Topics

The ESG Committee convened a meeting to find out that there were 23 issues of concern to stakeholders, and the members of the ESG Committee of each group assessed the direct or indirect impact of the issues on internal operations as shown in the table below: (● refers to direct impact; ◎ refers to indirect impact)

Identified as Significant Material Topics by marked as 4 (●) : 15 issues

Identified as Secondary Issue by marked as 3 (◎) : 6 issues

Identified as Normal Issue by marked as 2 (○) : 2 issues

Dimensions of Concern of Stakeholders	Intension of Significant Material	Internal Impact		External Impact				
		Organization	Employees	Shareholders	Customers	Suppliers	Government	
Corporate Governance Aspect	1. Operational Performance	●	●	●	●	●	◎	
	2. Regulatory Compliance	●	●	●	◎	◎	●	
	3. Morals and Ethics	●	●	●	●	●	◎	
	4. Risk Management	●	●	◎	●	●	◎	
	5. Human Rights Protection	●	●	◎	●	●	●	
Economic Aspect	Investors	6. Rights and Interests of Shareholders	●	●	●	◎	●	◎
		Payment Collection Terms	●	◎	●	●	◎	
	Customers	7. Product Quality/ Deliver Date	●	●	●	●	●	
		Customer Service	●	●		●		
		8. Customer Privacy	●	●		●	◎	●
	Suppliers	9. Supply Chain Management	●	●	◎	●	●	
Raw Material Management		●	◎		●	●		

Dimensions of Concern of Stakeholders	Intension of Significant Material	Internal Impact		External Impact				
		Organization	Employees	Shareholders	Customers	Suppliers	Government	
Environmental Aspect	10. Waste Management	●	●		◎	●	●	
	11. Water Resource Management	●	●		●	◎	●	
	Energy Saving and Carbon Reduction	●	●		◎	◎	●	
Social Aspect	Personnel Management of Company Internally	12. Labor Relations	●	●	◎	●	●	
		13. Diversity Equality	●	●		●	●	◎
		14. Salary and Welfares	●	●	●	●		◎
	Community Relation	Training and Development	●	●		●	◎	
		15. Safety and Health	●	●	◎	●	●	●
		Social Charity	●	●				
Donation and Sponsorship	●		●					

Marked as light red with number sorting are Significant Material Topics, has a total of 15.

Notes: Significant Material Topics are identified and responded in 1.4. We also do risk assessment and management in [1.5.2 Risk Management of Significant Material Topics], and the list management is as [Appendix 2]; Secondary issues are marked as light gray, has a total of 5, only response in [1.4.1 Significant Material Topics and secondary issues]

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1.4 Prioritization and Response of Identified Material Topics

Based on the questionnaires collected back from our investors, customers, employees, and suppliers in 2020, we identified a total of 10 Significant Material Topics and 2 Secondary Issues. However, later we found out that most of the questionnaires collected back were from our employees and therefore the issues identified couldn't reflect the overall opinions from every aspect of the stakeholders. In April 2022, the ESG Sustainability Committee convened a meeting of all committee members, decided to adjust the original Significant Material Topics and secondary issues concern, as the disposal of Significant Material Topics disclosed in 2022.

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

2021 Material Topics Identified Adjustment:

Maintained: "Operational Performance," "Rights and Interests of Shareholders," "Risk Management," "Labor Relations," "Regulatory Compliance," "Morals and Ethics," "Human Rights Protection," "Salary and Welfares," "Safety and Health," "Diversity and Equality," "Customer Privacy," "Waste Management," "Water Resource Management," "Supply Chain Management," "Product Quality/ Deliver Date", total 15 issues.

2022 Secondary Issues Identified Adjustment:

- ※ "Training and Development" and "Cultivation" are the same kind of topics, were combined as "Training and Development."
- ※ "Payment Terms," "Payment Collection Terms" and "Energy Saving and Carbon Reduction" were adjusted to secondary issues.

Significant Material Topics (15) and secondary (6) issues are prioritized by stakeholders' level of concern as the table below:

Stakeholders' Level of Concern	High	● Training and Development ● Payment Terms ● Payment Collection Terms ● Energy Saving and Carbon Reduction	● Operational Performance, Shareholders' Rights and Interests, Risk management, Labor Relations ● Regulatory Compliance, Morals and Ethics, Human Rights Protection, Salary and Welfare ● Safety and Health, Diversity and Equality, Customer Privacy, Waste Management ● Water Resource Management, Supply Chain Management, Product Quality and Deliver Date
	Medium	● Social Charity Donation and Sponsorship ● Customer Service	● Raw Material Management
	Low		
		Low	High

Immediate or Potential Impact on the Economy, Environment and Society

Note: ● Significant Material Topics ● secondary issues

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1.4.1 Response to Significant Material Topics and Secondary Issues

We have identified 15 significant Material Topics and 6 secondary issues in 2022, the measures taken and abstracted are as described in the table:

Corporate Governance/ Economic Aspect

Issue	GRI Standards	Importance to Largan	Measures Taken
Rights and Interest of Shareholders	2-6 Activities, value chain and other business relationships	Adapt integrity management for the Company to build up credibility and reputation.	Establishing Ethical Corporate Management Practice Principles and Channels of Making Complaints.
Risk Management	2-12 Role of the highest governance body in overseeing the management of impacts 201-2 Financial implications and other risks and opportunities due to climate change	Face the operational and environmental risks, a risk management mechanism must be established to help instantly reduce potential losses and maintain the interests of stakeholders.	In response to various operational risks, management meetings are held from time to time to review measures to adjust the direction of operation and prevent risks in advance.
Operational Performance	2-6 Activities, value chain and other business relationships 2-9 Governance structure and composition 2-12 Role of the highest governance body in overseeing the management of impacts 201-1 Direct economic value generated and distributed	Achieve the goal of sustainable operation by running profit-making business and create new employment opportunities.	Keep up with the latest economic trends and increase capital expenditures accordingly. Customer expansion. Cost and expenses management.
Payment Collection Terms	207-1 Approach to tax	The payment collection terms are important to Largan.	Establishing payment collection management regulation for customers.
Payment Terms	207-2 : Tax governance, control and risk management	The payment terms are important to our suppliers.	Establishing payment management regulation for suppliers.
Product Quality and Deliver Date	416-1 Assessment of the health and safety impacts of products and service categories 417-1 Requirements for product and service information and labeling	It is an important successful factor to build a close relationships and earn a good reputation by delivering good quality products on time to our customers.	Passed and obtained ISO 9001 quality management certification and quality assurance procedures and working standards.
Moral and Ethics	2-15 Conflicts of interest 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures	Fairness, honesty, trustworthiness, and transparency are the principles of establishing Largan's corporate culture and business operations.	Establishing ethical corporate management practice principles and channels of making complaints.

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Issue	GRI Standards	Importance to Largan	Measures Taken
Customer Privacy	418-1 Substantiated complaints concerning invasion of customer privacy and losses of customer data	Value customer privacy, improve customer satisfaction rate and loyalty, increase the new customers' willingness to cooperate with Largan, and create maximum revenue and profits.	Develop customer privacy-related regulations and require the employees to comply. Improve information security protection measures to avoid illegal obtaining of customer information without authorization.
Supply Chain Management	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	With the desire to make continuous development at Largan, we need the support and collaboration from partners of the supply chain. All partners must comply with rules of the social responsibilities.	Establishing supply chain management regulations with the aim to build mutual trust and sustainable partnerships with the suppliers.
Customer Service	416 Customer Health and Safety 417 Marketing and Labeling	Customer satisfaction with products and services is an important factor to establish trust and good reputation with customers.	Regular annual customer satisfaction surveys are required to improve the complained departments within a time limit.

Environmental Aspect

Issue	GRI Standards	Importance to Largan	Measures Taken
Energy Saving and Carbon Reduction	305-5 Reduction of GHG emissions	Keep tracking of the Company's greenhouse gas emission in response to the national and the global environmental protection, and carbon reduction trend.	Making continuous effort on energy conservation and carbon reduction practice based on the result of initial greenhouse gas inventory in 2020.
Waste Management	306-1 Water discharge by quality and destination 306-2 Waste by type and disposal method	A punishment will be issued and jeopardize the Company's reputation if violating the effluent and waste regulation.	Complying with ISO 14001 by meeting legal requirements disposing effluents and wastes.
Water Resource Management	303 Water and Effluents	Improve water resources management measures with the aim to reduce the water shortage crisis. Implement a water management system and improve the water recycling and reusing rate.	The water can be recycled based on three different purposes of usage, such as cooling water towers, process wastewater and household water.
Raw Material Management	204 Procurement Practices 301 Materials	The procurement of raw materials is mainly based on manufacturers in Taiwan. The selection of new manufacturers evaluates the procurement policy based on environmental protection and social responsibility: Prohibition of slavery and forced labor; No use of conflict minerals and metals; Hazardous chemical transportation safety management	Possess the QC080000 Hazardous Substance Management System Certificate, and pass the supplier social responsibility assessment.

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Issue	GRI Standards	Importance to Largan	Measures Taken
Labor Relations	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave	We take/view the employees as our important partners, we aim to create a challenging, flexible and interesting working environment for our employees.	Offering competitive salary and welfare and retirement scheme as incentives to boost up the motivation and loyalty of the employees.
Human Rights Protection	412-2 Employee Training on Human Rights Policies and Procedures	Comply with labor laws, regulations and foreign labor management measure to protect all labor rights.	Establishing labor rights protection bylaw and conduct regular assessment of forced labor risks and train employees by the act.
Regulatory Compliance	217 Compliance with laws and regulations	Create a sustainable developing environment by establishing rules and regulations regarding to corporate governance, environment, and society.	Establishing "Corporate Governance Practice Principles" for the employees to follow and the stakeholders to better understand the Company's ethical standards.
Safety and Health	403 Occupational Health and Safety	Provide a safe, healthy and high-quality workplace for the employees.	Formulate occupational safety and health rules. Establish hazard identification and safe operation standards.
Salary and Welfare	2-19 Remuneration policies 2-20 Process to determine remuneration 405-2 Ratio of basic salary and remuneration of women to men	Offer competitive salary to attract and retain outstanding talents.	Establishing salary payment terms as reference for the managerial supervisors to follow.
Training and Development	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	Establish an employee training and development system, cultivate and develop personal abilities, and evaluate performance regularly as a supplementary mechanism.	Supervisors at all levels will recommend employees with excellent work performance to be promoted to supervisors or higher positions on a yearly basis.
Diversity and Equality	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	Establishing a harmonious and equal relationship between employees and employers with diversity as it is an important foundation for Largan's sustainable operation.	Working towards providing equal pay and career opportunities for women and men with the aim to achieve the respect of gender equality and social diversity in terms of gender, religion, race, and Nationality.

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1.5 The Influence of Sustainable Management

1.5.1 Significant Material Topics and the Value Chain Relationship of Largin

Task of Sustainability	Significant Material Topics	GRI Standards Topic-specific SASB Standards- Hardware	Upstream	Products by Largin		Downstream	Importance of Operation			
			Procurement Stage	Phone Camera	Car Lens	Customer Use	Revenue Growth	Customer Satisfaction	Employee Morale	Operational Risk
Operating Profit	Operational Performance	201 Direct economic value generated and distributed 416 Customer Health and Safety	◎	◎	◎	◎	◎	◎	◎	◎
	Product Quality and Deliver Date	417 Marketing and Labeling TC-HW-230a.1 Product Security	◎	◎	◎	◎	◎	◎	◎	◎
Corporate Governance	Rights and Interests of Shareholders	2-9 Governance structure and composition					◎	◎	◎	◎
	Risk Management	2-15 Conflicts of interest					◎	◎		◎
	Morals and Ethics	2-12 Role of the highest governance body in overseeing the management of impacts					◎	◎	◎	◎
	Regulatory Compliance	2-27 Compliance with laws and regulations	◎	◎	◎		◎	◎	◎	◎
	Customer Privacy	418 Customer Privacy TC-HW-230a.1 Product Security				◎		◎	◎	◎
Green Production	Water Resource Management	303 Water and Effluents	◎	◎	◎		◎	◎	◎	◎
	Waste Management	306 Effluents and Waste 2-27 Compliance with laws and regulations TC-HW-410a.4 Weight of end-of-life products and e-waste recovered, percentage recycled	◎	◎	◎			◎	◎	◎
Friendly Workplace	Labor Relations	401 Employment 402 Labor Relations					◎		◎	◎
	Human Rights Protection	408 Child Labor 409 Forced or Compulsory Labor 412 Human Rights Assessment	◎			◎	◎		◎	◎
	Diversity and Equality	406 Non-discrimination TC-HW-330a.1 Employee Diversity & Inclusion					◎		◎	
	Salary and Welfare	405 Diversity and Equal Opportunity					◎		◎	◎
	Safety and Health	403 Occupational Health and Safety	◎	◎	◎	◎	◎	◎	◎	◎
Sustainable Supply Chain	Supply Chain Management	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	◎			◎	◎	◎		◎

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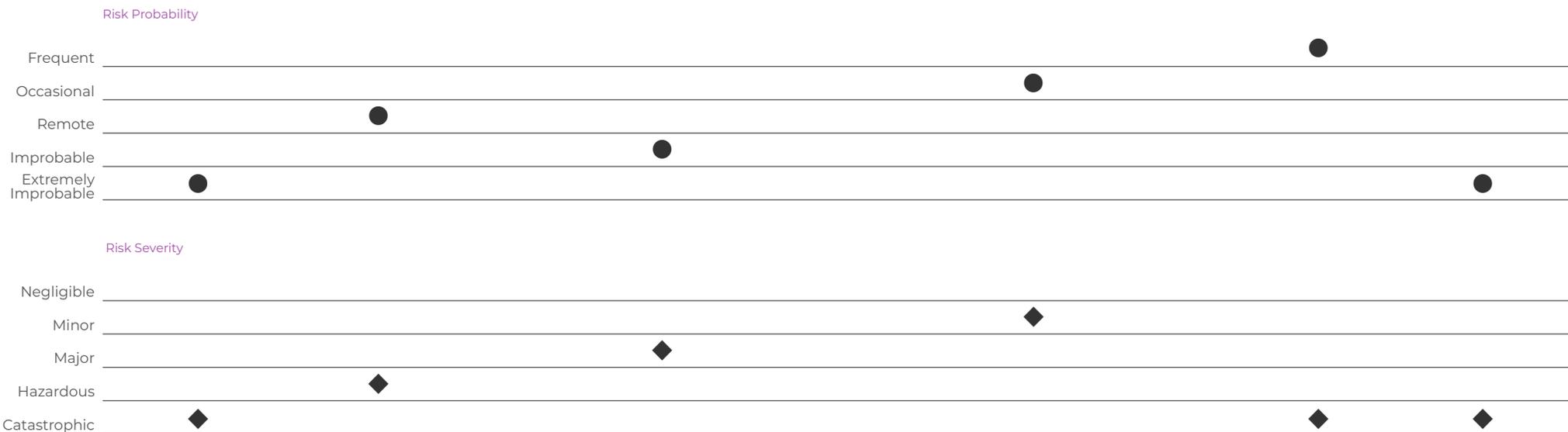
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1.5.2 Risk Management of Significant Material Topics

According to the Taiwan Stock Exchange's corporate governance assessment requirements, listed OTC companies should conduct risk assessments on environmental, social, and corporate governance topics related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies. 15 Significant Material Topics were identified and so its seriousness and possibility of occurrence, the risk considerations, risk assessment and management measures are detailed in the following table for analysis and description:



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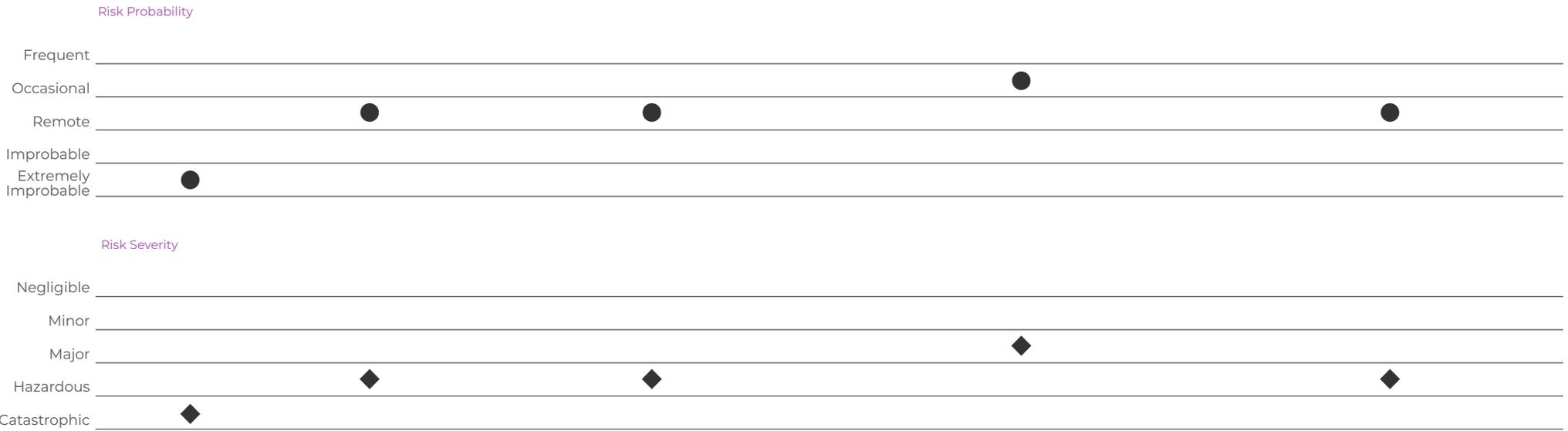
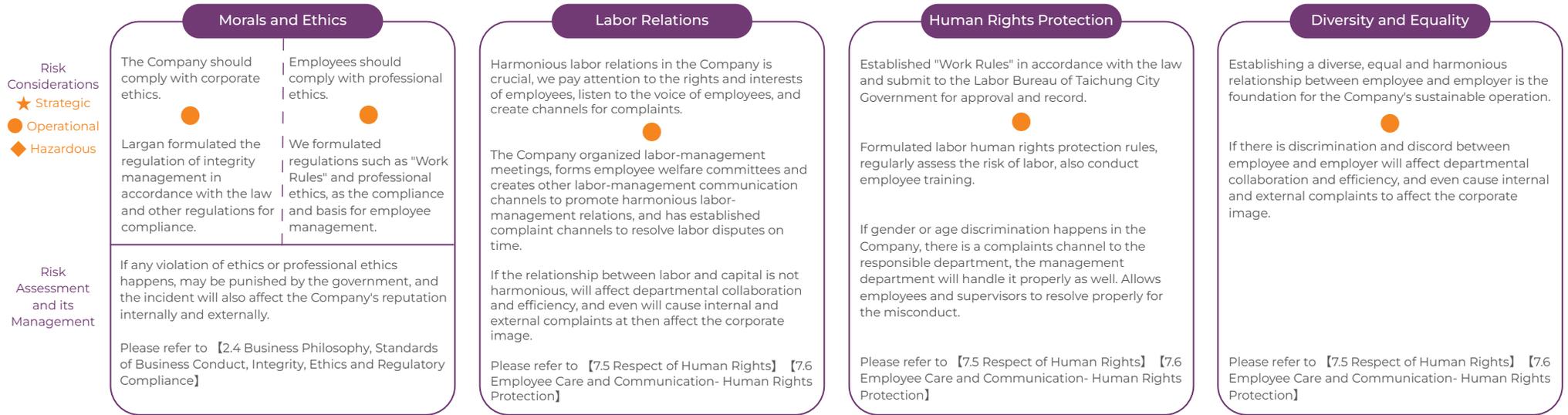
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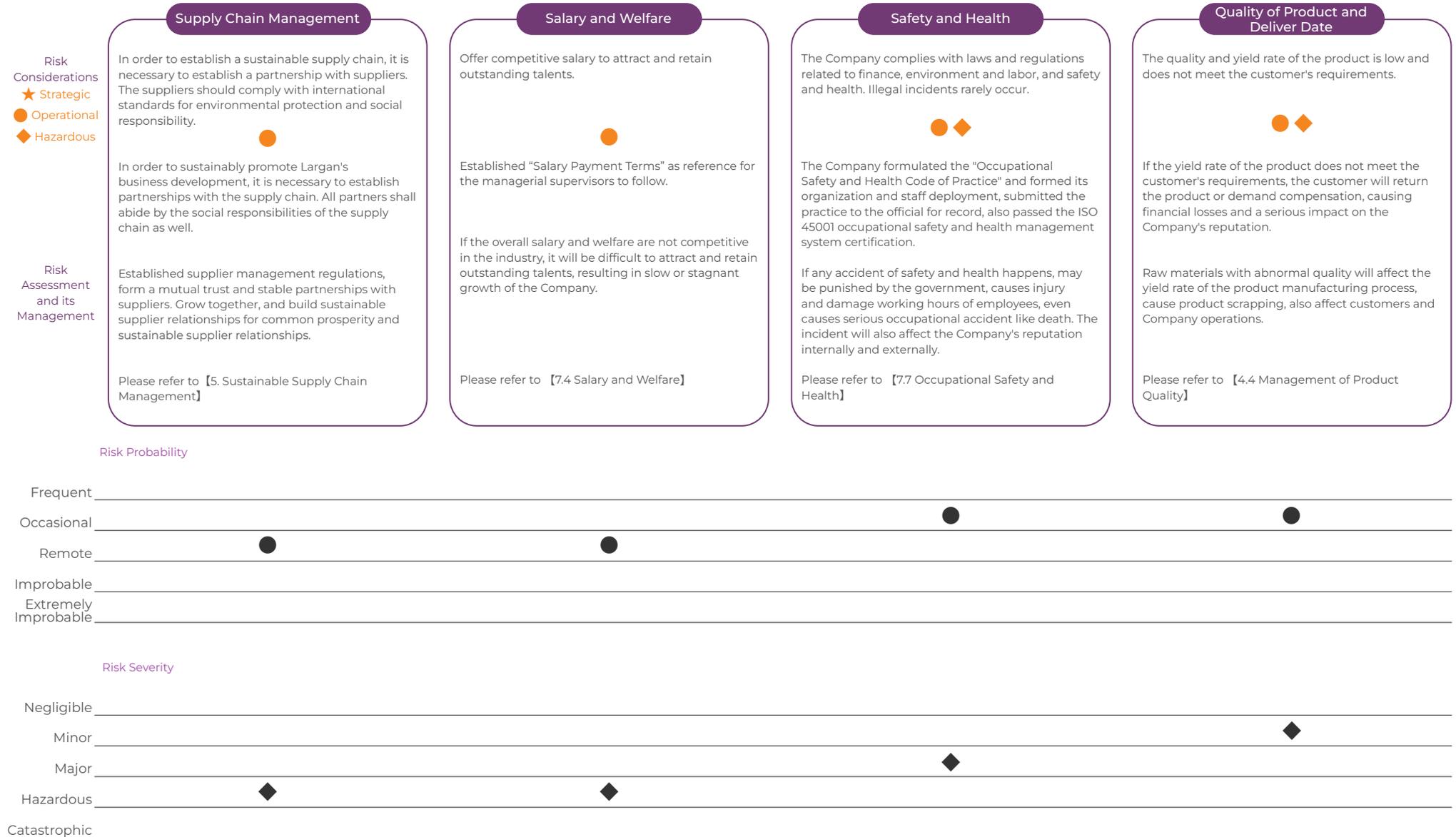
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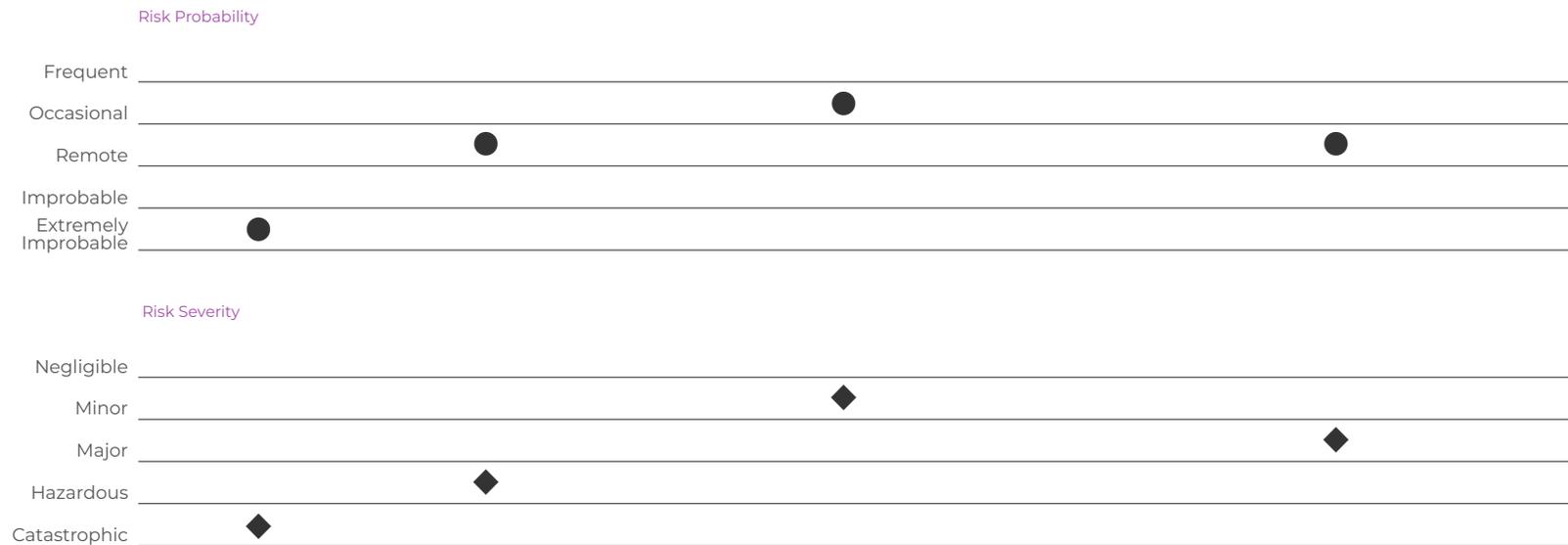
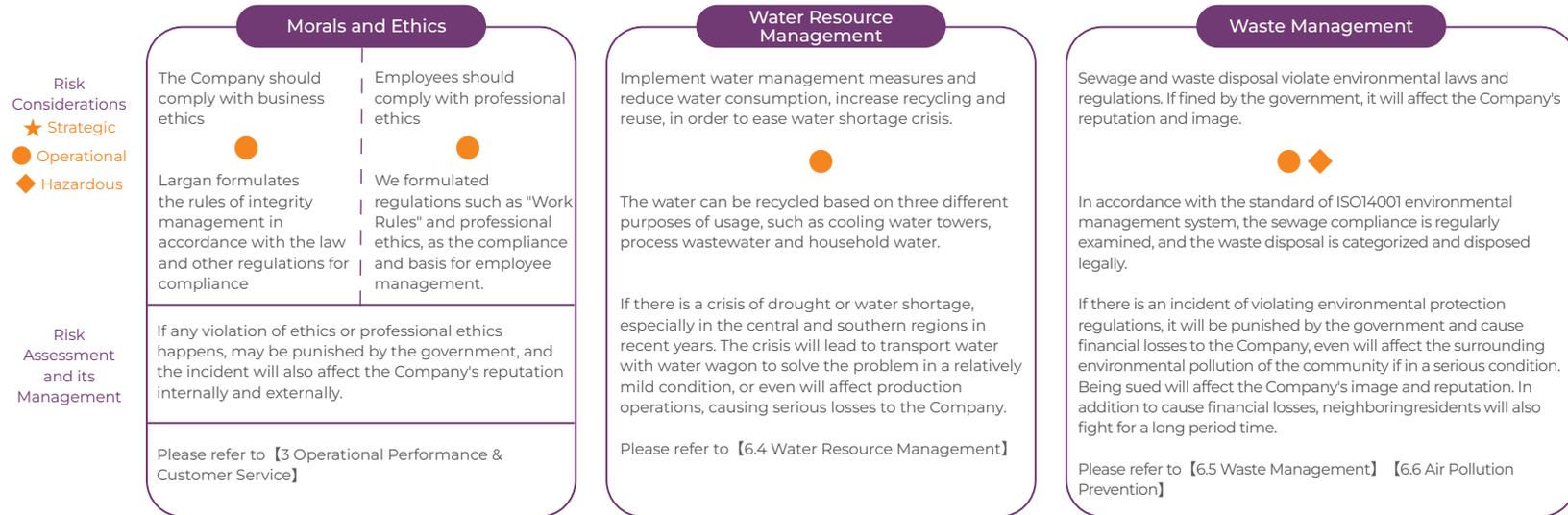
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1.6 Achieve ESG Development Goals

To implement the sustainable development goals of the United Nations, Largan continuously focus on SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 17 (Partnerships for the Goals), and other 9 sustainable goals. We set goals and management measures for 2022 through economic, environmental, and social aspects. Practice influence of sustainability with specific actions.

Economic Aspect			
Corresponding SDGs: 12 Responsible Consumption and Production		13 Climate Action	
Largan's Goal	Management Measure	Corresponding SDGs	Corresponding Chapter
Disclose relevant information and cooperate with the government to drive the corporate governance blueprint.	Disclose the Company's non-financial information, refer to the international common reporting standards and obtain third-party verification.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	1.1 Summary and Scope
In response to climate change and energy supply risks, actively assess and continuously control the impact of extreme weather on operations.	In response to substantial risks such as floods, typhoons, power outages, and rising temperatures develop adaptation policies and solutions. Actively implement relevant countermeasures to ensure the operations can be resumed quickly after disasters occur.	13 CLIMATE ACTION	2.3 Risk Management 6.Green Production 2.7 The Relationships among Sustainability Management, Integrity Management, Regulatory Compliance and Significant Material Topics Management
Environmental Aspect			
Corresponding SDGs: 06 Clean Water and Sanitation		13 Climate Action	
Largan's Goal	Management Measure	Corresponding SDGs	Corresponding Chapter
Promote water and energy saving.	By water quality monitoring, according to the characteristics of the water used, the types of cooling water towers, process wastewater, and domestic water are also classified, and wastewater is recycled and reused.	6 CLEAN WATER AND SANITATION	6.4 Water Resource Management
Scope 1 and 2 import greenhouse gases Scope 3 Inquiry and Verification Work	Obtain DNV company verification statement	13 CLIMATE ACTION	6.2 Climate Change and Low Carbon Manufacturing
Social Aspect			
Corresponding SDGs: 03 Good Health and Well-Being		04 Quality Education	
05 Gender Equality		Corresponding SDGs	Corresponding Chapter
Enhance the knowledge and skills of new and existing employees.	New employees undergo pre-employment trained and guided the Company's common regulations such as personnel regulations, safety and health regulations, and other important management regulations; when entering the work environment, they will be handed over to the supervisor for on-the-job training, and they will not be able to work independently until no operation errors occur, to ensure product and work quality.	4 QUALITY EDUCATION	7.3 Training and Development

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- 7.7 Occupational Safety and Health
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- 8.1 Policy and Management
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Social Aspect	Corresponding SDGs: 03 Good Health and Well-Being 04 Quality Education 05 Gender Equality		
Largan's Goal	Management Measure	Corresponding SDGs	Corresponding Chapter
Promote independent inspection and management measures of occupational safety and health, prevent disasters in the factory and reduce risks.	According to "ISO 45001 Occupational Safety and Health Management System" and relevant occupational safety laws and regulations, formulated occupational safety and health work rules, identified occupational hazards, established self-inspection and safety operation standards to prevent various potential hazards from happening.		7.7 Occupational Safety and Health
Prohibition of gender discrimination in recruitment, appointment, salary, promotion and training.	The company formulates "Work Rules" and submits them to the labor bureau of the government for approval and records, clearly stipulates policies and system of prohibiting gender discrimination.		7.5 Respect of Human Rights

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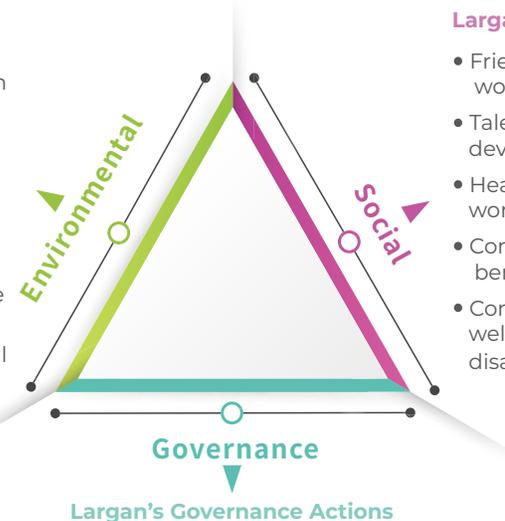
① 6 Major Directions of ESG



② How Lagan implements ESD Actions

Largan's Environmental Actions

- Establish a sustainable green production environment
- Energy saving and carbon reduction and low-carbon manufacturing
- Renewable energy and effective energy saving
- Resilience to climate change
- Pollution prevention/ observance of environmental regulations



Largan's Social Actions

- Friendly and inclusive work place
- Talent cultivation and development
- Healthy and safe workplace
- Competitive salary and benefits
- Community public welfare/caring for the disadvantaged

- Continuous growth and earn profit
- Customer service and satisfaction
- Responsible and ethical procurement

- Sustainable supply chain establishment
- Good corporate governance and integrity management

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

	Short- Term (2022~2023)	Medium- Term (2024~2027)	Long- Term (2028 and Beyond)
Corporate Governance	1. Make regular announcement/ updates of internal management policies and documents, and ensure it complies with the latest regulatory requirements	1. Make regular announcement/ updates of internal management policies and documents, and ensure it complies with the latest regulatory requirements	1. Make regular announcement/ updates of internal management policies and documents, and ensure it complies with the latest regulatory requirements
	2. Conduct appropriate education training based on business needs	2. Conduct appropriate education training based on business needs	2. Conduct appropriate education training based on business needs
	3. No material violation of laws related to corporate governance	3. No material violation of laws related to corporate governance	3. No material violation of laws related to corporate governance
	Corporate governance evaluation: The target ranking of corporate governance evaluation is 21~35% among all listed companies	Corporate governance evaluation: The target ranking of corporate governance evaluation is 21~35% among all listed companies	Corporate governance evaluation: The target ranking of corporate governance evaluation is top 20% among all listed companies
	The completion rate of annual Ethics and Compliance Training Course by the employees ≥ 95%	The Completion Rate of annual Ethics and Compliance Training Course by the employees ≥ 97%	The Completion Rate of annual Ethics and Compliance Training Course by the employees ≥ 99%

Risk Management	Risk assessment: 100% completion rate of yearly review on departmental hazard and risk assessment	Risk assessment: 100% completion rate of yearly review on departmental hazard and risk assessment	Risk assessment: 100% completion rate of yearly review on departmental hazard and risk assessment
	75% participation rate of annual emergency control management rehearsal training	80 % participation rate of annual emergency control management rehearsal training	85% participation rate of annual emergency control management rehearsal training

Regulatory Compliance	Violation of corporate or tax laws: 0 case	Violation of corporate or tax laws: 0 case	0 case → Achieved
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• Performance and Goal of Material Topics: Corporate Governance and Integrity Management

Largan is committed to running the company with honesty, integrity and transparency with the aim to improve business philosophy and efficiency. By establishing an ESG Sustainability committee, it helps us to achieve moral and ethical objectives in compliance with the relevant regulations and ISO requirements. The major achievements and performance based on the Material Topics raised are as stated in the table:

Corporate Governance	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	No violations of honesty and integrity principles 0 case	0 case → Achieved	No violations of honesty and integrity principles 0 case
	Ranked 21~35% of corporate governance evaluation of all listed companies	36-50% → Not Achieved	Ranked 21~35% of corporate governance evaluation of all listed companies
	Passed 2021 ESG Sustainability Report verification	7/05 → Achieved	Regular announcement / amendment of internal management documents to comply with the latest regulatory requirements
	No violation of laws and regulations related to corporate governance 0 cases	0 case → achieved	No violation of laws and regulations related to corporate governance 0 cases
	Completion rate of employees' annual ethics and integrity management training ≥ 95%	100% → Achieved	Completion rate of employees' annual ethics and integrity management training ≥ 95%

Risk Management	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	100% completion rate of yearly review on departmental hazard and risk assessment	100% → Achieved	100% completion rate of yearly review on departmental hazard and risk assessment
	75% employee participation rate of emergency response education training and evacuation rehearsal carried out once a year	89% → Achieved	75% employee participation rate of emergency response education training and evacuation rehearsal carried out once a year

Regulatory Compliance	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	No violation of corporate or tax laws 0 case	0 case → Achieved	No violation of corporate or tax laws 0 case

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2.1 Company Introduction

Largan Precision Co., Ltd. (hereinafter referred to as Largan, "The Company" or "We"), the leading manufacturer of optical lenses was founded in 1987 (formerly known as Dagen Precision Optical Co., Ltd. founded in 1980), and officially went publicly listed on the Taiwan Stock Exchange in 2002. The headquarter of the group is located in the Precision Machinery Park, with 10 other manufacturing facilities in Taichung City. In addition to developing various light, thin, short and small optical components, at Largan we also produce voice coil motors (Largan Digital Co., Ltd.), contact lenses (Largan Medical), and sleep monitoring devices (Largan Health). We actively expand product categories and production capacity with the aim to get ahead of the development trends and fulfill the demand of the market.

• Company Introduction

Date of Establishment	April 17, 1987
Registered Capital	NT\$ 1,341,402,000 (The capital amount of treasury shares is written off in 2022, which the latest capital amount is revised to NT\$ 1,334,681,970)
Stock Symbol	Taiwan Stock Exchange (3008) , public listed started in 2002
Number of employees	7,391 (Accounting until end of December 2022)
Line of Business	Optical lenses for phone cameras, tablets, laptops
Headquarter Address	No.11, Jingke Road, Precision Machinery Innovation Technology Park, Nantun District, Taichung City, Taiwan
Global Location	Taiwan , China
Website	http://www.largan.com.tw/



• Headquarter and Branches

Headquarter and Branches (A Total of 10 Sites)

<p>The Taichung City Precision Machinery Innovation Technology Park:</p> <ul style="list-style-type: none"> ▶ No. 11, Jingke Road, Nantun District, Taichung City, Taiwan (HQ) ▶ No. 13, Jingke Road, Nantun District, Taichung City, Taiwan ▶ No. 7, Jingke 2nd Road, Nantun District, Taichung City, Taiwan 	<p>Taichung Industrial Park:</p> <ul style="list-style-type: none"> ▶ No. 4 and No.6 Gongyequ 16th Road, Taichung City, ▶ No. 14, Gongyequ 23rd Rd., Nantun Dist., Taichung City ▶ No. 1, Gongyequ 5th Rd., Xitun Dist., Taichung City ▶ No. 32, Gongyequ 18th Rd., Nantun Dist., Taichung City ▶ No. 18, Gongyequ 7th Rd., Xitun Dist., Taichung City (Rental Factory) ▶ No. 3 and No., Gongyequ 22nd Rd., Nantun Dist., Taichung City (Rental Factory) ▶ 2F-1, 2, 8~10 and 4F-9, 10, No. 206 and NO. 210, Gongyequ 38th Rd., Xitun Dist., Taichung City (Rental Factory)
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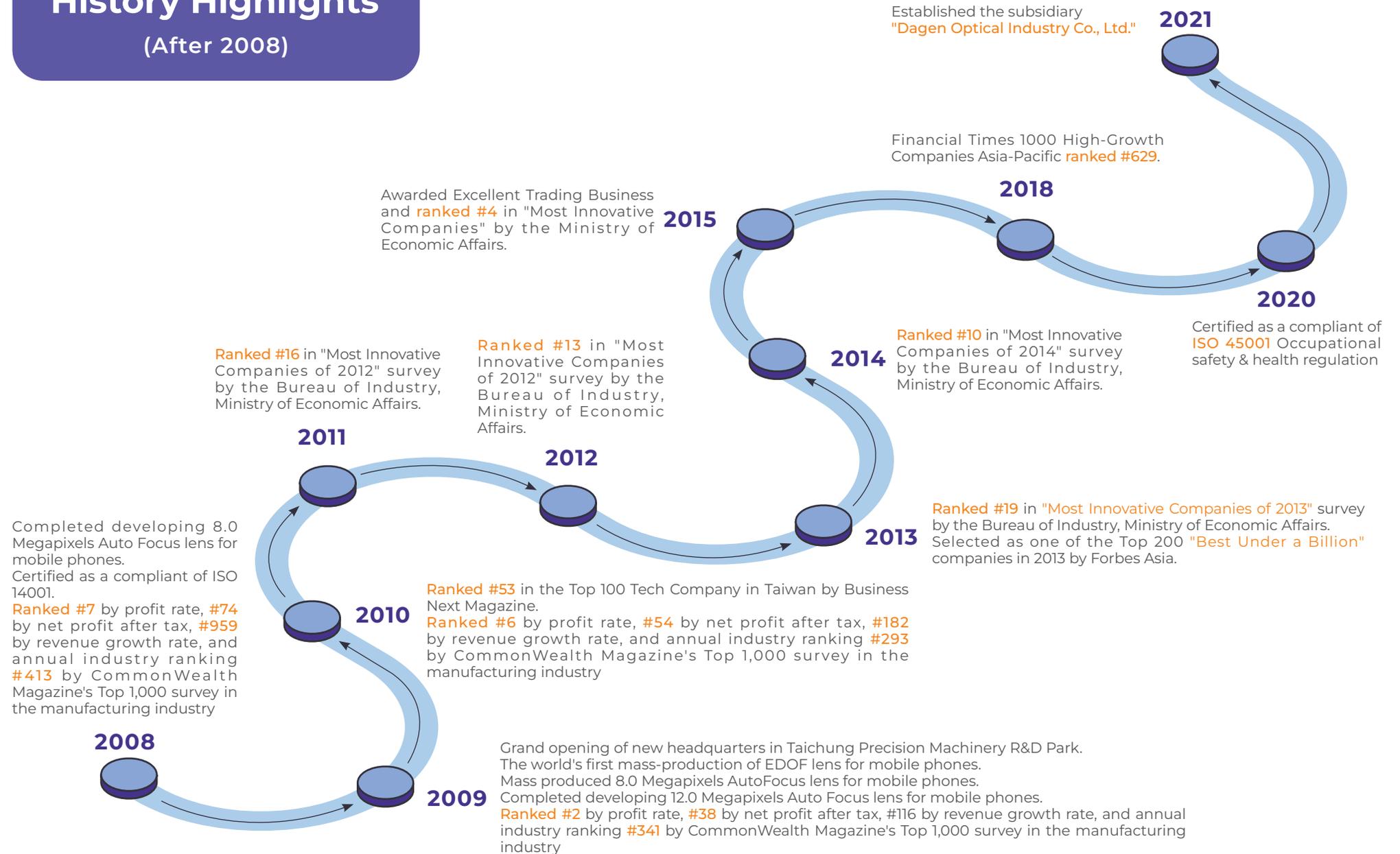
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History Highlights (After 2008)



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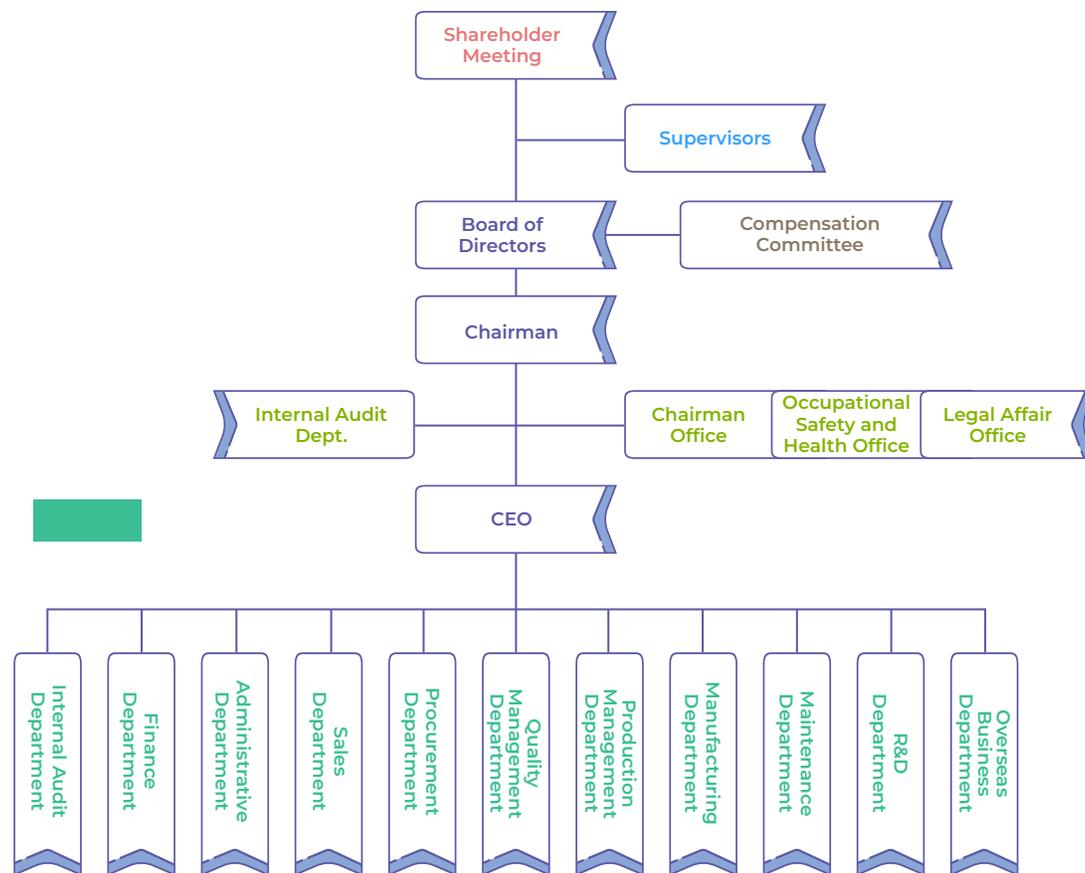
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2.2 Corporate Governance

• Company Organizations

The composition of the Board of Directors is based on the supervisors and directors elected during the general shareholders' meeting. Following the law, the Compensation Committee is set up under the Board of Directors, and the chairman's office consists of occupational Safety and Health Office, Legal Affairs Office, and Internal Audit Department. The top level of management includes CEO followed by Sales, Finance, Administrative, Procurement, Quality Management, Information Technology Departments. The production business unit includes R&D, Manufacturing, Maintenance, Production Management and Overseas Business Departments.

Detailed structure is as shown in the picture:



• Responsibilities and Functions

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

Department	Responsibilities and Functions
Chairman's Office	Manage and supervise the overall business operation, planning, execution and improvement.
Internal Audit Department	Inspect and evaluate the internal operations and provide analysis report and improvement plans.
Legal Affairs Office	Business ethics and regulatory compliance affairs such as personal privacy, whistleblower protection, intellectual property protection, company confidential information, etc.
Occupational Safety and Health Office	Planning, implementing and promoting safety and health management issues and instructions to related departments.
Information Technology Department	Overall planning and maintenance of the Company's IT system.
Finance Department	Finances, accounting, shareholder services, and taxation affairs.
Administrative Department	Human resources, general affairs, employee benefits, and labor relations.
Sales Department	Product marketing, market research, and customer after-sales services.
Procurement Department	Purchase raw materials, equipment, and consumables.
Quality Management Department	Perform quality assurance inspection on incoming material, production, and finished goods.
Production Management Department	Production and sales planning, raw materials management, outsourcing, and shipping.
Manufacturing Department	Producing optical component.
Maintenance Department	Machinery and equipment maintenance, repair and inspection.
R&D Department	1. New product development and design. 2. Manufacturing technology upgrade. 3. Designing and developing molding and tooling technology.
Overseas Business Department	Assist in the production, quality assurance, and other services for overseas businesses.

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• Governance Structure

**Rights and Interests of Shareholders:
Legal and Reasonable Dividend System**

Management Measure

Objectives: Having a shared values and visions regarding corporate governance with the support and dedication put in by the management team, employees and shareholders are the keys to run a successful business.

Commitment: Protect the rights and interests of the shareholders by abiding the relevant corporate regulations.

Management Measure Policy and Management:

- (1) Establish Corporate Governance Code of Conduct to ensure the structure, agenda and obligations of the Board of Directors.
- (2) Set up the members of the Board of Directors following relevant laws, regulations and requirements.
- (3) In order to seek professionalism in business decision-making, diverse academic and industrial experiences are included in the composition of the Board of Directors.
- (4) Uphold the spirit of integrity management, and strive to create value for shareholders by committing to sustainable management.
- (5) Regularly disclose updates to the public information observatory website to protect the rights and interests of shareholders.

• The Board of Directors (BOD)

Largan established the Corporate Governance Code of Conduct, specifying the structure of the Board of Directors, rules of meetings, and individual obligations. Director and Supervisor elections are based on a nomination system to ensure that the BOD elections are open, fair, and inclusive.

• Structure of the Board of Directors

The appropriate number of seats in BOD are determined by the scale and operational needs of Largan. The Board of Directors is composed of members who have backgrounds and education in the relevant industries, management experience, critical knowledge and skills in law and finance to successfully execute tasks and obligations required. There are 9 Directors at Largan, 3 of which are Independent Directors, and the Audit Committee has been set up in June 2022. We convened a total of 5 Board meetings in 2022. The overall attendance rate of all Directors reached 97.6%.

• Education and Experience of the Board of Directors

Title	Name	Tenure	Education and Experience
Director	En-Chou Lin	3 years	Bachelor's degree in insurance and Banking, Tamkang University Vice President, Largan Digital Co., Ltd. Representative at Mao Yu Ji Nien Co., Ltd.
Chairman	En-Ping Lin	3 years	Master of Business Administration (MBA), Dominican University, USA Representative at Mao Yu Ji Nien Co., Ltd.
Vice Chairman	Yu-Chih Huang	3 years	Master of Powwe Mechanical Engineering, National Tsing Hua University CTO, Largan Precision Co. Ltd.
Director	Jung-Ren Laing	3 years	Department of Finance and Taxation, National Chengchi University Supervisor at Largan Medical Co., Ltd/ Largan Digital Co., Ltd.
Director	Chun-Ming Chen	3 years	Doctor of Computer Science and Information Engineering, Ohio State University Manager, Largan Precision Co. Ltd.
Director	Ming-Yuan Hsieh	3 years	Bachelor's degree in Department of Applied Mathematics, Feng Chia University
Independent Director	Shan-Chieh Yen	3 years	Department of Electrical Engineering, Taichung Industry High School Assistant Vice President, Largan Precision Co. Ltd.
Independent Director	Ming-Hua Peng	3 years	Mechanical Engineering, Ming Chi Institute of Technology Assistant Vice President, Largan Precision Co. Ltd.
Independent Director	Chun-Yi Lu	3 years	Dept. of Electronic Communication, Kuang-Hwa Vocational Senior High School of Technology in Taichung Vice President, Largan Digital Co, Ltd



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• Diversified Experience

One should acquire diversified professionalism and management skills such as operational judgment, mathematical skill, crisis management, industrial knowledge, insights for global affairs, leadership, decision-making and other critical skills to be a qualified member at the Board of Directors. The ability of each Director at Largan is summarized in the table as shown.

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

• Director's Remuneration

The remuneration of Directors and Supervisors are determined pursuant to Article 26 of the Largan's Articles. It states that if the Company is profitable for the year, a bonus no more than 5% may be allocated as remuneration for Directors and Supervisors. The criteria for determining remuneration include the overall performance of the Company, industry risk, development trends as well as the individual's performance achievement rate and contribution to the Company.

• The Role of the Board of Directors

The Directors play the role of overseeing and providing guidance to the Company's comprehensive management strategies such as organizational development, performance improvement, operational performance, and risk management. The Board strives to perform the responsibilities through communication and discussion to carry out future planning and prospects of the Company.

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

Followings are the business execution topics of company's corporate governance executives in 2022:

- 1 Held 5 board meetings in 2022.
- 2 Held 1 regular meeting of shareholders in 2022.
- 3 Held 2 audit committee meetings in 2022.
- 4 The Company purchased liability insurance for Directors and will report to the Board of Directors after renewal.
- 5 Assist Independent Directors to complete at least 6 hours of refresher courses.
- 6 The total training hours for corporate governance supervisors are 12 hours and has been reported to the Market Observation Post System in 2022. The training status is as follows:

Date	Name of Corporate Governance Executive Course	Training Hours	Organizer
11/10/14	Audit Practice of Subsidiary	6 hours	The Institute of Internal Auditors
11/11/25	Trade Secrets Act and Non-compete Case Analysis	6 hours	The Institute of Internal Auditors

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Operations: Largan convened the Board of Directors meetings quarterly in the past two years following the requirement. The attendance of each Director is as stated in the table:

Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2021	2022	2021	2022	2021	2022
Chairman	En-Ping Lin	5	5	0	0	100%	100%
Vice Chairman	Yu-Chih Huang (New)		3		0		100%
Director	En-Chou Lin	5	5	0	0	100%	100%
Director	Shih-Ching Chen (Former)	5	2	0	0	100%	100%
Director	Yao-Ying Lin (Former)	4	2	0		80%	100%
Director	Jung-Ren-Laing		2		0		66.7%
Director	Chun-Ming Chen (New)		3		0		100%
Director	Ming-Yuan Hsieh	4	5	0	0	80%	100%
Independent Director	Shan-Chieh Yen	5	5	0	0	100%	100%
Independent Director	Ming-Hua Peng	5	5	0	0	100%	100%
Independent Director	Chun-Yi Lu (New)		3		0		100%

• The Audit Committee

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

Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2021	2022	2021	2022	2021	2022
Independent Director	Shan-Chieh Yen		2		0		100%
Independent Director	Ming-Hua Peng		2		0		100%
Independent Director	Chun-Yi Lu		2		0		100%

• Compensation Committee

There are 3 members in the Compensation Committee, which operates in accordance with the Largan's Compensation Committee Charter. The summary of the Committee is as shown in table:

Category	Enforcement in the Last Two Years
Members	Independent Director: Shan-Chieh Yen Independent Director: Ming-Hua Peng Independent Director: Chun-Yi Lu
Tasks	Evaluate compensation policies, systems, salary structures and standards for Directors and Managers.
Enforcement	1. Term of service: 2022/6/8-2025/6/7 2. Three Compensation Committee meetings were held in 2021 (February, July, and October), and the attendance rate reached 100%. Two Compensation Committee meetings were held in 2022 (February and July), and the attendance rate reached 100%.

Two Compensation Committee meetings were held in the past year. The attendance of each committee member is as follows:

Title	Name	Actual Attendance		Delegated Attendance		Actual Attendance Rate	
		2021	2022	2021	2022	2021	2022
Convenor	Shan-Chieh Yen	3	2	0	0	100%	100%
Committee Member	Ming-Hua Peng	3	2	0	0	100%	100%
Committee Member	Chun-Yi Lu		2		0		100%
Committee Member	Sen-Yuan Chien	3		0		100%	

• Communication Between Independent Directors & Accountants

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

• Communication Between Independent Directors & Head of Internal Audit Department

The Independent Directors and the internal audit supervisor hold symposiums every year. The audit supervisors request the Directors to review the audit report and present the important business reports of the Company and the subsidiaries to the Independent Directors. The overall Independent Director attendance rate of 2022 reached 100%.

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2.3 Risk Management

• Risk Management

With the aim to secure the functions of risk management and the responsibility of the Board of Directors, Largan has established "Risk Management Measures" approved by the Board of Directors to effectively identify, manage and analyze potential risks. The purpose is to raise crisis management awareness for all employees and to do risk control within a reasonable range and subsequently optimize the overall business operation.

- Risk Management Mission

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

Risk Management Policy: Prevention in advance, loss avoidance

Management Measure

Objectives: To get a head start over the global economic situation and the risks of climate change and energy supply, at Largan we actively act upon developing strategies and adjusting the business models beforehand.

Commitment: Utilizing thorough due diligence and proactive communication methods for early warnings, closely monitoring global industry trends and climate change, adjusting development goals and business strategies in a timely manner, and mitigating potential risks.

Management Measure Policy and Management:

Largan holds management meetings as preventive measures to adjust operation strategies in response to operational risks.

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

2.3.1 Influence and Response of External Risks

External Risk Cause	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. However, there are many competitors behind, and the competition in the industry is fierce. Therefore, it is necessary to maintain a leading position in the field of R&D patents, process efficiency and yield rate, and maintain a competitive advantage.	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.	<ul style="list-style-type: none"> • IT Dept. has equipped uninterruptible power system (UPS) to support power supply. • Power generator automatic operation For more, please refer to [6.Green Production]
COVID-19 Omicron Variant	The Company was not affected by the epidemic this time. Through the referral from other customers, the order transfer effect was caused, and the operating performance increased slightly.	In accordance with the government's instructions, the Company has drawn up more stringent epidemic prevention regulations. Including temperature measurement of personnel entering the factory, personnel separation and diversion work mode, control and publicity for colleagues with transmission risks, assistance for employees to receive three doses of vaccines, and enhanced environmental cleaning. Disinfection, and preparation of rapid screening reagents.

- Please refer to 1.5.2 Risk Management of Material Issues for other risk assessment of occurrence considerations, severity and response methods.

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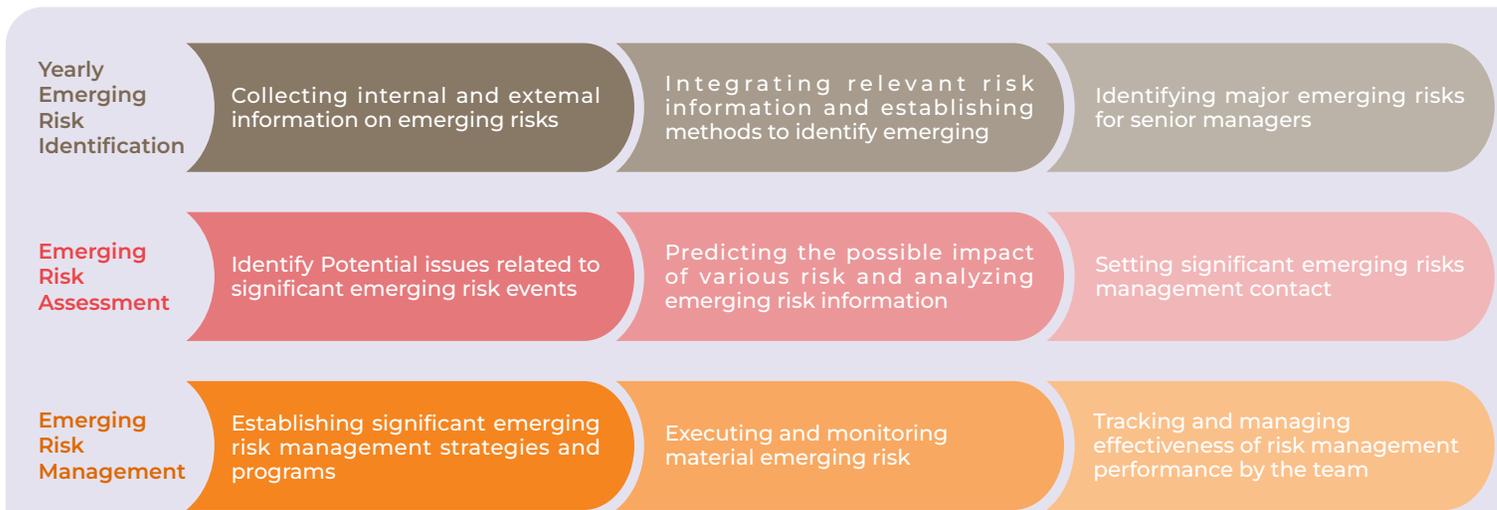
2.3.2 Emerging Risk: the COVID-19 Outbreak

Largan is a multinational company. After the suspected case of unidentified pneumonia outbreak in mainland China at the end of 2019, we have immediately taken related risk control measures by January 3, 2020. We have also established the "Covid-19 Epidemic Prevention Team" (as shown in the left picture below) in response to the Covid-19 outbreak. The epidemic prevention meetings are held on a daily basis with the aim to monitor the overall epidemic prevention status, develop countermeasures, and keep track of the supply chain and market condition and health status of all stakeholders. All Largan's domestic subsidiaries, and offshore subsidiaries were required to adhere to relevant disease prevention/control measures to ensure effective control over the pandemic, guarantee employees' safety, and maintain day-to-day operations. We have also taken relevant supporting measures to avoid people from getting sick in response to the epidemic prevention for the company staff and visitors. Practical measures such as adapting substitutes systems, enlarging office safe working space, flexible working hours, alternative and split shifts, and working from home...etc. We keep ourselves adaptive in accordance with government policies and regulations.

Out epidemic prevention objectives: epidemic prevention response and continuous operation, the measures are divided into six categories: publicity/ training/ announcement, epidemic prevention material management, personnel management, factory management, production management, domestic and foreign epidemic monitoring (as shown on the right below). Consider the internal and external impacts, according to different epidemic situations, formulate practices and strictly conduct them. Epidemic prevention meetings are held every day to track the implementation progress, and the implementation status of various departments is reviewed as well. Epidemic prevention measures are reviewed and rolled out at any time. All colleagues work together to ensure that the epidemic prevention work is impregnable.

• Emerging Risk Assessment and Management

At Largan we are sensitive to the changes of the economic environment. We strive to adapt ourselves and adjust the operational strategies in accordance to long-term risks as well as opportunities with the aim to achieve sustainable business goals and good operating performance. We utilize risk management teams to collect related domestic and overseas information for long-term operational risk evaluation. We first identify potential material risk issues through questionnaires or senior managers meetings and come up with countermeasures after reviewing the severity of the potential impact. Then, we report the discussion to the risk management team as reference for final decisions and operational strategies for the future.



We have collected and consolidated significant emerging risk by the supervisors of management team in 2021, the major topic selected was the continuing spreading of the COVID-19 variant virus. At Largan we actively develop countermeasures and improve continuously, hoping to reduce the overall impact on the company. Please refer to Chapter 7 section 8 Health Promotion for more details regarding measures taken. Although the Omicron variant of the COVID-19 epidemic in 2022 has a high transmission efficiency, and the probability of moderate to severe disease is low. The Company strengthens publicity and assists employees to receive three doses of vaccines, and provides sufficient rapid antigen tests for employees who have doubts of diagnosed. Guide the diagnosed employees to see a doctor, receive medicine and ask for leave, and pay attention to their health status in a timely manner until the tracking control is lifted.

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2.4 Business Philosophy, Standards of Business Conduct, Integrity, Ethics and Regulatory Compliance

2.4.1 Business Philosophy and Integrity

Largan's business philosophy is "Innovation, Professionalism, Speed and Flexibility."

Our priority is to protect the rights and interests of our shareholders and we are committed to ensure the transparency of information disclosures. We hope to achieve ultimate success by continuously enhancing the functions of the board of directors and improving management leadership capability.

• Business Code of Conduct

All employee at Largan are required to learn, understand and abide by the Company's Code of Business Conduct (hereinafter referred to as "the Code") based on the operation policies. By complying with the Code, we aim to create an honest and open working environment where the employees can work with full commitment to follow the integrity requirements and to be proud of being part of the family. We take immediate legal actions to resolve problems encountered by violating the Code and establish corrective mechanisms as preventive measures to avoid similar problems from happening again in the future.

• Honesty and Integrity Management

Largan values the idea of honesty and integrity. Following the principles of honesty, transparency, and responsibility, Largan has established the "Integrity Management Code of Conduct and Whistleblowing System" to assist the company in building up integrity management culture and a comprehensive healthy business development. We require everyone to uphold integrity as the basic principle when performing their duties, and strictly prohibit any actions of corruption, bribery and unjust enrichment. We have also set up a full-time unit composed of Legal Affairs and Internal Audit Departments to promote ethical corporate management under the Board of Directors. The team is responsible for overseeing policy execution, providing guidance regarding integrity management and reporting to the Board of Directors of the performance every six months. The Ethical Corporate Management Practice Principles and Channels of Making Complaints was established in 2016 to prevent conflicts of interests and to provide channels for complaints. The practical measures taken are as stated:

- (1) Assist in integrating the value of integrity into the company's business strategy and initiate relevant anti-fraud measures in accordance with laws and regulations.
- (2) Establishing preventive measures, work-related principles and guidelines to follow regarding dishonest behaviors.

- (3) Set up supervision and balancing mechanisms for dishonest and risky activities that are potential threats to the business.
- (4) Advocate integrity management and promote related policy training.
- (5) Drafting whistleblowing policy and ensuring the effectiveness of policy execution.
- (6) Assist the Board of Directors and managers in evaluating and inspecting the effectiveness of preventive measures taken and regulatory compliance status.

• Business Activities with Integrity

Conduct business activities fairly and transparently based on the principle of ethics and integrity management. Take the legitimacy of distributors, suppliers, customers, and other business partners into account to see if there are records of dishonest behaviors and avoid dealing business with companies with disciplinary records. Ensure to include the contract termination terms when signing contracts with distributors, suppliers, customers and other business partners for when they are in breach of contract entitling or dishonest behaviors, we are allowed to terminate the contract at any time.

• Integrity Management Prevention Measures

- (1) Engaging in unfair competition practices.
- (2) Providing illegal political contributions.
- (3) Improper charitable donations or sponsorships.
- (4) Offering or accepting unreasonable gifts, hospitality, or other improper benefits.
- (5) Giving and receiving bribes.
- (6) Infringement of business secrets, trademark rights, patent rights, copyrights and other intellectual property rights.

At Largan we maintain high ethical standards by conducting educational training, self-assessment and inspection, and anonymous reporting system with the aim to establish a good image of the Company. We hope to enhance the effectiveness of the integrity management at Largan by proactively and publicly disclosing integrity management related information on our website, following up the latest domestic and overseas integrity management trend and development and encouraging all staffs to provide suggestions regarding better management approaches for policy improvements in addition to personal integrity regulation compliance.

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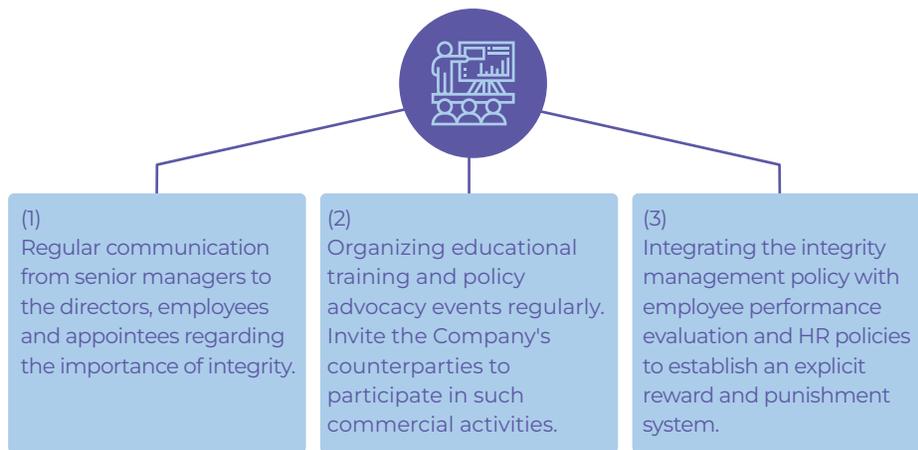
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• Training Program



• Performance of 2022

- (1) Advocating the core values of integrity management regularly.
- (2) Arranging relevant training courses for the new employees such as: intellectual property rights and information protection, business secret infringement prevention and prohibition of insider trading, etc. with the aim to raise awareness of integrity management for all employees.
- (3) 846 people participated in the internal education and training of integrity management, with a total number of **6,768** class hours.

Category \ Year	2020	2021	2022
Number of Participants	973	941	846
Class Hours	7,784	7,528	6,768

• Whistleblowing System



- (1) Set up an internal complaint mailbox and provide a reporting service on the Company website.
- (2) Assign a dedicated unit to find out relevant facts immediately and seek assistance from regulations or related departments when necessary.
- (3) All files and records should be kept in archives for five years or until the termination of the lawsuit.
- (4) Whistleblowers and the disclosed content shall be kept confidential to protect them from improper mistreating behavior.
- (5) Establish incentive measures for whistleblowers and award bonuses based on the severity of the circumstances.



• Performance of 2022: No violations of honesty and integrity principles by supervisors and employees.

• Information Disclosure

Based on the integrity management policy, the Company is required to submit annual reports and public prospectuses within the regulated time limit in accordance with the regulations, and publish relevant disclosures on the public Market Observation Post System and the Company website.

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2.4.2 Ethics and Regulatory Compliance

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

Management Measure

Objectives: Running the business with integrity management and transparency, compliance with regulations, no incidents of violating regulations and penalties.

Commitment: Utilize due diligence and early warning communication methods, uphold honest and transparent corporate governance, and protect the rights and interests of stakeholders.

- Management Measure Policy and Management:**
- (1) Establish an effective accounting system and internal control system to ensure the practice of integrity management.
 - (2) Follow relevant regulations in accordance with government regulations to promote the sustainable development of the petrochemical industry.
 - (3) Establish an internal control mechanism, seek for value creation and risk reduction strategies with the aim to protect the rights and interests of shareholders.
 - (4) Strengthen the relations among stakeholders and strive to meet the expectations of all stakeholders for the Company's sustainability development.

Largan has established "Corporate Governance Code of Conduct" for the employees to follow and stakeholders to better understand the Company's ethics standards with the aim to improve corporate governance and create a sustainable business environment.

Morals and Ethics Compliance

- Prohibition of directly and indirectly offering or accepting improper benefits when conducting business.
- Prohibition of offering or promising any facilitation payment and bribery.
- Prohibition of disclosing confidential information of the Company and comply with the confidentiality agreement.
- Prohibition of engaging in insider trading.
- Prohibition of engaging in commercial transactions with dishonest business.
- Protect and ensure that company assets can be used effectively and legally in official business.
- Comply with government and the Company's regulations, bylaws and procedures.

Responsibility of Supervision



- (1) ESG Sustainability Committee, the dedicated unit, regularly reports to the Board of Directors every year.
- (2) No violation of integrity management and discovery of dishonest behavior was found during the Board of Director's meeting on February 22, 2022.

Declaration Compliance and Signature

A statement on the internal control system for 2022 was approved by all directors, stating that the design and implementation of the internal control system for 2022 were effective and all measures taken were declared to comply with applicable laws and regulations. Directors and managers signed the Code of Conduct Compliance Statement and abided by honesty and integrity principles when they took office, and there were no violations of honesty and integrity found in 2022.

Avoidance of Conflicts of Interests

The Directors of the Largan uphold a high degree of self-discipline. If a Director is involved in a situation in which he or she or the legal entity he or she represents has an interest that may jeopardize the Company's rights and interests, the Director may present their statements and answer upon questions asked, but may not join the discussion and decision voting.

The Company's personnel shall not use company resources for external business activities and shall not affect their work performance by participating in external business activities.

At Largan we follow applicable laws and regulations for publicly listed companies to regulate business operations and make adjustments accordingly. All employees are strictly required to comply with the rules and operating standards for daily work with the aim to gain trust and respect from our customers, suppliers, and business partners. We have also established regulations such as infringement prohibitions, personal data protection management, information security management and other relevant measures in addition to incorporating confidentiality obligations into labor contracts with the aim to regulate all employees. We hope to raise awareness of regulatory compliance for our employees through continuous education and training.

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• Regulatory Compliance

The relevant important legal sources, internal measures or procedures for compliance with corporate governance, environment, economic and social laws and regulations, and whether any violations occur in 2022 are as follows:

Category	Relevant Important Source of Law in Taiwan	The Company's Corresponding Measures or Procedures	If Any Violations in 2022
Corporate Governance	Company Law, Code of Practice on Corporate Governance, Code of Integrity Management of Listed OTC Companies, Articles of Association of the Audit Committee, Organization Rules of the Remuneration Committee.	Articles of Association, Code of Business Conduct, Code of Integrity Management and Measures for Reporting and Complaints	The Company has acted in accordance with the law, so no major monetary fines or other non-monetary penalties have been imposed.
Employee Labor Rights and Conditions	Labor Standards Act, Employment Service Act, Act of Gender Equality in Employment, Labor Insurance Act, Labor Pension Act, National Health Insurance Act, Employee Welfare Fund Act, Regulations of Leave-Taking of Workers, Regulations for Implementing Labor-Management Meeting.	Approved and Recorded: Work Rules, Labor-management meeting representative list. Appointment procedures, resignation management procedures, salary management procedures, employee rewards and punishment procedures. Labor human rights test for new recruits.	The Company complies with the relevant laws and regulations of the Labor Standards Act and has not been punished for violating the Act or labor disputes. There are no forced labor incidents in the Company's operating sites and important suppliers.
Safety and Health	Occupational Safety and Health Act, Enforcement Rules of the Occupational Safety and Health Act, Labor Health Protection Rules, Labor Safety and Health Facilities Rules, Occupational Safety and Health Education and Training .	Approved and Recorded: Code of Practice for Occupational Safety and Health, Occupational Safety and Health Organizations and representative list. ISO 45001 Occupational Health and Safety Management Systems and related procedures.	The Company complies with the Occupational Safety and Health Act and its related regulations, and no occupational accidents or punishments due to labor health inspections have occurred.
Environmental	Basic Environment Act, Climate Change Response Act, Waste Disposal Act, Resource Recycling Act, Air Pollution Control Act Enforcement Rules, Noise Control Act, Drinking Water Management Act Enforcement Rules, Effluent Standards, Water Pollution Control Act and Enforcement Rules.	ISO 14001 Environmental Management System and related procedures, SOP and forms, including waste treatment procedures, noise control procedures, drinking water management procedures, wastewater management procedures. Implement the ISO 14064 Greenhouse Gas Inventory System and issue a greenhouse gas inventory report.	One penalty event: The daily water consumption exceeds the approved allowable amount, and improvement has been completed.
Economic Social	Fair Trade Act, Patent Act, Copyright Act, Intellectual Property-related regulations, Trade Secret Act, Personal Data Protection Act. Civil Code, Communicable Disease Control Act, Sexual Harassment Prevention Act.	Labor contract, professional ethics Personnel related management system.	The Company has no record and fined of violating economic and social regulations.
Product	Fair Trade Act, Personal Data Protection Act QC 080000 Hazardous Substance Process Management System.	ISO 9001 Quality Management System and related procedures, SOP and forms, implement QC 080000 or RoHs system, effectively control harmful substances to meet international standards to avoid harming consumers.	The Company has not been fined and compensated by customers for leaking customer privacy. The Company complies with the marketing and communication law and has no violations of health and regulations, and no violations of health and safety regulations for products and services.

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2.5 Internal Control and Management System Verification

Internal Control Mechanism

Management Measure

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

Target Audience: Utilize due diligence and early warning communication methods to audit. The audit targets include all business units of the Company.

Management Measure:

Problem Based Method

The Internal Audit Department will draft the next year's audit plan based on the regulations released by the end of the last year and results of risk assessment then submit it to the Board of Directors for review and approval.

Project Based Method

The senior executives or the head of the Internal Audit Department shall designate the audit subjects and work timeframe. The auditors shall conduct audit tasks within the determined period of time.

Auditing Process

1. Draft an annual audit plan based on the results of the risk assessment result.
2. Carry out audit operations following the annual audit plan.
3. Perform project audits as needed and report existing deficiencies or potential risks to managers promptly.
4. Issue an audit report and provide suggestions for improvements after performing the audit.
5. Continue to track the deficient items in the audit and make a quarterly follow-up report until deficiency corrected.
6. The audit-report and follow-up report should be submitted to independent directors before the end of the following month for review when the audit items are completed.

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



• There was no significant internal control deficiencies in 2022, and the effective declaration of the control system is disclosed in the annual report.

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• Internal Management System

Largan's Board of Directors and managers have established an internal management system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and relevant laws and regulations to improve the effectiveness of business management and product quality. The internal management system is mainly divided into three aspects:

(1) Internal Control System

The internal control system covers the entire company's business operations, including the functions of management aspects such as planning, organizing, and controlling, as well the nine pillars of internal control procedures such as sales, production, procurement, financing, salary, fixed assets, information technology, investment, research and development. The main purpose is to facilitate the effective operation of business organizations, the three basic objectives are as stated:

- ① Ensure that the Company complies with policies and operating procedures.
- ② Avoid wasteful, theft and inefficient use of asset.
- ③ Ensure the accuracy and validity of accounting and business operating data.

(2) ISO Management System

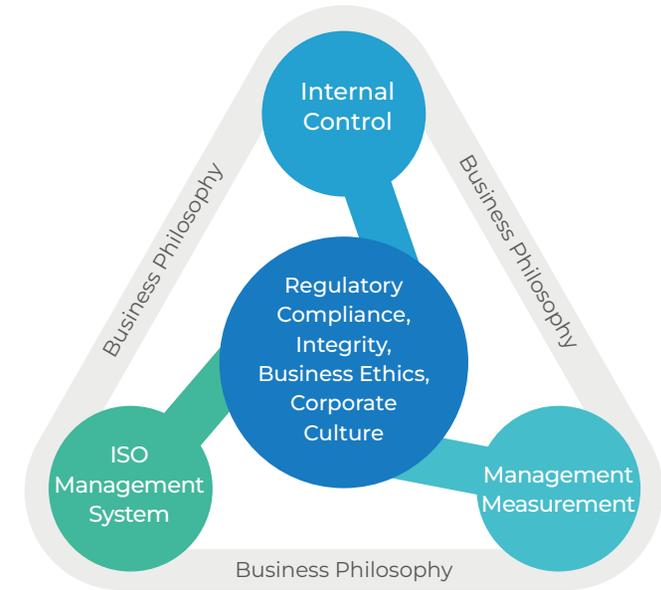
At Largan we have established an ISO management system for managing issues such as production, quality, and environment. The relevant ISO certifications that have been approved are: ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Health Management System and ISO 14064 Greenhouse Gas Inventory Audit.

(3) Individual Management Measure

We have established relevant management measures for special projects such as credit management and expense approval authority to reduce high operational risks.

The corporate culture, core value of the employees and professional ethics are the foundations for advancing effectiveness of the business operations and continuous improvements of the three management systems mentioned above in accordance with the requirements of Largan's sustainable management philosophy. The aim is to improve operational performance, product quality and reliability and ultimately achieve sustainable management prospects and mission.

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



2.6 Information Security

• Information and Communication Security Risk Management Structure

At Largan we intensify the information security management in accordance with the applicable regulations. The management structure: the Vice President leads the Administrative Department, Information Technology Dept., Internal Audit Dept., and Legal Affairs Office. The Vice President plays the role of overseeing and providing guidance to the Company's comprehensive security management strategies and suggestions for improvements; reports issues to the Chairman and the CEO, and assigns tasks for execution accordingly.

• Information Security Policy

- Carry out risk assessment of information assets, and ensure the validity and compliance of software and hardware authorization, structures of the system, network security, and resource management, as well as include improvement plans regarding any risks detected.

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- Propagating the importance of confidentiality policy and data protection; Managing files and records; Monitoring mobile devices; Managing access authorizations; Compiling and checking records with Internal Audit and Legal Affairs Departments; Coordinating; Reporting abnormal information; Reducing risks of information breaching; Maintaining important assets and competitiveness of the business.
- Promote ideas and knowledge about information security for the employees to reinforce the awareness regarding their daily work.
- Working closely with information security companies to conduct investigation, tackle and prevent any potential information security breach and weakness promptly.

Implementation of the Measures

Multilayered Information Security Defense

- (1) Build different branded multilayered firewall devices to enable multiple advanced functions such as detection technology, traffic monitoring, applications identifying, unknown malware analyzing, and blocking unknown and hostile connections in advance.
- (2) Network control and monitor across factories and devices. Strengthen firewalls and network access control to prevent the spreading of viruses attack across devices and facilities.
- (3) Adopt multilayered email protection gateways, enable functions such as Attachment Defense, real-time detection for URL, BEC scam, phishing, ransomware attack protection, multi-dimensional detection, anti-evasive threats...etc with the aim to intercept advanced persistent threats and attacks.

Endpoint Security

- (1) Install more than one type of antivirus protection software on the computer according to its features. We import the new-generation APT endpoint protection system to monitor abnormal operational behavior by using its behavior detecting function in addition to enhancing basic antivirus protection with the aim to instantly block and remove hostile malware and reduce lateral movement. We utilize machine learning and behavioral analysis to block attacks on RAM from fileless malware.
- (2) Purchase intrusion prevention services to prevent large-scale intrusions and provide alerts and warnings in time.
- (3) Establish incoming machinery examination mechanism to prevent malicious software from entering the factory along with system loopholes.
- (4) Conduct endpoint device control, strictly prohibits the use of portable storage devices or wireless devices.
- (5) Network behavior monitoring, controlling and sandboxing to effectively manage and reduce the risks of accidental clicking on Phishing sites and downloading malicious software to personal computers while doing paperwork and websites browsing, as well as prevent hackers lurking from the outside.

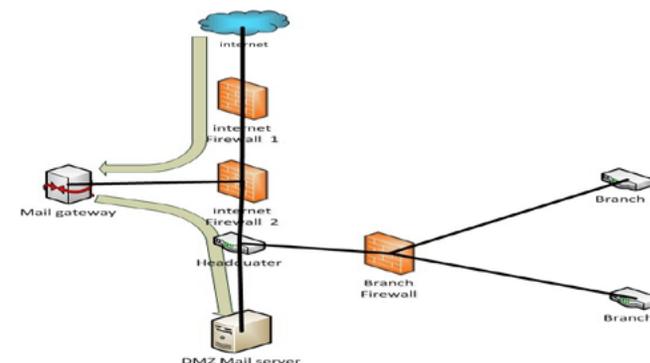
Data Security Protection

- (1) Import file encryption protection system, archives access control, record archives operating activities to prevent data breaching.
- (2) Manage and monitor copying and scanning equipment. Unauthorized operations of the equipment are unavailable. Import the printing record saving software. Complete record keeping all login, operating, documents copying and scanning activities.
- (3) Outbound and inbound mail monitoring.
- (4) Cloud storage access control.
- (5) Import data backup system, establish backup and offline saving mechanism.
- (6) Prohibition of software piracy: The use of software in the company must be legally authorized. Installing unauthorized software on personal computers or company laptops is an act of copyright infringement.
- (7) Inspection mechanism: Comprehensive information security check is held on the fourth week of each month.

Information Confidentiality Policy

Employees should take appropriate protection measures regarding the business secrets and confidential information the protection measures are as the followings:

- (1) A confidentiality agreement should be signed before making authorized disclosure to a third party.
- (2) Abide by the labor contract and other relevant confidentiality management regulations.
- (3) Take necessary and reasonable protective measures to avoid unauthorized actions and obtain business secrets or confidential information.
- (4) Principles for company information disclosure: Employees shall not disclose any company information such as scope of business, technical information, any other tangible or intangible business secrets and confidential information to other third parties without authorization and permission as the information are valuable assets to the company.



Note: Schematic diagram of multilayered information security protection

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2.7 The Relationships among Sustainability Management, Integrity Management, Regulatory Compliance and Significant Material Topics Management

With the aim to practice sustainability management internally, "Largan's Articles of Association" should be established in accordance with the Company Act, which the content should include regulatory compliance, integrity management, avoidance of conflicts of interest, ethics and such management approaches. By actively advocating and implementing relevant training, we hope for the employee to develop good professional work ethics and behavior and naturally create a corporate culture that is based on a virtuous cycle. The table shown is the relatedness between Significant Material Topics and Sustainability Management based on Task Force on Climate-Related Financial Disclosures framework (TCFD):

Management Level	Relatedness between Significant Material Topics and Sustainability Management based on the TCFD framework
Corporate Governance - Integrity Management - Ethics and Integrity Management - Regulatory Compliance	<ul style="list-style-type: none"> ● The practice of corporate governance includes internal governance structure establishment, composition and tasks of Directors, members of organizations, and it must abide by the domestic laws and relevant regulations. It is also required to comply with the overseas applicable laws and regulations for exportation with the aim for the business to grow and survive. ● In the sustainable operation management, the Company establishes the code of conduct in accordance with the relevant regulations such as the articles of association, ethical and moral policies as well as Integrity Management, Avoidance of Conflicts and Interest, Anti-Corruption and Bribery, No Violating Rules of Market Monopoly and other misbehaviors. The Company should conduct fair trade and competition, educate and train employees, with the aim for all staff to practice business in a decent manner. ● The public disclosure of corporate finance and ESG reports are supporting documents for corporate governance and sustainable management.
Operational Strategy and Management	<ul style="list-style-type: none"> ● Commonly used business strategies are: financial or cost orientated, customer service and satisfaction orientated, product or production differentiation oriented, product oriented of core operating process, organizational learning and growth dimensions...etc. Utilizing short, medium and long-term plans and objectives with the establishment of management and control systems to achieve expected goals. ● Assess, classify and prioritize the substantial risks to the Company's assets brought by climate change. Establish corresponding strategies, precise and cautious preventive measures and plans of emergency response. Take immediate actions, response measures and recovery plans when a crisis or disaster occurs to reduce the likely impact of damage and instability caused. ● In terms of transition risks, we follow the trend of energy diversification and comply with the regulations and objectives of the "Renewable Energy Development Act" to plan procurement of renewable energy and invest in renewable energy certificate projects.
Risk Management	<ul style="list-style-type: none"> ● According to TCFD's climate risk classification, there are substantial risks and transition risks. The former includes earthquakes, floods, typhoons, untreated effluent discharge, drought, power outages and water shortages. The latter includes rising temperature, energy saving, carbon reduction and waste emission control, and corporate image. There was historical data of substantial risks for verification and comparison, as well as emergency response measures and plans that should be able to effectively control damage caused; Transition risk captures the uncertain rate of adjustment towards carbon neutrality for the company. With extreme weather conditions such as floods, typhoons and drought caused by increasing temperature in the past 10 years, the United Nation has required EU countries to implement Carbon Tariff measures by 2023. The first stage of taxation target audiences are the most carbon-intensive industries such as petrochemicals, steel and cement. The measures taken and equipment to reduce carbon emission may subsequently increase the cost of the business. ● Traditional risk issues in business operations include financial scheduling and customer credit, high rate of defective products, demand for compensation or repetitive work due to return of goods, employee complaints or fines by government for violating environmental protection, labor, and company-related laws and regulations. These issues will cause financial losses to the company. The amount of compensation and the subsequent impact on the business operation can be assessed depending on the scale and severity of the case.
Plans and Objectives	<ul style="list-style-type: none"> ● Short-, medium- and long-term plans and objectives of corporate governance, sustainable operation, product innovation, and social welfare promotion. ● Short-, medium- and long-term plans and objectives of green energy, green production, energy conservation and carbon reduction, and environmental protection. ● Short-, medium- and long-term plans and objectives of friendly workplace, labor rights and occupational health and safety

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The sustainable operational goals at Largan are to provide a steady and stable financial performance, increase the value for product innovation, comply with the regulations while providing satisfactory service to our customers, and play a role in sustainable supply chain operation. We have come up with a few objectives for short-, medium- and long-term goals with the aim to maximize the profits and achievements as shown in the chart.

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

• Performance and Goal of Material Topics

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

	2022 Target Performance	2022 Achieving Status	2023 Target Performance
Customers Satisfaction	Customer Satisfaction Score over 90 points	91.8 → Achieved	Customer Satisfaction Score over 90 points
Regulatory Compliance	Violation of Fair-Trade Act: 0 case	0 → Achieved	Violation of Fair-Trade Act: 0 case

3.1 Operational Performance and Challenges

Policy of Operational Performance: Continuous Growth and Earn Profit

Management Measure

Goals and Objectives: Sustainable and robust financial performance with continued growth and profitability.

Commitment: Create stable economic value.

Management Measure:

- (1) Maintain a good financial structure to provide a strong back up for sales, production, and R&D.
- (2) Plan for short-, mid-and long-term capital operation strategies to maximize return on capital under the principle of stability.

The business philosophy at Largan is “**Innovation, Professional, Rapid, and Flexibility.**” We hope to take the business operation to the next level by committing ourselves to provide transparency of information and make continuous efforts to excel in our professionalism and enhance leadership of board of directors with the target to protect the interests of our shareholders.

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

Production Strategy

Upgrade the production technology and efficiency using the existing equipment.

Management of raw material and finished goods.

Ensure the execution of ISO 9001& ISO 14001 to achieve quality control management.

Sales Strategy

Existing customers → Provide services and products that are competitive and attractive to the customers.

Potential customers → Actively expand the customer base and prospecting using the feature optical technology.

End users → Make connections and introduce the products directly to the end users.

R&D Strategy

Get ahead of the future market trend and develop new products.

Actively invest in the latest optic/mechanic R&D.

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Operational Strategy

Working to achieve horizontal management and project management reinforcement.

Intensifying internal staff training while recruiting new outstanding talents to increase business competitiveness.

Financial Strategy

Maintain a good financial structure and provide strong backing for sales, production, research and development.

Plan the use of long- and short-term funds to create the maximum return of the investment.

Largan provides services that focus on the R&D, design, production, sales, and after-sales technical services of various optical lens modules and optoelectronic components. Our products range include cell phones, 3D structured light, Time of Flight (ToF), In-Display Optical Fingerprints, drones, tablets, wireless webcams, smart TVs, Augmented Reality (AR), Virtual Reality (VR), Internet of Things (IoT), wearable devices lens, iris recognition lens, medical devices lens, car lens, glass, and related optoelectronic components. We are the leading manufacturer of plastic precision optical lenses in the world. In addition to developing various light, thin, short and small optical components to fit the market needs, our subsidiaries also manufacture products such as voice coil motors (Largan Digital Co., Ltd.), contact lenses (Largan Medical), sleep monitoring devices (Largan Health). We actively expand product categories and production capacity with the aim to get ahead of the development trends and fulfill the demand of the market.

• Main Product and its Function:



Function

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

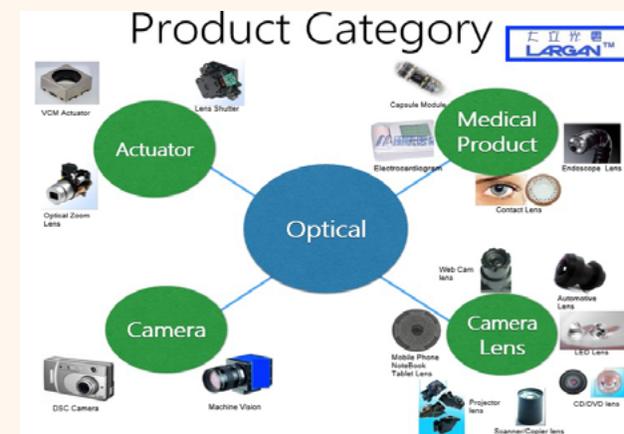


Function

Mainly used in DVD readers and optical mice.

• Product Category:

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



• Operational Performance Regarding Direct Economic Value of Production and Distribution in the Last 3 Years:

Unit: Thousand (NT\$)

Item	2020	2021	2022
Consolidated Revenue	55,944,489	46,962,402	47,675,228
Operating Profit	37,472,234	28,149,651	26,082,674
Net Profit Before Tax	31,693,767	23,026,610	27,826,702
Net Profit After Tax	24,534,131	18,671,230	22,625,049
Other Comprehensive Gains and Losses	468,664	97,165	1,221,583
Total Comprehensive Income	25,002,795	18,768,395	23,846,632
Earnings Per Share	182.90 元	139.28 元	169.52 元
Dept Ratio	17.79%	18.87%	16.14%
Return on Equity	18.36%	13.22%	15.24%
Board of Directors Shareholding Ratio	28.36%	28.36%	18.61%

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

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Percentage of Main Product Sales Revenue in the Last 3 Years:

Unit: Thousand (NT\$)

Product \ Year	2020		2021		2022	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Commodity Sales	55,769,861	99.69%	45,820,230	97.57%	47,052,195	98.69%
Other	174,628	0.31%	1,142,172	2.43%	623,033	1.31%
Total	55,944,489	100%	46,962,402	100%	47,675,228	100%

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

Unit: Thousand (NT\$)

Region \ Year	2020		2021		2022	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
China	32,405,079	57.92%	20,494,791	43.64%	19,638,355	41.19%
Vietnam	6,301,395	11.26%	9,626,103	20.50%	9,159,948	19.21%
Korea	7,158,829	12.80%	9,581,816	20.40%	10,241,099	21.48%
Japan	8,327,699	14.89%	4,888,473	10.41%	7,367,435	15.45%
Other	1,751,487	3.13%	2,371,219	5.05%	1,268,391	2.67%
Total	55,944,489	100%	46,962,402	100%	47,675,228	100%

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

Region Diversified Marketing Strategy

Major sales revenue at Largan comes from China, which accounts for 41.19%, followed by Korea with 21.48%, and 19.21% from Vietnam in 2022. Only the top 3 regions take up 81.88% of total sales revenue. We are looking into developing a new customer base in other regions such as India, South East Asia, Europe and America for future development. We diversified the market to allocate risks to prevent losses from potential labor and logistic obstacles caused by lockdown or regional pandemic.

Production Volume and Value in the Last 2 Years:

Production Volume and Value Major Product



Unit: Thousand pieces

2021

Capacity	Output	Value
29,993,943	27,929,328	29,331,602

2022

Capacity	Output	Value
31,700,726	25,576,849	29,743,857

Notes:

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

Largan focuses on the R&D, design, production, sales, and after-sales technical services of various optical lens modules and optoelectronic components. As smartphones' popularity increased, the market has reached its plateau. We are committed to invest in R&D with the aim to launch new technology and products as well as create continuous business growth.

Green Deposit

In response to ESG Sustainable Development Goals, Largan has transferred partial foreign deposits to green deposits through Sumitomo Mitsui Banking Corporation and Taiper Fubon Commercial Bank. The fund will only be reserved for use in environmentally friendly projects such as renewable energy and sustainable supply chain with the aim to help the environment and pursue social sustainability development as a whole.

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3.2 Tax Policy

Largan supports tax policy that encourages enterprise innovation and sustainable development. We are committed to manage tax risks with clarity and the aim of pursuing sustainable development and fulfilling corporate social responsibility. At Largan our commitments are as the followings:

All operational activities will comply with all applicable tax laws and regulations.

Financial reports will be disclosed in accordance with applicable tax regulations and reporting standards.

Any transaction for tax avoidance purposes will be prohibited.

Develop strong, mutually respectful relationships with tax authorities based on transparency and trust.

Operational performance.

3.3 Customer Relationship and Service

• Customer Maintenance and Satisfaction Survey

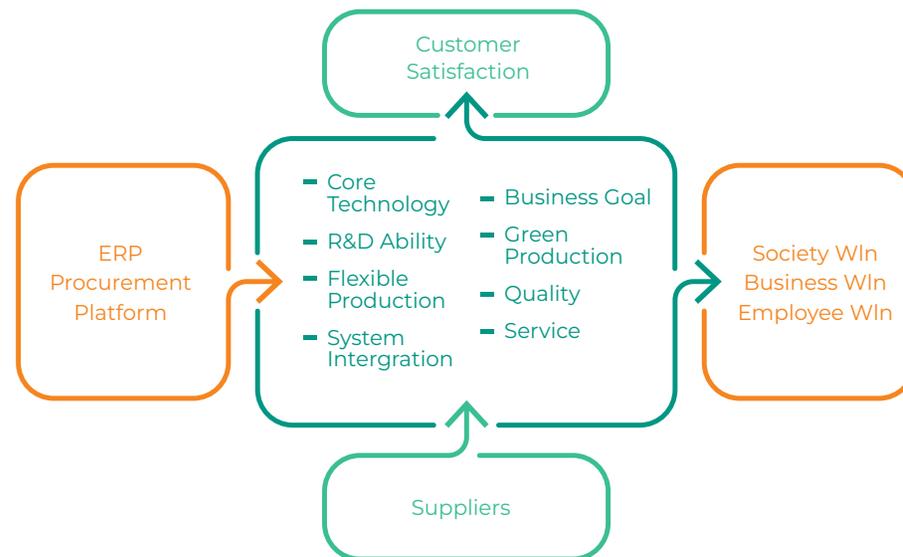
We conduct customer satisfaction surveys routinely based on the operating procedure LPS00-B-021. The Sales Department conducts customer satisfaction surveys by door-to-door visits, fax, email, or mail on yearly basis.

- Complete the customer satisfaction survey by our customers.
- Sales personnel return the surveys to the responsible department and propose corresponding countermeasures based on the unsatisfying items.
- Customer satisfaction survey and improvement result will be included in the management review meeting.

In addition to the customer satisfaction survey, the following KPI goals are also included in the measurement, monitoring, and improvement analysis to better our service:

- Delivery accuracy rate or delivery achievement rate, numbers of excess freight.
- Numbers of customer complaints per month.
- Number of external failure costs/compensation amount.
- Number of cases of the claim compensation due to an interrupted production line
- Number of cases for quality cost of the return, recall, and re-repair by customers.
- Special conditions notified by customers (disqualification, compensation)

The purpose of the customer survey is to help us to achieve our long-term ambition. With the foundation of having satisfying customers, we are one step closer to the door of success. We aim to enhance customer satisfaction rate by adapting resources such as ERP management system, and procurement management platform. We actively make constant adjustment and improvement to optimize our service with the aim to create a triple win and bright future among the company, customers and our suppliers.



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• **Customer Satisfaction Survey, the Top 10 Customers in 2021 are All from Overseas.**

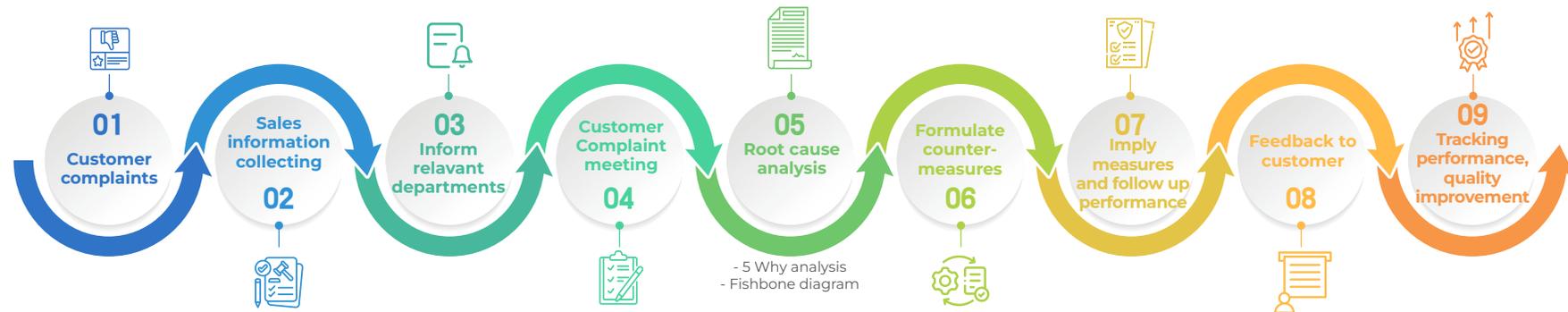
Item	Overseas(2020)	Overseas(2021)	Overseas(2022)
Quantity Collected/ Issued	10/10	10/10	10/10
Response Rate (%)	100%	100%	100%
Average Satisfaction Score	93.7	92.3	91.8
Target Satisfaction Score	90	90	90
Achievement Status	Achieved	Achieved	Achieved

• **Customer Feedback and Response**

The Company has set up a message system on the official website in response to dealing with customers' inquiries in time. Customers can easily find contact information on our website and tell us what they think via channels through email or customer service hotline. Once receiving the feedback, we will immediately forward customers' opinions to the internal office for processing with the aim to protect the customer's interest and rights.

• **Customer Complaint Management Procedure**

- ◆ Activate customer complaint management procedure as soon as a complaint is made to make sure the request and need of the customer is handled immediately and therefore reduce the recurrence rate of the same incident from happening again.
- ◆ Apply the 8D problem solving measures to find the root cause when an abnormal complaint occurs. Make continuous improvement by intensifying internal training after reviewing the effective countermeasures taken.



Top 3 Factors of Customer Satisfaction:

1. The professionalism of sales personnel
2. The attitude of sales personnel to provide the service
3. Development capability/ delivery accuracy/ sample offering

1. Environmental protection requirements/delivery accuracy/ service attitude of sales personnel
2. Development capability/product packaging/sample offering/ professionalism of sales personnel/ efficiency of sales dealings/ speed of logistics
3. Ability to respond to product diversification/ ability to adjust delivery deadlines

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3.4 Customer Privacy

Customer Privacy Policy:
Strictly Protect Customer Privacy

Management Measure

Goals and Objectives: Build a steady and strong partnership with the customers with the aim to expand the business.

Commitment: Customers are important partners of Largan. It is our duty to provide strict protection through due diligence and early warning communication methods in order to safeguard customer privacy and confidential information.

Management Measure:

- (1) We make a commitment that the production process of all products follows applicable international regulations and guidelines to ensure its safety and quality.
- (2) Maximize the profit by applying principle of stability through planning short-, mid-, and long-term schedule of funding operation.

Largan provides the best customer service, and we believe that appropriate engagement is an important key to maintaining customer relationships. And good customer relationships will help build customer loyalty, and better customer loyalty will help us to create a strong bond with our customers and ultimately help us to expand our business.

The customers are important partners of Largan, and the privacy and confidential information of the customer are strictly protected at Largan in accordance with applicable regulations and requirements. We make a commitment that the production process of all products follows international regulations and guidelines to ensure its safety and quality. We provide channels of complaints and feedback to our stakeholders with the aim to protect their rights and interests from any direct or indirect harm caused by the products or service.

Here at Largan, we hope to increase customers' satisfaction rate, loyalty and trust by making continuous improvement on our services and products. As of the end of 2022, Largan has achieved remarkable results in the protection of customers' personal information. We received no complaints from the customers and there have been no incidents of violating the protection of private information, nor have we violated laws or regulations on product and service information and labeling.



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Here at Largan we are committed to product development and quality improvement. In order to create sustainable profitable growth, in this chapter we primarily focus on aspects such as product R&D and innovation, ensure patent protection, trade secret protection, regulatory compliance, product quality control management and evaluation on the market prospects. The table shows the summary of our short-term, medium-term and long-term goals:

Innovation Goals	Short- Term (2022~2023)	Medium- Term (2024~2027)	Long- Term (2028 and Beyond)
	Number of Patents: 1922	Number of Patents: 2180	Number of Patents: 2484
Quality Control Management	1. Pass the yearly quality management system ISO 9001/IATF 16949 2. No violation of European Union Restriction of Hazardous Substances 3. No violation of REACH SVHC	1. Pass the yearly quality management system ISO 9001/IATF 16949 2. No violation of European Union Restriction of Hazardous Substances 3. No violation of REACH SVHC	1. Pass the yearly quality management system ISO 9001/IATF 16949 2. No violation of European Union Restriction of Hazardous Substances 3. No violation of REACH SVHC
Regulatory Compliance	No product labeling or patent regulation violation 0 case	No product labeling or patent regulation violation 0 case	No product labeling or patent regulation violation 0 case

• Targets and Performance of Material Topics

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

Product Innovation	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	Numbers of patents approved in the year: 300	374 → Achieved	300
	R&D expenditures of revenue: 5~10%	8.71% → Achieved	5~10%
Product Quality Control Management	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	Pass the Quality Management System ISO 9001 /IATF 16949 every year	Pass the Quality Management System ISO 9001 /IATF 16949 every year → Achieved	Pass the Quality Management System ISO 9001 /IATF 16949 every year
Regulatory Compliance	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	2022 Target Performance	2022 Achieving Status	2023 Target Performance
	No product labeling or patent regulation violation 0 case	0 → Achieved	0

4.1 Product Research, Development and Innovation

Largan is committed to product development and quality improvement. We make continuous efforts to excel in our ability to create profitable growth. Our R&D strategy is to stay ahead of the product-developing trend and actively develop products by investing our latest optical and mechanical technology. We promise to continue to elevate and improve our production skill and capacity, maintain the current advantage regarding the competitive manufacturing costs with the aim to excel in the overall production and sales market. The management measures taken include the followings:

- Upgrading existing facilities, equipment and production technology.
- Stay ahead of market trends while actively develop new products.
- Intensifying the internal staff training, while actively recruiting the outstanding talents.
- Improve the overall company competitiveness.

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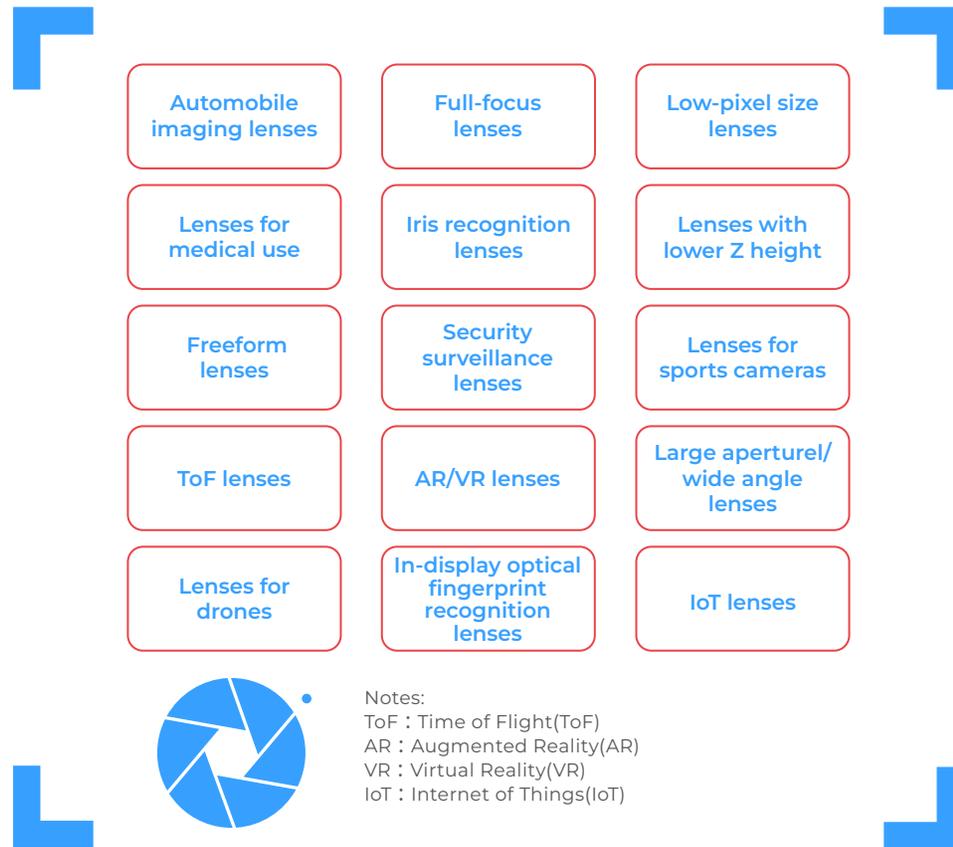
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There is a wide range selection of optical components to choose from when manufacturing imaging products based on its function and purpose. Choices of lens are such as glass, plastic, spherical or aspherical lenses... etc. As of the trend now, the consumers have certain requirements and expectations for the size, resolution, features and function of the optoelectronic imaging products. It generally needs to be lighter and smaller with the aim to be cost effective. Therefore, Largan, competing in the optical industry, has invested 8.71% of the total revenue in R&D expenditures in 2022, and it is expected to put 5~10% for R&D expenditures in 2023. As shown in the map is our ambition to develop mainstream products for the following few years:



Notes:
 ToF : Time of Flight(ToF)
 AR : Augmented Reality(AR)
 VR : Virtual Reality(VR)
 IoT : Internet of Things(IoT)

• Technology and Products Development

List of technology and products developed in 2020-2022

Item	Technology and products Successfully Developed
Phone Camera	Development of new 6P 21M AF mobile phone lens Development of new 6P 23M AF mobile phone lens Development of new 4P 13M AF mobile phone lens Development of new 6P 8M AF mobile phone lens Development of new 6P 24M AF mobile phone lens Development of new 5P 24M AF mobile phone lens Development of new 5P 20M AF mobile phone lens Development of new 5P 32M AF mobile phone lens Development of new 6P 48M AF mobile phone lens Development of new 6P 13M freeform surface mobile phone lens Development of new 6P 108M AF mobile phone lens Development of new 7P 40M AF mobile phone lens Development of new 7P 50M AF mobile phone lens Development of new 7P 50M freeform surface mobile phone lens Development of new 7P 200M AF mobile phone lens Development of new 8P 108M AF mobile phone lens Development of new 8P 50M AF mobile phone lens Development of new 1WLG7P1" AF mobile phone lens Development of new 2 peripheral periscope mobile phone lens
Rear Camera Lens	Development of new 3P3G VGA wide angle design Development of new 6G 1.3M wide angle design Development of new 6G VGA wide angle design Development of new 8G VGA wide angle design Development of new 1G4P wide angle design Development of new 2G2P wide angle design Development of new 4G1P 1M wide angle design Development of new 2G3P 1M wide angle design Development of new 1G5P 1M wide angle design Development of new 2G4P 1M wide angle design Development of new 4G3P 5M wide angle design Development of new 7G1MG 3M wide angle design

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

Total patents approved: **2,716** invention items, **354** utility models, and **2** appearance design as listed in the table:

Category Year	Numbers of Invention	Numbers of Utility Model Patent	Numbers of Appearance Design	Total
2020	281	22	0	303
2021	291	18	1	310
2022	327	47	0	374
Current Valid Patents	2,692	157	2	2,851
Total Patents Approved	2,716	354	2	3,072

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

Unit: Million (NT\$)

Expense Item Year	R&D Expenses	Income	Percentage of Revenue (%)
2020	3,794	55,944	6.78%
2021	3,602	46,962	7.67%
2022	4,154	47,675	8.71%

4.2 Performance of Patent Development

(Statistics dated until 2022/12/31)

Total of **1,235**
Largan global patent applications
are in progress

2,851
patents already obtained globally

4.3 Performance of Trade Secret Protection

At Largan we understand that the trade secret is the key to sustainable development of the business. Therefore, we not only proactively take protective measures, but also take actions such as joining trade secrets protection associations, putt efforts in amending the laws, and hosting relevant seminars to raise the overall awareness of trade secrets protection. We have actively pursued the justice of the trade secret theft that was committed by the unethical business competitors. We solemnly pressed criminal charges and requested for compensation against the unlawful party to set the record with the aim to show our determination and commitment here at Largan, to protect the confidential technology as well as maintain our competitiveness in the industry.

4.4 Product Quality Management

Quality Policy:” Commitment, Quality Assurance, Efficiency Improvement, Accurate Delivery, Customer Satisfaction”

At Largan we insist on the importance of quality management, and we are committed to the policy as follows:

- Ensure that all policy decision-making is in consistent with the needs of our customers.
- Provide guidance and target regarding quality control management.
- Expected to meet reasonable demands and requests.
- Continuous improve on quality control management system.
- Verify the appropriateness of all policy and decision-making.

We value how our products have an impact on the customers in terms of safety and health aspects. We aim to increase the reliability and safety of our products by carefully assessing and evaluating the overall product performance throughout the entire development and verification stages as well as getting customer's feedback of their experience for future reference. We also establish "Control of Hazardous Substance Regulation" based on the regulations of RoHS and REACH SVHC to strictly control and request our suppliers regarding the use of prohibited/ restricted chemicals substances for manufacturing material and components with the aim to meet the requirement of the overall regulation and customers expectation.

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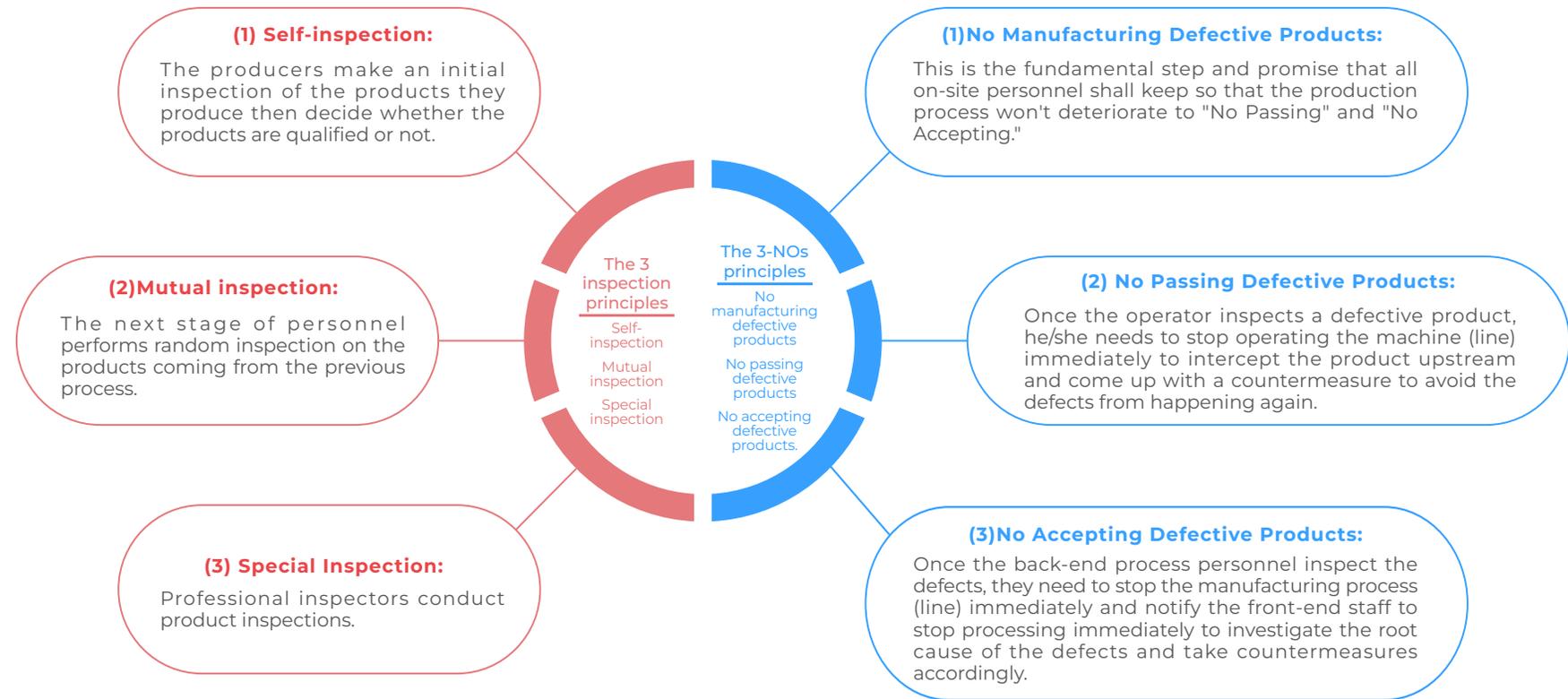
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We will make continuous efforts to meet the requirements in accordance with international regulations, customer expectation, and the environmental protection trends. Keep tracking on and update the current hazardous substance management status with the aim to help reduce the impact and burden made on the ecosystem. To achieve the goal, we set up a hazardous substance investigation group to cautiously examine every step during the production process from knowledge learning, material importing and exporting, production process monitoring, to goods delivery, as well as enhance the fundamental education on topics such as the requirements of RoHS for our employees to strengthen the daily awareness of environmental protection.

We also adhere to our commitment to material and supplier management. Quality control department built the monitoring system, we aim to manage the quality of the incoming material effectively. The system helps internal departments to reduce the defect rate of the products produced, enhance the process control of the production, and detect defects at early stages to prevent any abnormal events happening which would potentially have impacts on the customers.

We offer product quality training courses and improvement programs to help the staff with their problem resolving skills. The quality management of 3 inspection and 3-NOs measures are as stated:



• The Company's products have no violations of health and safety regulations for products and services in 2022

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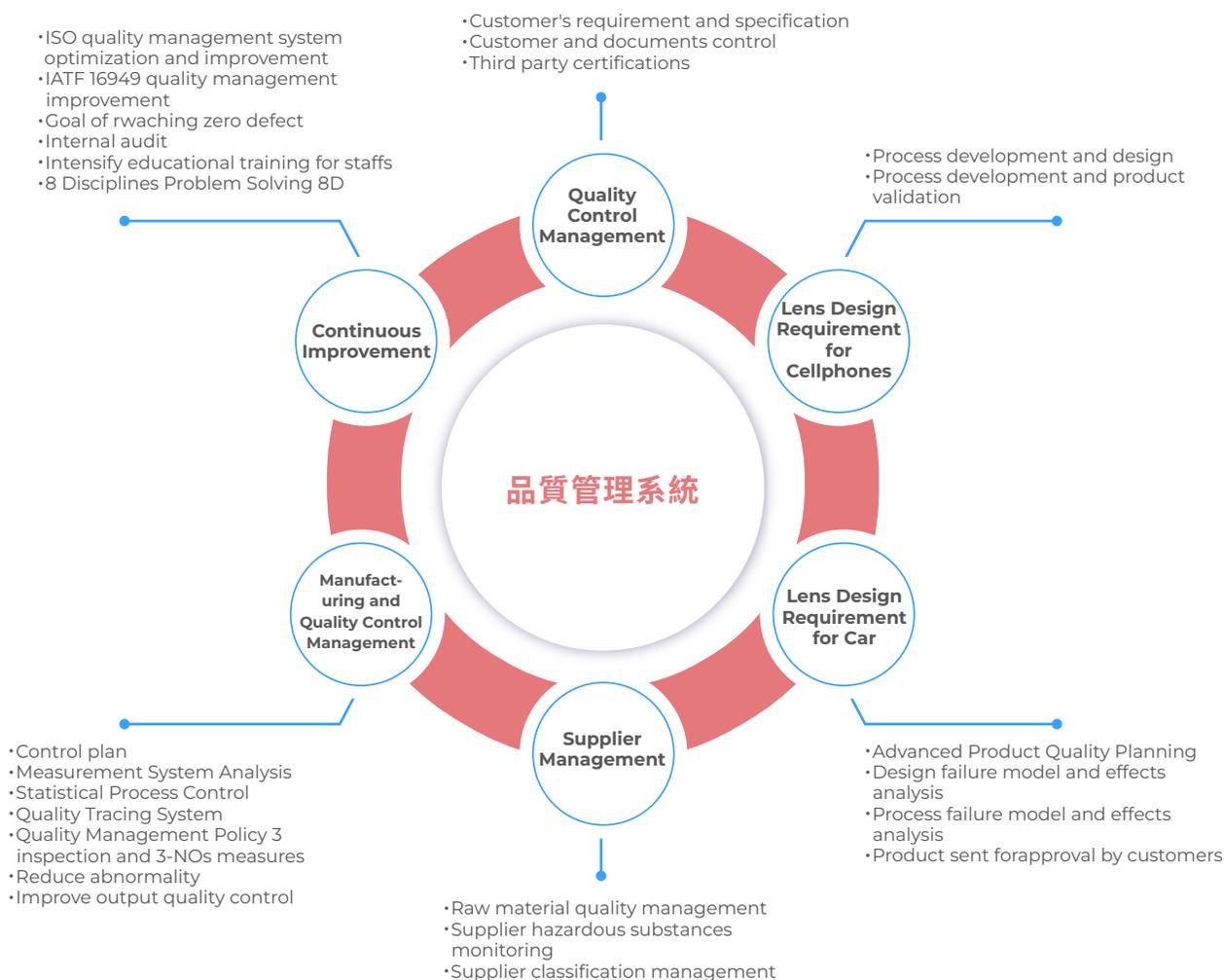
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• Quality Management Procedures

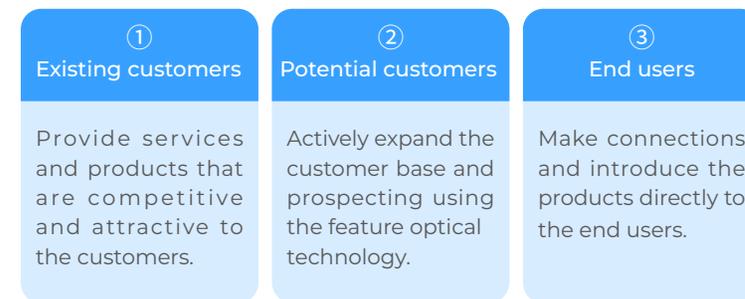


4.5 Market Prospects

Even the production volume of the global smartphone market in 2022 is not as good as expected, statistics from market research institutes shows the shipment volume of mobile phone camera modules still reached 4.46 billion units. In response to consumers paying more attention to the camera and photography performance of smartphones than in the past, not only AI algorithms and supporting software, but also the optical performance of the camera module itself can be enhanced to improve the quality of imaging.

Based on the market prediction and sales strategy, the demand and requirements for video phones are getting higher. People expect the pixel resolution to be higher while the product remains miniaturized. As a result, ensuring precision during the manufacturing process for manufacturers is the key to success getting ahead of the market.

Marketing Strategy:



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

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

• Performance and Goal of Material Topics

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

Sustainable Supply Chain

2022 Target Performance	2022 Achieving Status	2023 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

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 supplier management guidelines, conduct supplier evaluation and delivery management.

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

Largan has established "Supplier Code of Conduct" 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.

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5.2 Suppliers Management

(1) Supplier Categories, Relationship and Philosophy

The suppliers of Largan can be divided into five categories: raw material, workpiece, purchased goods, contract engineering, and waste disposal. As of now, we are working with **1,855** domestic suppliers which accounts for **95.13%** and **95** overseas suppliers accounting for **4.87%**. Total 1,950 suppliers in 2021. And **1,910** domestic suppliers which accounts for **95.69%** and **86** overseas suppliers accounting for **4.31%**. Total 1,996 suppliers in 2022.

Year	Domestic Supplier						Overseas Supplier	Total	
	Category	Raw Material	Workpiece	Purchased Goods	Contract Engineering	Waste Disposal			Sub Total
2020		38	122	1,575	88	17	1,840	113	1,953
2021		15	125	1,605	99	11	1,855	95	1,950
2022		12	139	1,631	115	13	1,910	86	1,996

(2) 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.

(3) 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.

(4) 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

1. Qualified Supplier Auditing

There are two types of auditing based on its frequency: **Regular Audit/ Irregular Audit.**

(1) Regular Audit:

Perform annual regular audits on major raw material suppliers with significant influence to ensure its supply stability and service quality. Audit range includes supplier's irreplaceability, materiality of finance and other factors that may cause impact on supply stability.

- The auditing is performed based the supplier audit evaluation survey and social responsibility evaluation survey.
- The audit method includes on-site assessment or written review (supplier self-assessment)

(2) Irregular Audit:

- Special audit when the management status changes, or the incoming material has a major abnormality.
- Requested by senior executives.

2. 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.

There are 15 major material suppliers in 2021 and the evaluation ratings are: 14 (Excellent); 1 (Good). There was no supplier on the rejection list in 2021.

There are 12 major material suppliers in 2022 and the evaluation ratings are: 12 (Excellent). There was no supplier on the rejection list in 2022.

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3. 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. Our procurement team 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.

ICP Test Report:

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): 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.

4. 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.

2022 Suppliers comply with environmental regulations

The general principle of materials supplier selection is to ensure the domestic vendors are accredited by ISO 9001 and IATF 16949 certifications. An on-site evaluation will be arranged if the vendors cannot meet the certification requirements.

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

In the "Supplier Code of Conduct", 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.

5. 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..

All raw material suppliers (12) completed the Supplier Social Responsibility Assessment Form in 2022.

5.4 Ethical Consumption

1. 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 and QC080000.

2. 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, tantalum, tungsten, tin, cobalt, and palladium 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, cobalt and palladium from Congo and neighboring conflict areas.
- The Company must inform and require its suppliers to fulfill the aforementioned statement.

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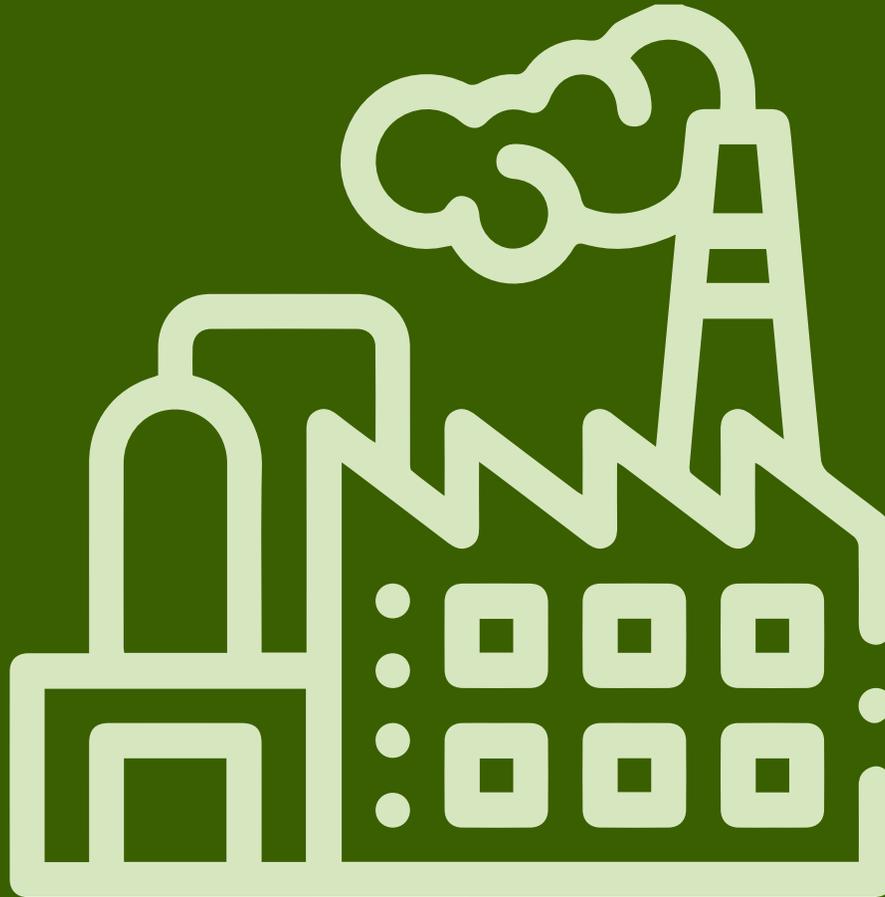
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The issue of climate change is one of the environmental issues that the United Nations, governments, society and business are concerned about at this stage. According to the "Task Force on Climate-related Financial Disclosures Recommendation (TCFD)"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



Management Level Governance

Corresponding Measures at Largan

- The ESG Committee is responsible for conducting risk identification, priority sorting, countermeasures, and regularly reports to the Board of Directors and senior management team to review the effectiveness of risk control and provide decision-making and guidance.
- The ESG Committee formulates policies and improvement objectives based on the discussion results or decisions made by the Board of Directors; instructs the relevant units to adjust their operations; and reports the implementation status regarding climate change related issues to the Board of Directors on a regular or irregular basis according to project requirements. The purpose is for the Board of Directors to better understand the overall operational risks when facing climate change.



Management Level Strategy

Corresponding Measures at Largan

- Assess, classify and prioritize the substantial risks to the Company's assets brought by climate change. Establish corresponding strategies, precise and cautious preventive measures and plans of emergency response. Take immediate actions, response measures and recovery plans when a crisis or disaster occurs to reduce the likely impact of damage and instability caused.
- In terms of transition risks, we follow the trend of energy diversification and comply with the regulations and objectives of the "Renewable Energy Development Act" to plan procurement of renewable energy and invest in renewable energy certificate projects.



Management Level Risk Management

Corresponding Measures at Largan

- Identify the issues of climate risk based on the TCFD framework, reports of international institutions, analysis reports by fellow industry, and relevant laws and regulations. Evaluate the significance of the value at risk by judging the weight of the intensity and possibility of the financial or strategic impact, and sort the material issues based on its importance.



Management Level Objectives

Corresponding Measures at Largan

- Greenhouse Gas Emission Reduction
- Continuous reduction of air pollution emissions
- Developing renewable energy (e.g., solar energy)
- Enhancing the resilience and effectiveness of enterprises in response to climate change

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

	Short- Term (2022~2023)	Medium- Term (2024~2027)	Long- Term (2028 and Beyond)
Energy Saving and Carbon Reduction	Target electricity saved: 1 million kWh/ year	Target electricity saved: 1.5 million kWh/ year	Target electricity saved: 2 million kWh/ year
	Greenhouse gas emission reduction: 500 tons CO ₂ e/year	750 tons CO ₂ e/year Adopting use of renewable energy, 1,100kW solar photovoltaic produced in the new factories. Purchase more than 10% of renewable energy according to the contracted consumption.	1,000 tons CO ₂ e/year Purchasing more than 10% of renewable energy according to the contracted consumption, amount adjusted depending on the renewable energy supply market conditions.
Waste	The proportion of incineration and landfill disposal waste reduced to 9%	The proportion of incineration and landfill disposal waste reduced to 7%	The proportion of incineration and landfill disposal waste reduced to 5%
	Proper disposal: all waste is 100% taken care of by the legitimate professionals	Proper disposal: all waste is 100% taken care of by the legitimate professionals	Proper disposal: all waste is 100% taken care of by the legitimate professionals
Regulatory Compliance	No violations of air pollution Regulations: 0 case	No violations of air pollution regulations: 0 case	No violations of air pollution regulations: 0 case
	No violation of sewage discharge in compliance with regulations: 0 case	No violation of sewage discharge in compliance with regulations: 0 case	No violation of sewage discharge in compliance with regulations: 0 case
Water Resource Management	No violation of waste regulations: 0 case	No violation of waste regulations: 0 case	No violation of waste regulations: 0 case
	Usage of recycled water up to 1,000 CMD	Usage of recycled water up to 1,200 CMD	Usage of recycled water up to 1,400 CMD
	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%

• Performance and Goal of Material Topics

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

Energy Saving and Carbon Reduction

(Not Significant Material Topic, here Largan self-discloses goals and execution results)

2022 Target Performance	2022 Achieving Status	2023 Target Performance
Target electricity saved: 1 million kWh	8.85 million kWh → Achieved	1 million kWh
Green House Gas emission reduction: 500 ton CO ₂ e/year	4,504 ton CO ₂ e/year → Achieved	Green House Gas emission reduction: 500 ton CO ₂ e/year

Waste Management

2022 Target Performance	2022 Achieving Status	2023 Target Performance
The proportion of incineration and landfill disposal waste reduced to 9%	7% → Achieved	The proportion of incineration and landfill disposal waste reduced to 9%
Waste Disposal: 100% managed by legitimate business	100% → Achieved	Waste Disposal: 100% managed by legitimate business

Regulatory Compliance

2022 Target Performance	2022 Achieving Status	2023 Target Performance
No violation of air pollution protection regulations: 0 case	0 → Achieved	No violation of air pollution protection regulations: 0 case
No violation of waste regulations: 0 case	0 → Achieved	No violation of waste regulations: 0 case
No violation of sewage discharge in compliance with regulations: 0 case	1 → Not Achieved (Note)	No violation of sewage discharge in compliance with regulations: 0 case

Notes: The daily water consumption exceeds the approved allowable amount, and improvement has been completed.

Water Resource Management

2022 Target Performance	2022 Achieving Status	2023 Target Performance
Usage of recycled water up to 1,000 CMD	1,000CMD → Achieved	Usage of recycled water up to 1,000 CMD
Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%	Recycle rate of the whole factory is 94% → Achieved Recycle rate during production is 99% → Achieved	Precision Machinery Park Water Recycle Rate Inspection: Recycle rate of the whole factory is 94% Recycle rate during production is 99%

Notes: The calculation of the recovery rate is taken from the Water Conservancy Administration of the Ministry of Economic Affairs "Regulations of Plan and Review for the Use of Water"

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

Type of Risk	Potential Operational Impact	Adaptation Method
Physical Risk	Floods, Typhoon	<ul style="list-style-type: none"> • Establish water resource monitoring system. • The existing water storage capacity is able to support demand for 3-5 days. • Set up a typhoon emergency response team to carry out precaution measures against typhoons. • Perform inspection on the production equipment of each Factory.
	Drought, Power outage Black Out	<ul style="list-style-type: none"> • Prepare water trucks to support water shortage area. • Utilize Uninterrupted Power System (UPS) to support power demand. • The generator is set to automatically turn on for emergency power demand and the reserve generator oil and tanker supply can support emergent demand for more than a few days
	Rising Temperature	<ul style="list-style-type: none"> • Formulate air-conditioning maintenance frequency and items • Set the temperature controller or install a timer device • Replace frequency conversion equipment to reduce power consumption during operation
Transition Risk	Energy Saving and Carbon Reduction	<ul style="list-style-type: none"> • Planning and purchasing green electricity, to accumulating carbon emission rights • Construction of green factories • Implement the tree planting plan
	Corporate Image	<ul style="list-style-type: none"> • ESG Sustainability Committee is in charge of relevant management measures • Strengthen the implementation of energy-saving, water-saving, and relevant green production policies.

• Environmental Risk



Management Measures

- Launch ISO 14064: 2018 Voluntary Greenhouse Gas Inventory investigation in 2020.
- 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.



Management Measures

- Maximize the usage efficiency of water resources through recycling, water quality distributary, and pollution prevention with the aim to reach 90% water recycling rate every year.
- (The calculation of the recovery rate is taken from the Water Resource Agency of the Ministry of Economic Affairs)



Management Measures

- The total weight of waste produced in 2022 is 3,335.05 tons.
- Establish "Industrial Waste Management Regulation" to standardize the procedures for the classification, collection, storage, and treatment of industrial waste.
- 96.89% of processed raw materials / wastes in the factory that were meant for incineration can be recycled and reused.



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6.1 Environmental Policy and Commitment

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

Regulatory Compliance Comply with relevant environmental protection laws and regulations, and strive to comply with relevant international environmental protection standards.

Production Waste Reduction Continuously promote production waste reduction to fulfill the commitment of pollution prevention.

Green production The newly established factories are in compliance with green building regulations, and continue to improve energy conservation and carbon reduction.

Recycling strategy Review and evaluate the possibility to reuse and recycle the resources used in company activities such as water, metal, plastic and chemical items. Advocate the importance of recycling and environmental protection for all staff with the aim to raise the overall awareness.

Largan has established an environmental management system following ISO 14001:2015 regulation (as shown in upper picture) 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 EEWB at the address No.13 Jingke Road (as shown in picture below) since 2018 as a proof of practical effort made to help improve energy conservation and carbon reduction.



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6.2 Climate Change & Low Carbon Manufacturing

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

Management Measure

Goals and Objectives: Track the Company's greenhouse gas emission status and formulate preventive measures against climate change in response to the global environmental protection trend and overall national greenhouse gas reduction strategy.

Commitment: Perform greenhouse gas inventory inspection and formulate corresponding emission reduction measures through due diligence and early warning communication methods.

Management Measure:

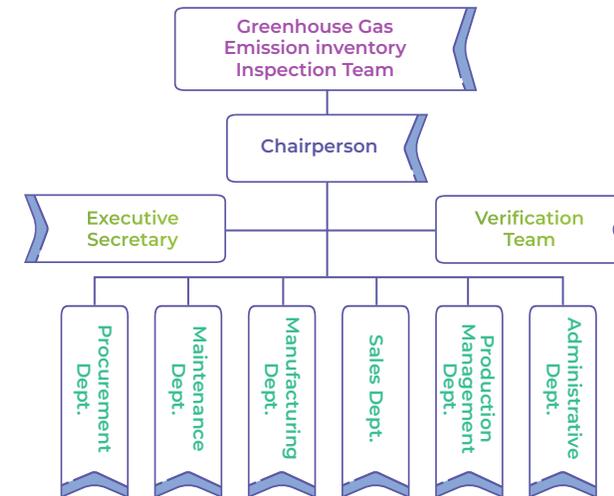
- (1) Carry out greenhouse gas inventory to track the overall emission status.
- (2) Establish the "Greenhouse Gas Emission Inventory Inspection Team" to implement related improvement plans with the aim to achieve the objectives set.

Climate Change

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

Greenhouse Gas Policy Statement

Due to the increase of greenhouse gasses, the average global temperature on Earth has increased by at least 1 ° Celsius and already resulted in profound alterations to the natural system including in droughts, floods and some other types of extreme weather that subsequently led to impacts on economic development in various regions. As one of the members of the global village, Largan is committed to comply with the planning and objectives of energy saving, carbon reduction and sustainable development in accordance with the ISO 14064-1:2018 standard. We have carried out an initial Greenhouse Gas inventory in 2020 with the aim to grasp an idea of overall emission status as an improvement reference for the future. We have also set up a dedicated unit of Greenhouse Gas Emission Inventory Promotion Team with the aim to effectively implement the policy and improvement plans. The organizational structure is as shown:



Energy Conservation and Carbon Reduction

Objective setting

Largan conducted the very first greenhouse gas inventory and obtained third-party verification in 2020. 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 2022 indicate that a total of 8.849 million kWh of electricity was saved after implementation. According to the electricity carbon emission coefficient announced by the Ministry of Economic Affairs in 2022, the carbon emission coefficient of electricity is 0.509 (kg CO₂e/kWh) (note), and the reduction amount of carbon dioxide greenhouse gas is about 4,504 tons (scope 2), which proves the energy saving measure taken was effective, and we will continue to adopt the same management measure for reaching the sustainable goal of carbon dioxide reduction

Note: The carbon emission coefficient of electricity refers to the amount of greenhouse gas emissions generated for each kilowatt-hour of electricity sold by the public power sales industry. Since the greenhouse gas emitted by power plants is not only carbon dioxide (CO₂), other Greenhouse gasses such as methane (CH₄), nitrous oxide (N₂O), etc., are converted into an equivalent amount of carbon dioxide (CO₂e) based on the global warming potential (GWP), which has been calculated uniformly.

Source: Taipower GreenNetwork.

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• Green Fleet System

At Largan we aim to use more hybrid electric and battery electric vehicles to cause less impact on the environment. As of now, we have purchased 1 unit of hybrid electric car and 1 unit of battery electric car in storage by the end of 2022. We will be looking into buying cars with less carbon emission if there is a demand for replacement or upgrade in the future.

6.3 Renewable Energy & Resource Conservation/ Efficiency

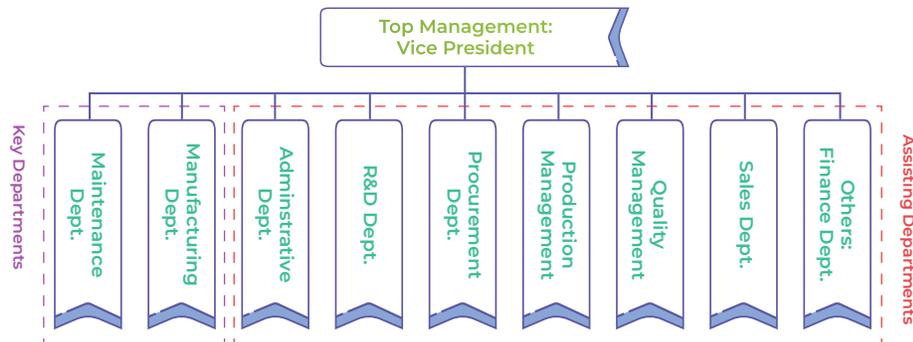
• Renewable Energy

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 2022 by planning to set up an 1100 kW solar photovoltaic energy system at our new manufacturing facilities. The aim is to effectively control CO2 emissions and therefore achieve an environmentally sustainable future.

• Resources Conservation and Efficiency

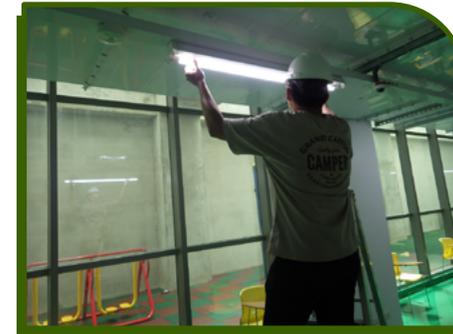
The Energy Conservation Committee is organized by key departments such as the Manufacturing and the Maintenance Departments to launch a monthly review meeting to track the consumption of energy resources (water, electricity, gasoline, and paper). We aim to achieve the goals of resource conservation and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

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



• Energy Saving Activities and Promotion

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



6.4 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) Keep records of the water consumption and source of water.
(2) Establish water-saving measures to avoid waste of resources.
(3) Industrial wastewater sampled, examined and analyzed by a qualified testing agency to reduce the impact made on the environment in accordance with the Water Pollution Control Act.

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

Usage of Water Resource

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

The daily water consumption in the factories is about 2,551 tons, meanwhile underground and surface water is not used as a source of water. In 2021, the total tap water consumption in each factory is 904.9 million liters, and 931.1 million liters in 2022, representing an increase of 2.9%. The water withdrawal, water discharge and water consumption over the past three years have been summarized in the table below based on daily meter reading data.

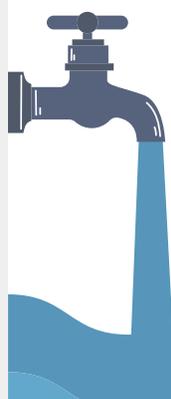
Year	2020			2021			2022		
Item	Water Withdrawal	Water Discharge	Water Consumption	Water Withdrawal	Water Discharge	Water Consumption	Water Withdrawal	Water Discharge	Water Consumption
Precision Machinery Park	781.5	261.0	520.5	767.9	314.3	453.6	756.5	270.6	485.9
Taichung Industrial Park	122.2	100.7	21.5	137.0	109.9	27.1	174.7	139.8	34.9
Total	903.7	361.7	542.0	904.9	424.2	480.7	931.1	410.4	520.8

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.

The annual average water recycling rate during the production process at Precision Machinery Park remains above 99% from 2020 to 2022.



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Effluent Management Measure

At our factory we regularly monitor wastewater status to ensure the discharge water quality is better than the legal standards. We also follow closely to relevant domestic environmental protection regulations and requirements to keep ourselves up to date of the latest trends and norms. According to the Water Pollution Control Act, a qualified testing agency will be appointed to sampling and analyzing every six months, and then submitting a waste (polluted) water testing declaration form. After submission, they are required to report to the local environmental protection authority for approval. There was one penalty event, the daily water consumption exceeds the approved allowable amount, and improvement has been completed. However, there was no overflow or significant leakage in the factory area, and there was no pollution impact loading on the surrounding environment during 2022.

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 2022.

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.



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

6.5 Waste Management

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

Management Measure

Goals and Objectives: Promote circular economy, increase the proportion of waste reuse in the factory, and use resources effectively.

Commitment: Reduce waste from the source, and encourage the suppliers, equipment manufacturers and employees to reuse resources through due diligence and early warning communication methods.

- Policy and Management:**
- (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.

Impact to the environment and management

Largan has established an "Industrial Waste Management Program" based on the product life cycle which regulates the procedures for classification, collection, space, and disposal of industrial waste in accordance with the environmental regulations. We hope that the management measures can effectively help to reduce the waste generated with the increasing production capacity, improve environmental sanitation and therefore reduce the threats and impacts caused on the environment.

Requirements for Suppliers

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

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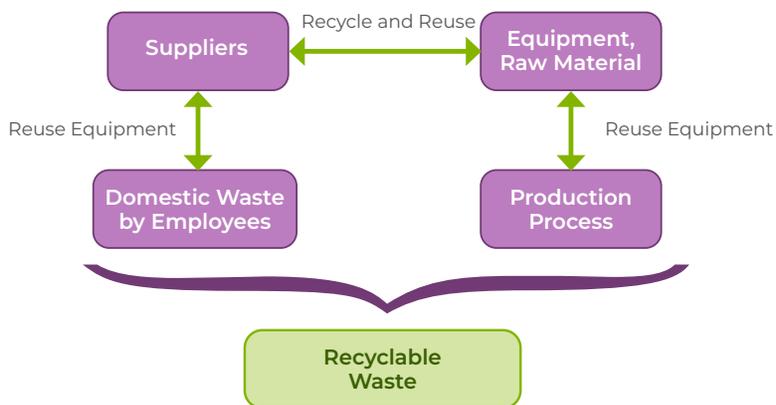
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Requirements for Production

Avoid using raw materials and equipment that are unprocessable for recycling with current environmental protection technology by managing the source of the incoming materials. Review the availability of processed raw material/wastes for reusing and recycling purposes to reduce the chance of wasting necessary materials.

Requirements for Employees

Employees will be asked to go through environmental safety and health educational training on the first day of employment with the aim to teach them the concepts about occupational health and safety and the classification of recycling to improve the overall quality at the workplace. We deliberately place trash cans in approachable places such as employees' walking routes, tea rooms and next to vending machines, so that all staff are aware of the rules for littering at all times. There are at least 5 kinds of recycling in each place, and this is one of our ways to make an effort and social contribution to help protect the environment.



Requirements for Waste Treatment

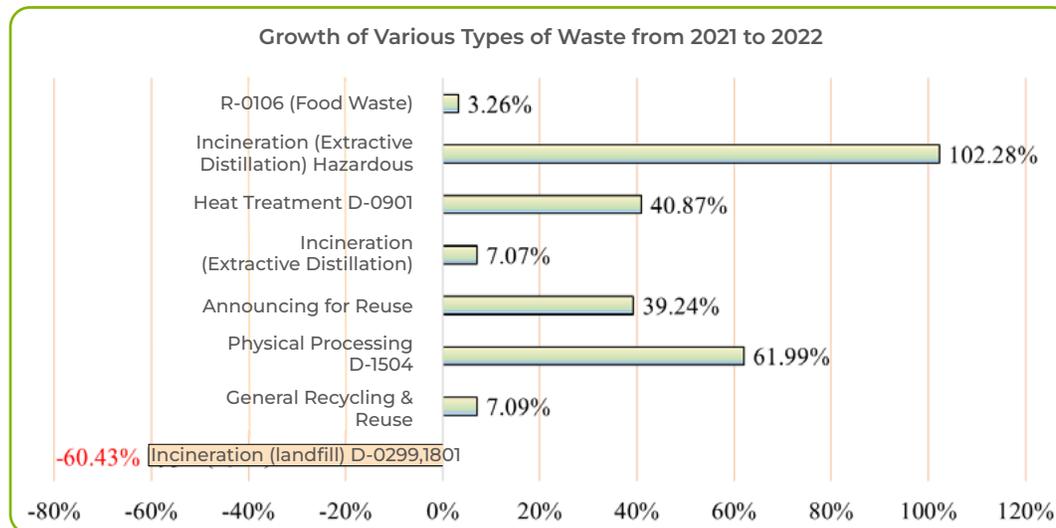
Yearly review on whether the channels of waste treatments are appropriate and choose the most environmentally friendly method as the requirement for selecting waste treatment contractors. Also, we try our best to find the most suitable method for waste classification and disposal. There were five waste treatment methods in 2020 and had increased up to 8 methods by 2021 (all sort of materials recycling is counted as 1 type of method). In 2022, we will continue to work hard on the improvement of the classification of various wastes.

Incineration and Landfill Waste

In 2020, the incineration waste accounted for 28.6% of the total waste, which has significantly dropped to 9.65% in 2021, and further reduced to 3.11% in 2022; at the same time, the incineration and landfill waste has been significantly reduced by 60% compared with 2021.

Turning waste into energy- The Most Valuable Incineration

The Company tries to find ways to destroy defective products other than incineration and landfill. We had promoted to convert waste into refuse derived fuel rod and the total amount reached 476.98 tons in 2021. With continuous efforts, we turned waste into 546.02 tons of refuse derived fuel rod, thereby successfully reducing 158.49 tons of incineration and landfill waste.



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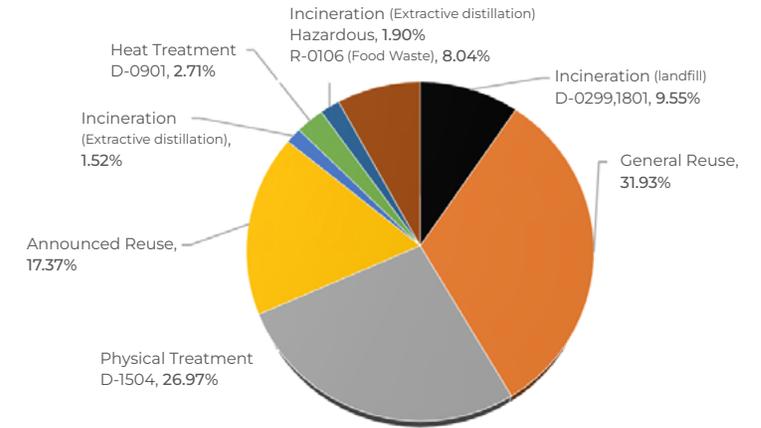
Statistics and Reuse of Waste

In 2021, the proportion of waste reuse increased significantly from 71.4% in 2020 to 90.35%, and in 2022 it increased again, the waste reuse ratio was **96.89%**.

Types of Waste	Proportion of 2022	Discrepancy with 2021	Year		2022		2021	
			Hazardous	Industrial Waste	Hazardous Industrial Waste	Industrial Waste	Hazardous Industrial Waste	
			Disposal					
Non-Recyclable Waste	3.11%	-60.43%	Incineration (landfill) D-0299,1801	103.81	-	262.32	-	
96.89% Recyclable Waste	28.15%	7.09%	General Recycling & Reuse (Include Recycling)	938.88	-	876.68	-	
	35.97%	61.99%	Physical Processing D-1504	1,199.5	-	740.47	-	
	19.91%	39.24%	Announcing for Reuse R-0201, R-0701, R-0401	664.15	-	476.98	-	
			Incineration (Extractive Distillation) D-1703, D-1799/ Type C (Hazardous)	44.7	51.116	41.75	52.27	
	3.15%	40.87%	Heat Treatment D-0901	104.99	-	74.53	-	
6.83%	3.26%	Announcing for Reuse R-0106 (Food waste)	227.9	-	220.7	-		
Total				3,283.93	51.116	2,603.43	52.27	

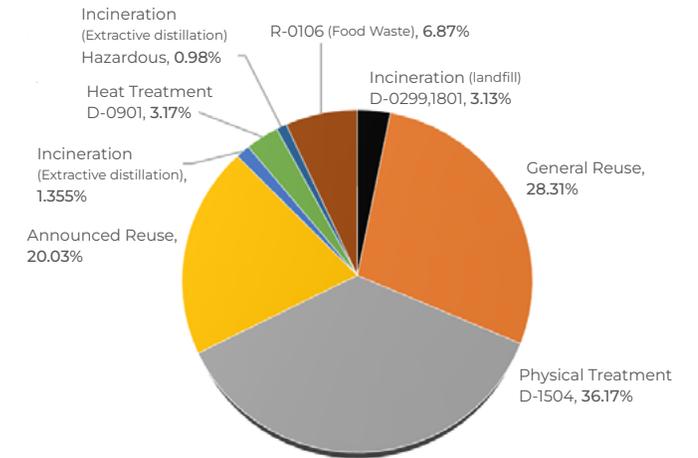
Notes: C-0301: Waste liquid with a flash point below 60°C
 D-0299: Waste plastic mix
 D-1504: Non-hazardous organic waste liquids or waste solvents
 D-1799: Waste oil mix
 R-0401: Waste glass R-0106: Food waste to animal feed
 D-0901: Organic sludge
 D-1801: General waste from business operations
 D-1703: Waste lubricant
 R-0201: Waste plastic
 R-0701: Waste wood

Waste Disposal Distribution of 2021



The proportion of incineration and landfill waste in the total waste had been greatly reduced from 28.6% in 2020 to 9.6% in 2021, and the waste output had also dropped from 368.26 tons to 262.32 tons, which was the most significant improvement achieved at Largan in 2021.

Waste Disposal Distribution of 2022



In 2022, the portion of incineration and landfill waste in the total waste had reduced from 9.6% (2021) to 3.11%.

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6.6 Air Pollution Prevention

• Air Pollution Management

Air quality improvement is high on the global agenda and air pollution is widely recognized as a threat to the environment. Largan has started planning and implementing air pollution prevention since the establishment of the company in response to the global issue. We are committed to make effective and continuous improvement and hazard prevention by following the pollution prevention regulations, executing internal audit and self-inspections, and conducting preventive machinery maintenance and training lessons. We had no monetary penalty issued for violating the Air Pollution Control Act in 2022.

• Optimization of Air Pollution Equipment

- (1) Make pre-assessment on the pollution factors that cause harm to the environment during the production process, and try to lessen the impact on the environment.
- (2) Set up well equipped air pollution control systems such as Activated Carbon Adsorption Process and Wet Scrubber to effectively prevent odor and reduce volatile organic compound (VOCs) emissions, and manage the occurrence of air pollution.
- (3) Import the Total Hydrocarbon Analyzer (THC), which can provide immediate analysis of emission monitoring and other related emission information, and report the result to the monitoring center on duty in the factory to ensure the flue gas emission complies with regulations.
- (4) To ensure the stable operation of pollution control equipment to run 24 hours non-stop, all air pollution control equipment shall be equipped with at least one backup system (N+1 design) with the aim to achieve zero failure management, and ensure the continuous monitoring of pollution emission.

• Volatile Organic Compound (VOCs, NOx, SOx and other sources of pollution) Emission Monitoring

- (1) Comply with (VOCs) environmental protection regulations, each factory produces less than 30 tons/year; alcohol (ethanol) is less than 1,000 ppm.
2021 actual total weight is **70.447** tons
2022 actual total weight is **75.400** tons
- (2) Accumulated by the end of 2022, the emissions of NOx, SOx... and other pollution sources will not reach the threshold (1 ton/quarter).

6.7 Packaging Improvement

• Individual Part

When transporting items, Largan adheres to the spirit of green production and environmental sustainability. We review and optimize the bulk packaging methods and use recyclable packaging to advance towards the goal of environmental protection and passion for protecting the earth. There are two operation mode as the followings:

- (1) The B-type components are transported using hard plastic boxes as containers, which the containers can be washed by water to be recycled and reused again after.
- (2) The L-type components are transported using sheet metal and placed in acrylic boxes. After the sheet metal is used, it will be washed and reused in various factory areas with plastic logistics boxes.

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

• Final Product

Following the customers' demand, our finished products are loaded in plastic packaging trays for transportation. The plastic packaging can be washed and reused within the company, but once the products are shipped to the customers, it is difficult to retrieve the packaging back due to the complexity of international shipping. However, the plastic material can fully be recycled and reusable on the customers' end. We currently use cardboard boxes for external packaging, which is also recyclable with the aim to reduce wastes produced.

• Purchased Goods

With the aim to make continuous effort on improving our recycle policies, we have recently required our suppliers to improve their packaging methods. For instance, the tapes and labels on the packaging should be changed to easy-to-remove materials so that the remaining packaging can be fully recycled and reused, as well as the boxes for transportation should be changed from plastic to carton board, so that the boxes can be folded when recycled to reduce the space used.

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6.8 Promotion of Environmental Sustainability

Aiming at environmental sustainability, Largan continuously promotes the following measures to reduce waste generation and use of primary resources to enhance the concept of green recycling.

• **Factory Greening and Organic Composting**

Each factory at Largan has a large area of trees planted. The coffee grounds collected and the fallen leaves cleaned by the employees are used to make organic fertilizer, which helps to maintain the soil structure and increase its nutrient capacity. With its non-toxic and easily biodegradable, the fertilizer helps to reduce the harm of environmental pollution and improve the environmental friendliness. The "phytoncide" derived from plants and trees is well-known for its stress-relieving and mental-refreshing effects as well as forest bathing. By having a large green space at work, it helps to improve the physical and mental health of our employees.

• **Tree Planting Program**

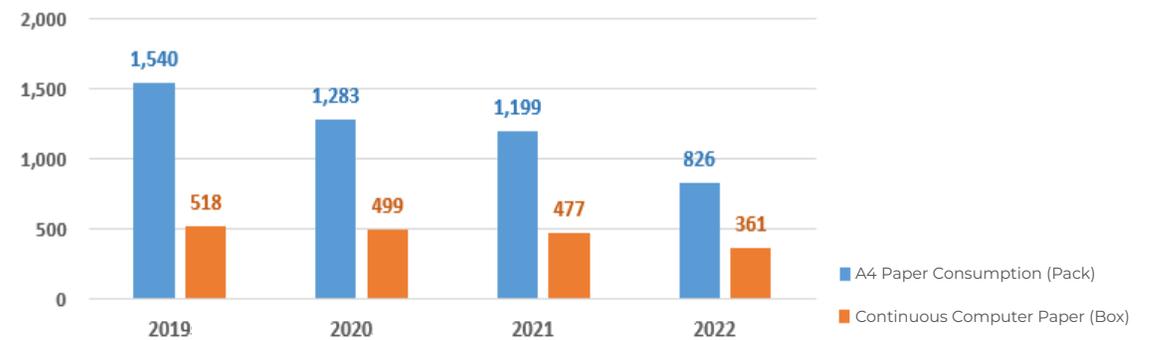
With the raising awareness of global warming, greenhouse gas is one of the commonly recognized root causes by most scientists. To effectively reduce the greenhouse gasses on earth has become the common objective for everybody. For this reason, Largan has launched an afforestation plan step by step in 9.4 hectares of agricultural land in Dacun Township, Changhua County. In addition to preserving the native trees in the area such as Camphor Tree, Taiwan Acacia, Chinese Hackberry, and Taiwan Crape Myrtle, we have also planted the selection of Taiwanese native tree species such as Taiwan Zelkova and Formosan Ash. Take Taiwan Zelkova and Formosan Ash for example, when the trees are 20 years old, the annual carbon absorption will reach more than 300 tons per hectare. We had planted 3,200 Taiwan Zelkova in 2021. In 2022, we had planted another 200 Bald Cypress and 800 Formosan Ash and aims to create an ecological habitat by building a fishpond and wetland area hoping to increase the regional biodiversity.



• **Paper Saving and Promotion of eSign-Off Policy**

Take paper usage as an example, at Largan we regularly track the amount of paper used with the aim to reduce waste of paper. We strive to promote paperless policy for operations that consume a large amount of paper, set up a recycling section in the photocopying area, and regularly arrange recycle procedures for confidential documents. The following graphic are statistics of paper consumption from 2019 to 2022, which shows the implementation results year after year. Largan will also continue to optimize various electronic sign-off operations to continuously reduce paper consumption.

Paper Consumption



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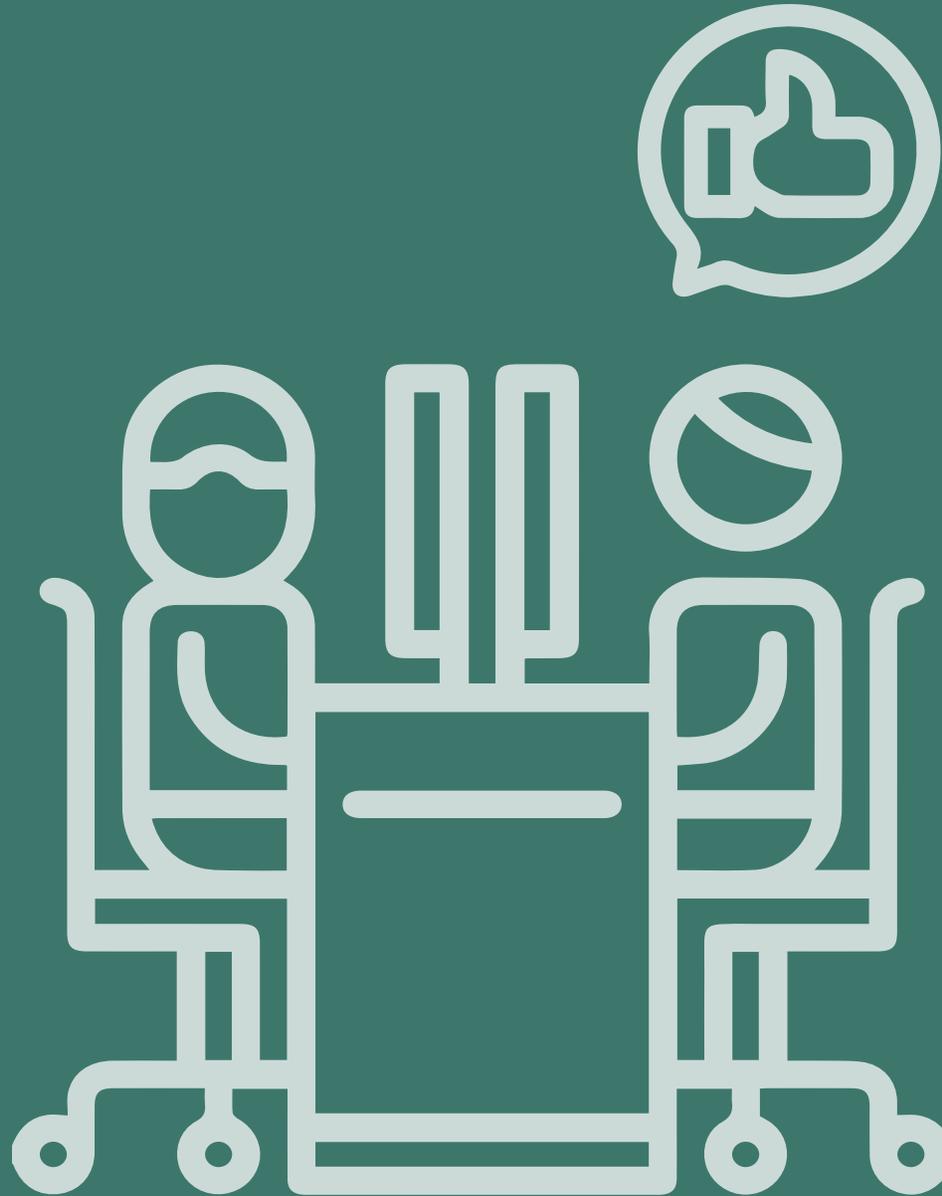
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With the aim to maintain a harmonious labor relation, Largan has proposed a short-, medium- and long-term employee care objectives such as Attracting and Retaining talents (Salary and Welfare), Training and Development, Promoting Harmonious Labor-management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

	Short- Term (2022~2023)	Medium- Term (2024~2027)	Long- Term (2028 and Beyond)
Labor Relations	Turnover Rate: <15%	<13%	<13%
	Retention rate of new hired Taiwanese employees (3 months retention): 75%	Retention rate (3 months retention): 78%	Retention rate (3 months retention): 80%
Training and Development	Number of people complete orientation training courses once a year (6 months) ≥ 15 people	Number of people complete orientation training courses once a year (6 months) ≥ 17 people	Number of people complete orientation training courses once a year (6 months) ≥ 20 people
	Average number of training hours per person: 19H 100% passing rate of new hired training examination	Average number of training hours per person: 21H 100% passing rate of new hired training examination	Average number of training hours per person: 23H 100% passing rate of new hired training examination
Human Rights Protection	Workplace Wrongful Assault/ Bullying 0 case	Workplace Wrongful Assault/ Bullying 0 case	Workplace Wrongful Assault/ Bullying 0 case
	Employee Complaint/ Mediation 1 case	Employee Complaint/ Mediation 1 case	Employee Complaint/ Mediation 1 case
	100% completion rate of employee professional ethics training	100% completion rate of employee professional ethics training	100% completion rate of employee professional ethics training
Safety and Health	Health check participation rate 90%	Health check participation rate 90%	Health check participation rate 90%
	Employee safety incident (excluding death) ≤ 5 cases/year	Employee safety incident (excluding death) ≤ 4 cases/year	Employee safety incident (excluding death) ≤ 3 cases/year
	Occupational disease caused by chemical exposure maintains 0 case	Occupational disease caused by chemical exposure maintains 0 case	Occupational disease caused by chemical exposure maintains 0 case
	Disabling injury frequency rate ≤ 3	Disabling injury frequency rate ≤ 2.8	Disabling injury frequency rate ≤ 2.5
	Disabling injury severity rate ≤ 30	Disabling injury severity rate ≤ 28	Disabling injury severity rate ≤ 25

• Performance and Goal of Material Topics: Talent Development and Sustainability

Largan is committed to building a friendly workplace: Creating an environment of care for the employees, fulfilling the responsibility of selecting and retaining talents with the aim to achieve the goal of sustainable development as well as create continuous growth of the Company. We have set the objectives and performance guidelines, the result within two years as shown in the table based on the above-mentioned important measures taken regarding labor relations, staff training and development, human rights protection, ethics, and health and safety management with the aim to retain the talented with great potentials and stability to help the company to stay sustainable and competitive in the industry.

Labor Relations

2022 Target Performance	2022 Achieving Status	2023 Target Performance
Turnover Rate: <15%	16.6% → Not Achieved	Turnover Rate: <15%
Retention rate of new hired Taiwanese employees (3 months retention): 75%	83.6 % → Achieved	Retention rate of new hired Taiwanese employees (3 months retention): 75%

Training and Development

2022 Target Performance	2022 Achieving Status	2023 Target Performance
Number of people complete orientation training courses once a year (6 months) ≥ 15 people	Number of people complete orientation training courses once a year (6 months): 19 people → Achieved	Number of people complete orientation training courses once a year (6 months) ≥ 15 people
Average number of training hours per person : 19H	Average number of training hours per person : 12.85H → Not Achieved	Average number of training hours per person : 19H
100% passing rate of new hired training examination	100 % → Achieved	100% passing rate of new hired training examination

Human Rights Protection

2022 Target Performance	2022 Achieving Status	2023 Target Performance
Workplace Wrongful Assault/ Bullying 0 case	0 case → Achieved	Workplace Wrongful Assault/ Bullying 0 case
Employee Complaint/ Mediation 1 case	1 case → Achieved	Employee Complaint/ Mediation 1 case
100% completion rate of employee professional ethics training	100% → Achieved	100% completion rate of employee professional ethics training

Occupational Health and Safety

2022 Target Performance	2022 Achieving Status	2023 Target Performance
Passing ISO 45001 occupational safety and health system verification	Passing ISO 45001 occupational system verification → Achieved	Passing ISO 45001 occupational safety and health system verification
Health check participation rate 90%	90% → Achieved	Health check participation rate 90%
Significant occupational injuries ≤ 5 cases/ year	2 cases/ year → Achieved	Employee safety incident (excluding death) ≤ 5 cases/ year
Occupational disease caused by chemical exposure maintains 0 case	0 case → Achieved	Occupational disease caused by chemical exposure maintains 0 case
Disabling injury frequency rate ≤ 3	Disabling injury frequency: 1.18 → Achieved	Disabling injury frequency rate ≤ 3
Disabling injury severity rate ≤ 30	Disabling injury severity rate: 18 → Achieved	Disabling injury severity rate ≤ 30

Notes:

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

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7.1 Recruiting Policy and Commitment

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

Management Measure

Goals and Objectives: Promoting harmonious Labor-management Relations, offering competitive salary and welfare to attract and retain outstanding talents with fair promotion policy to create profit growth, making employees be the partners with Company's prosperous and sustainable development.

Commitment: Using due diligence and early warning communication methods, committed to human rights protection, improving the training and development system, building a diverse and open labor-management communication channel, a healthy and safe work environment, and a warm and harmonious working atmosphere.

- Management Measure:**
- (1) Offering competitive salary strategy, arranging diverse welfare programs and a statutory retirement system to attract and retain suitable talents.
 - (2) Providing fair employment, training and other opportunities regardless of gender, religion, race, nationality, or political affiliation.
 - (3) Participating in labor insurance and health insurance comply with laws and regulations. Allocating employee welfare funds to handle employee welfare activities.
 - (4) Fair policies with salary and welfare, promotion, training and development, reasonable and objective performance assessment and salary adjustment.
 - (5) Focus on Human Rights Protection, legally working conditions and the protection of employees' rights and interests in safety and health.
 - (6) Create labor complaint channel to resolve labor disputes on time.

At Largan, we abide by labor-related laws and regulations, and formulate "Working Rules" and "Occupational Safety and Health Code of Conduct and Staffing Policy" verified and approved by government departments. The aim is to guarantee working conditions and protect the rights and interests of the employees' occupational safety and health with a legally binding agreement. We also follow the "RBA Responsible Business Alliance Code of Conduct" to provide the employees with a healthy, and safe working environment by setting up diversified and open employer-employee communication channels for topics such as fair remuneration and promotion policy, training and development system, welfare system, and a transparent incentive bonus scheme to allow the employees to contribute their abilities and performance with their full effort and heart. We hope to grow and develop continuously with our employees together and create a warm and harmonious working atmosphere with the aim to lay a solid foundation for the establishment of sustainable operations.

• Business Sustainability Policy

Based on the principle of honesty and integrity management, employees at Largan have reached consensus on the business philosophy of "Innovation, Professionalism, Speed, and Flexibility", and strive to make best effort achieving the ESG objectives and policies for sustainable development such as environmental protection, care for the employees, friendly workplace, shared prosperity, integrity management, and full participation from all members of staff with the aim to fulfill social responsibilities, and pursue sustainable management.

To enhance labor rights, Largan is committed to complying with Taiwan's Labor Standards Act and related laws, and has established working rules, sexual harassment prevention protocols, anti-corruption and bribery act, fair trade policy, whistleblowing and appealing system...etc, such management mechanisms accordingly with the aim to protect the rights of our employees.

We have also set up "CEO Mailbox" with anonymous features in every factory for our employees to express their opinions and suggestions freely without worrying about getting potential unfair treatment or vengeance. We aim to provide an attractive and friendly work environment by enhancing the power distance balance between the employees and employers as well as ensuring the practice of management policy, we are fully committed to:



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7.2 Talent Training & Development

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

Management Measure

Goals and Objectives: The outstanding talents are important asset of the company. We create a warm and harmonious working atmosphere to attract and retain outstanding talents. Cultivate employees in different functional areas to improve work performance and quality to allow the Company and employees grow together.

Commitment: Offering competitive salary and welfare to attract and retain outstanding talents while cultivate employees with multiple competencies.

- Management Measure:**
- (1) Provide an overall competitive salary scheme and provide various welfare programs.
 - (2) Increase the loyalty of the current staff by providing incentives and retirement schemes in accordance with relevant laws and regulations.
 - (3) Attract and retain outstanding talents as it is the source of growth for the company's sustainable development.
 - (4) Create a warm and harmonious working atmosphere to promote harmonious labor-management relations.

As the popularity of smartphones increases, the specification requirements of optical lenses become higher in response to user needs. Largan as the leading manufacturer in the industry has been continuously investing in R&D and innovation, expanding production lines and scale, as well as improving the production capacity and quality.

We aim to provide a fun but challenging work environment for the outstanding talented to compete, excel and subsequently help the Company to grow sustainably.

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

To ensure the competitiveness of the labor market, we establish "Compensation Committee" (made of 3 members), which organize two meetings every year and evaluate compensation structures for the Directors, Supervisors, Managers and employees and the results would be approved by the Board of Directors. Please refer to the information in p.25 of Largan's 2022 Annual Report for the operations of Compensation Committee.

At Largan we draft recruiting operational strategies on a yearly basis. Each department will come up with a proposal for the intended manpower requirement of the year and submit the employment requests to the Human Resource Department for approval. The Human Resource Department will refer to the requests internally or release the job vacancies through recruitment channels to the public. An internal job referral department is set up to help the employee to improve and expand their professional abilities by switching departments internally.

2022 talent recruiting channels: job hunting websites, campus recruitment, staff recommendation, government career aid, job fairs, advertisement, headhunting agencies, industry-academia programs, online recruitment, internal recruitment...etc. We focused on the top talents with relevant scientific and engineering backgrounds with the aim to help the Company to develop higher-end specification optical lenses. By the increasing number of lenses of per device, we actively increased the production scale and the scale of automation production to generate profit growth.

(1) By the end of December 2022, the total number of employees at Largan was 7,391. The manpower structure distribution in the last two years is as shown in the table:

Category	Field	2021				2022			
		Female		Male		Female		Male	
		Number of People	Ratio						
Occupation	Production	2,948	41.34%	2,185	30.64%	3,086	41.74%	2,188	29.60%
	Management	247	3.46%	661	9.27%	233	3.16%	697	9.43%
	R&D	157	2.20%	933	13.08%	184	2.50%	1,003	13.57%
Subtotal		3,352	47.01%	3,779	52.99%	3,503	47.40%	3,888	52.60%
Total		7,131				7,391			
Domestic	Age Below 30	534	7.49%	1,515	21.25%	483	6.54%	1,385	18.75%
	31~50	1,102	15.45%	2,177	30.55%	1,072	14.50%	2,391	32.35%
	Age Above 51	19	0.27%	27	0.38%	26	0.35%	28	0.38%
Foreign	Age Below 30	1,268	17.78%	21	0.29%	1,372	18.56%	35	0.47%
	31~50	429	6.02%	39	0.55%	550	7.44%	49	0.66%
	Age Above 51	0	0%	0	0%	0	0%	0	0%
Subtotal		3,352	47.02%	3,779	52.99%	3,503	47.39%	3,888	52.61%
Total		7,131				7,391			

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At Largan we only offer full-time positions. We do not hire or use temporary workers or contractors. All newly hired employees get equal opportunities, benefits and are treated fairly as other regular employees. We pledge to provide job opportunities to those with disabilities and treat all potential staff and interviewees with respect regardless of their genders and body conditions. We also hope to recruit more female workers to join Largan to help maintain the diversity of the workforce. There were no significant operational changes in 2022, any major changes made would be announced with a 10-, 20- or 30-days' notice accordingly based on Article 16 of the Labor Standards Act.

(2) The ratio of new hired and turnover of male and female employees in 2022

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

Item	Numbers of Employees in 2022			Numbers of New Hired						Numbers of Turnover						
	Female A	Male B	Subtotal C	Female D	% E=D/A	Male F	% G=F/B	Subtotal H=D+F	% I=H/C	Female J	% K=J/A	Male L	% M=L/B	Subtotal N=J+L	% O=N/C	
Domestic	Age Below 30	483	1,385	1,868	187	38.7%	496	35.8%	683	36.6%	121	25.1%	335	24.2%	456	24.4%
	31~50	1,072	2,391	3,463	60	5.6%	134	5.6%	194	5.6%	112	10.4%	180	7.5%	292	8.4%
	Age Above 51	26	28	54	1	3.8%	0	0.0%	1	1.9%	2	7.7%	0	0.0%	2	3.7%
	Subtotal	1,581	3,804	5,385	248	15.7%	630	16.6%	878	16.3%	235	14.9%	515	13.5%	750	13.9%
Foreign	Age Below 30	1,372	35	1,407	647	47.2%	22	62.9%	669	47.5%	312	22.7%	4	11.4%	316	22.5%
	31~50	550	49	599	49	8.9%	16	32.7%	65	10.9%	149	27.1%	10	20.4%	159	26.5%
	Age Above 51	0	0	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Subtotal	1,922	84	2,006	696	36.2%	38	45.2%	734	36.6%	461	24.0%	14	16.7%	475	23.7%
Total	Age Below 30	1,855	1,420	3,275	834	45.0%	518	36.5%	1,352	41.3%	433	23.3%	339	23.9%	772	23.6%
	31~50	1,622	2,440	4,062	109	6.7%	150	6.1%	259	6.4%	261	16.1%	190	7.8%	451	11.1%
	Age Above 51	26	28	54	1	3.8%	0	0.0%	1	1.9%	2	7.7%	0	0.0%	2	3.7%
	Subtotal	3,503	3,888	7,391	944	26.9%	668	17.2%	1,612	21.8%	696	19.9%	529	13.6%	1,225	16.6%

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(3) Non-employee-related information of 2022

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

Outsourced Item	Numbers of People	Summary of Outsource Content
Catering	341	<ol style="list-style-type: none"> In charge of catering in staff restaurants and the delivery of group meals Organizing the cleaning and maintenance of the kitchen area environment General kitchen work assistance Handling kitchen-related tasks assigned by the supervisor
Factory Area Security	17	<ol style="list-style-type: none"> Entry and exit registration and the control of personnel and visitors Vehicle access direct, factory patrol and other safety maintenance work. Monitoring the surroundings of the factory area, maintain public safety, and reduce risk of fire, theft or other dangers.
Dormitory Management	23	<ol style="list-style-type: none"> Transport employees for medical treatment or other services Dormitory inspection, environmental cleanliness management and equipment maintenance Dormitory management- environmental maintenance, housekeeping, surrounding environment cleanliness, other issues... etc. Dormitory safety maintenance, facility inspection management, equipment repair management and asset custody.

• Employment for People with Disabilities

According to the “People with Disabilities Rights Protection Act” in Taiwan, the number of disabled people with the capability to work shall be no less than 1% of a company's total employees. In addition, companies that do not employ a sufficient number of people with disabilities shall pay periodical subsidies to the Disabled Employment Funds held by competent authorities for labor affairs based on the deficient amount. Largan endeavored to provide full-time employment opportunities to those with disabilities.

In 2022, Largan employed a total of 73 employees with disabilities, yet we are 1 people short to meet the 1% requirement. After a review of the Human Resources Policy, the reason for the shortage is that there are not enough applicants with disabilities to apply and the work environment is special. In addition, after job adjustments, employees with disabilities choose to leave due to other factors. We had paid the subsidies according to legal requirements. We are still keeping the vacancies opened for applicants who are eligible and interested in applying for the positions.

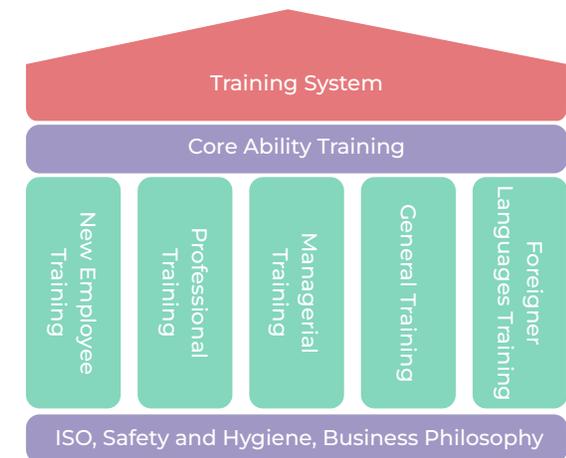
The Company adopts humanized management, and establishes the concept of coexistence and win-win between labors and managements, the labor-management relations is harmonious. In 2022, there was no labor disputes cause profit losses.

7.3 Training and Development

To enable our employees to acquire the appropriate working skills, we encourage all units to arrange internal and external educational training and all training sessions are flexibly adjusted based on their individual needs. In addition, we also provide cultivation program for career planning as well as hire guest lecturers to give trainings on professional and technical subjects to help elevate our employee's working skills.

• Advanced Studies and Training System

At Largan we arrange training programs and learning curriculums (as shown in the graph) based on the Company's annual operational objectives which includes training session for newly hired personnel, orientation, professional courses, management training, language ability enhancement training...etc., as well as offer general courses about the history, structure, business philosophy, corporate culture, morals and ethics of the Company and all other information that help the newcomers to adapt and get on with their role faster. We have also set up mandatory training sessions specifically based on each individual's job responsibility and position to fit their career development and needs. We regularly track the training progress and performance to ensure the efficiency and effectiveness of the training programs with the aim to nurture the talents that can stay and grow with Largan sustainably.



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• Average Hours of Staff Training

The total staff training hours in 2021 was 37,951 hours, and the total average training hours per person was 5.32 hours in a year; in 2022 was 30,879 hours, and the total average training hours per person was 4.18 hours. As most of our online training is conducted through watching premade videos and we currently don't have a system to record the click through rate and viewing time, the following statistics do not include the data of online training hours and number of people participating. The statistic of the average staff training hours in the last two years are as shown:

Item	2021				2022			
	Gender	Hours	Number of People	Average Hours	Gender	Hours	Number of People	Average Hours
Administrative	Male	876	128	6.84	Male	961.67	129	7.45
	Female	589	94	6.27	Female	717.25	109	6.58
R&D	Male	1,796.5	177	10.15	Male	2,157.67	296	7.29
	Female	424	43	9.86	Female	622.24	58	10.73
Maintenance	Male	1,746.5	88	19.85	Male	891.1	187	4.77
	Female	0	0	0	Female	1.98	2	0.99
Production	Male	12,200.5	675	18.07	Male	5,668.1	323	17.55
	Female	8,165	489	16.70	Female	10,919.7	769	14.20
Quality Assurance	Male	3,083	147	20.97	Male	2,733.1	197	12.64
	Female	9,070.7	240	37.79	Female	6,206.5	333	14.61
Subtotal		37,951.3	2,081	18.24	Subtotal	30,879.31	2,403	12.85
Annual Average Hours				5.32 Hours				4.18 Hours



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

• Performance Management and Employee Development

(1) Employee Career Development

Performance evaluation helps the Company to improve the human resources system and further improve the overall management system. At Largan we perform a 3 months' probation evaluation for the new employees. We hope the probation guidelines could help the supervisors and all employees to understand and share the Company's value and vision, as well as for the new employees to exceed the Company's expectation personality and characteristics wise.

The supervisors conduct the performance evaluation based on the principles of being fair, reasonable, and objective with the aim to help the staff on the team to better understand their role and responsibilities so that they can give the best performance accordingly, as well as providing work and improvement guidance to achieve overall operational goals.

The number of new employees who have passed the probation assessment in 2022 was 878 (new Taiwanese employees), and a total of 734 people participated in the annual performance assessment. The evaluation system includes two main features which allow the supervisors to assess the performance of the employee and to help develop each individual's ability and strength. The system also allows the supervisors and the employees to reach consensus workwise and ultimately work together to improve the overall operational performance and efficiency. By putting the right person into the right position through internal recommendation, it enables the employees to contribute to the Company where they are most needed and allows the employees to develop with the Company, thereby generating success for both employees and the Company.

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Evaluation of new Taiwanese employees: The statistics of the performance evaluation in the last three years are as shown in the table:

Year	2020 Total Number of People New Taiwanese: 939				2021 Total Number of People New Taiwanese: 1,006				2022 Total Number of People New Taiwanese: 878			
	Number of People Evaluated		Ratio %		Number of People Evaluated		Ratio %		Number of People Evaluated		Ratio %	
Occupation	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Technical	178	15	18.96	1.60	222	31	22.07	3.08	130	52	14.81	5.92
Administration	18	19	1.92	2.02	16	22	1.59	2.19	75	30	8.54	3.42
Direct Personnel	311	158	33.12	16.83	290	167	28.83	16.60	319	128	36.33	14.58
Total	507	192	53.99	20.45	528	220	52.49	21.87	524	210	59.68	23.92

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

In 2021, 1,735 people were promoted with 36.3% in technical positions, 3.4% in administrative positions, and 60.3% in OPR direct personnel; in 2022, 1,664 people were promoted with 41.8% in technical positions, 5.7% in administrative positions, and 52.5% in OPR direct personnel.

7.4 Salary and Welfare

Salary and Welfare Policy: Competitive Salary and Welfare Program

Management Measure

Goals and Objectives: Establishing a salary and welfare system in accordance with the Company's overall economic and cultural development and industrial competitiveness. The Company provides competitive salary and welfare to attract and retain talents.

Commitment: Improve employees' salary and welfare by using due diligence and early warning communication methods to allocate operating profit as bonus for salary and remuneration.

- Policy and Management:**
- (1) Provide a stable salary structure for employees by following the Company's salary and welfare system.
 - (2) Formulate the provisions of the "Employee Welfare Fund Acts" to allocate employee welfare funds and handle welfare matters.
 - (3) Performance evaluation helps to improve the Company's human resources system, thereby nurturing and developing employees' personal abilities.

All employees are important assets of the Company. We offer competitive salary and welfares to attract and retain the outstanding talents as a long-term sustainable developing strategy, a 3% pay rise by the year will be issued based on the individual's work performance. We aim to provide the flexibility for the employees to shine the talents in their field and ultimately grow with the company together. Based on the Company protocols, up to 1%-30% of the operating profit is allocated to the employees as bonus, an encouragement and reward for their hard work and contribution to the company. We hope the incentives can help boost work efficiency as well as make the Company desirable to the outstanding talents.

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• Compensation Policy of the Highest Governance Unit and Senior Managements

1. The compensation paid by the Company to the Directors, President and Vice President was in accordance with the Company's Articles of Association and the Manager's Compensation Standard, reviewed by the Compensation Committee and approved by the resolution of the Board of Directors. From 2021 to 2022, there was a major change with the Directors' remuneration. The total Directors' remuneration increased by 0.25% in after-tax net profit margin; the total amount of President and Vice President's remuneration decreases by 0.39% in after-tax net profit margin.

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

3. For relevant compensation information, please refer to the content published in the 2022 Annual Report (P.13~15) in detail.

• The employee salary structure includes: basic salary, allowances, 3 holiday bonuses, quarterly bonus, retention bonus, the salary and number of full-time employees in non-supervisory positions in the past three years are as shown in the table:

Year	Average Salary Unit (NTD)	Median Salary Unit (NTD)	Number of Full-time Employees Who Are Not in Supervisory Positions
2020	1,259,131	779,351	6,877
2021	1,145,942	842,139	6,784
2022	1,244,034	878,239	6,709

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

Category	Field	2021		2022	
		Female: Male Monthly Income Ratio	Female: Male Annual Income Ratio	Female: Male Monthly Income Ratio	Female: Male Annual Income Ratio
Position	Production	1 : 1.22	1 : 1.76	1:1.23	1:2.01
	Managerial	1 : 1.03	1 : 1.25	1:1.08	1:1.56
	R&D	1 : 1.25	1 : 1.76	1:1.29	1:2.01

Notes:

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

• Employee Welfare

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

1. Health Care for the Employees :

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

2. Parenting-Friendly Measures :

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

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3. Emergency Aid :

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

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 **NTD 594,300**.

In 2021, 6 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 **NTD 559,529**.

In 2022, 2 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 **NTD 333,733**.

• Other Employee Welfare are as shown:

Allowance	<ul style="list-style-type: none"> • Meal and travel allowance • Maternity and marriage allowance • Birthday, 3 holiday bonuses, Labor Day bonus • Healthcare subsidy (Hospitalization), funeral condolences
Extra Welfares	<ul style="list-style-type: none"> • Family Day, meal allowance • Supermarkets and appointed stores discounts • Free parking lots • Contact lens discount • Allocate free masks

• Employee Pension Scheme

The pension fund is served to protect employee's right to claim retirement pensions in the future. The establishment of the fund is based on the "Labor Standard Act" and the "Labor Pension Regulations."

■ Retirement Standards:

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

- (1) Aged fifty-five or above and has worked for more than fifteen years.
- (2) When the worker has worked for more than twenty-five years.

An employer shall not force a worker to retire unless any of the following situations:

- (1) Aged sixty-five or above.
- (2) When the worker is unable to perform his/ her duties due to mental or physical disability.

■ Payment Standards (The Old Fund):

For the employees with less than 15 years of service, two bases are given for each full year of service rendered. For those over 15 years, one base is given for each year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half a year when it is less than six months and as one year when it is more than six months. An additional 20% on top of the amount calculated shall be given to workers who are forced to retire due to mental or physical disability incurred from the execution of their duties.

■ Accounting Base (The old fund):

The conversion standard of the pension base is the average salary of the six months before retirement is approved.

■ Payment Period:

The pension shall be paid to the employees within 30 days from the day of retirement. If the payment cannot be completed in one lump sum, the Company may apply to the competent authority for approval to pay the amount in installments.

■ Other Regulations:

Retirees are required to fill in a retirement application form. The Company would mandate eligible retirees to apply for retirement and all retirees should go through the formal procedure. The employee has the right to claim pension funds from the next month of retirement, and the right will expire if no action is taken within five years after the retirement has been approved.

■ New Pension Fund Scheme:

The amount of labor pension borne by the Company is no less than 6% based on the employee's monthly wage to the retirement fund account.

■ The total number of people applying for retirement in the last three years:

3 people in 2020; 3 people in 2021; 1 person in 2022.

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• Parental Leave

Parental leave is available to the employees who meet the qualifications for application regardless of genders. The total number of people applied for parental leave in the last three years, and total of 69 people reinstate in 2021, 98 people reinstate in 2022. Total as shown in table:

Category	2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of people eligible for parental leave (A)	330	729	1,059	357	793	1,150	363	819	1,182
Actual number of applicants (B)	91	11	102	112	6	118	106	37	143
Application rate (B/A) (%)	27.6	1.5	9.6	31.4	0.8	10.3	29.2	4.5	12.1
Annual number of people pending for reinstatement (C)	78	11	89	77	6	83	90	28	118
Actual number of people apply for reinstatement (D)	48	6	54	66	3	69	75	23	98
Reinstatement rate (D/C) (%)	61.5	54.5	60.7	85.7	50	83.1	83.3	82.1	83.1
Number of people reinstated in the previous year (E)	52	6	58	48	6	54	66	3	69
Number of people reinstated for up to 1 year in the previous year (F)	45	5	50	39	5	44	59	3	62
Retention rate (F/E) (%)	86.5	83.3	86.2	81.3	83.3	81.5	89.4	100.0	89.9

Notes:

According to Article 16 of the "Act of Gender Equality in Employment", the employee is eligible for applying for parental leave with pay up until the child or children reach the age of 3.

Number of eligible parental leave applicants in 2020 = 2018 + 2019 + 2020

Number of eligible parental leave applicants in 2021 = 2019 + 2020 + 2021

Number of eligible parental leave applicants in 2022 = 2020 + 2021 + 2022

7.5 Respect of Human Rights

Human Rights Policy: Diversity, Equality and Human Rights Protection

Management Measure

Goals and Objectives: Create a challenging, sustainable learning and fun work environment and management culture of diversity and human rights protection.

Commitment: Use due diligence and early warning communication methods to build a harmonious work environment with gender equality, diversity respect and human rights protection.

Management Measure:

- (1) Treat all employees equally regardless of gender, religion, race, nationality or political preferences.
- (2) In accordance with the "Employee Welfare Fund Acts," the welfare fund collected from the employee is distributed to participate in labor insurance and health insurance.
- (3) Provide a fair, reasonable and objective performance assessment process.

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

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

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

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“The Recruitment & Hiring Measures” stated that Largan does not employ child labor and establish protection measures for employees under the age of 18 working night shifts. We also formulated the foreign labor management policies specifically to protect the foreign employees’ rights and interests. The Administrative Department regularly evaluates the risks of forced labor incidents and disclose the information to the relevant supervising units for providing suggestions and reminders when there is any violation suspected with the aim to ensure that similar situations will not happen again in the future.

Item	Prohibition of Forced Labor	Prohibition of Child Labor
Risk Assessment	Work-time control internally	Check if the interviewees are over 18 years old according to the ID
Target	No forcing or threatening reluctant workers to perform labor service.	Policy: Prohibition of hiring child labor; protect by laws if hiring juvenile labors.
Management Measures	Work-time control Work hours tracking for continuous attendance and overtime working on holidays. Provide channels of opinions and feedback.	Work-time control for juvenile labors. Prohibition for continuous attendance, night shifts and working on holidays Provide channels of opinions and feedback.

Item	Prevent Unlawful Discrimination	Safe and Hygienic Environment
Risk Assessment	The principle of non-discrimination is disclosed during the interview process, employee training program, salary and welfare and promotion in accordance with Taiwan's labor laws.	Completed hazard identification and risk assessment → high-risk jobs should be listed and monitored properly. Implement occupational disease prevention and promote the physical and mental health of the employees.
Target	Interviewees' personal information which is not related to the job shall not be asked during the interview. No verbal discrimination between employees regardless of any position.	Establish a safe and friendly working culture and environment.
Management Measures	Assess if the regulations and internal management systems comply with laws and regulations periodically.	Establish occupational safety and environmental protection measures. Provide medical assistance and on-site nurse and part-time on-site doctor. Personnel education, training and advocacy.

Item	Work-Life Balance
Risk Assessment	Improve interpersonal interactions among colleagues by participating in leisure activities.
Target	Raise the participation rate.
Management Measures	Strengthen the promotion of activities held by the Welfare Committee to raise the participation rate. Distribute questionnaires to collect suggestions for improvement.

- **To ensure all employee at Largan understand the policies and practices of labor rights and corporate social responsibility, the Administrative Department conducts relevant training and a test after training. Here as the following arrangement:**

(1) Lecture Training:

On the day of registration, the new employees will receive a 30-minute corporate social responsibility and labor rights policy lecture training. By the videos, presentation, and lectures, we hope the new staff could have a better sense of human rights regulations and related laws with the aim to help them understand their own rights and interests as well as complaint channels when it's needed.

(2) Test:

To ensure that the employees fully understand the training contents, the employees must take a written test right after the training session and pass the test to be considered qualified. If their score is lower than the expected standard, the employees will need to come back the next day for another round of training and tests.

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

In 2020, the number of trainees were 939 (new Taiwanese employee), and the training pass rate was 100%.

In 2021 the number of trainees was 1,006 (new Taiwanese employee), and the training pass rate was 100%.

In 2022 the number of trainees was 878 (new Taiwanese employee), and the training pass rate was 100%.

The expected goal for 2022 will be set for achieving another 100%. We expect that all of our employees could fully understand and comprehend labor human rights.

	Number of People Trained	Training Passing Rate
2020	939	100%
2021	1,006	100%
2022	878	100%

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• Implementation Status of Human Rights Indicators in the Last Two Years

2021



2022



7.6 Employee Care and Communication- Human Rights Protection

Largan provides a variety of communication channels to facilitate communication and coordination between the employees and managerial supervisors with the aim to establish deep understanding of employees' satisfaction regarding the management and welfare system and strive to maintain a good labor relation. We have successfully maintained a harmonious relationship and bonds with our employees, and we are proud to say it is unlikely for us to experience losses that are due to labor disputes. Through the labor-management meeting, employee representatives could reflect their suggestions and opinions on specific topics. By the discussion in the meeting, both the employees and the Company are able to reach consensus and ensure the effectiveness and efficiency of the communication.

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

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

• Diversified Employee-Management Communication Channels

At Largan we value and respect the rights of freedom of association granted by the law for our employees, and we don't prohibit nor obstruct association assembly. Despite of Labor-Management Meeting, the labor representatives are usually more than the management representatives in every other channel of communication. We also establish Occupational Safety and Health Committee and Employee Welfare Committee according to laws and regulations. The number of representatives of both labor and management in 2022 is as shown in the table:

Channels of Communication	Numbers of Employee Representatives	Numbers of Management Representatives
Labor-Management Meeting	5	5
Occupational Safety and Health Committee	47	25
Employee Welfare Committee	13	1
Supervisory Committee of Labor Retirement Reserve	7	2

• Employee's Feedback

Environment at Workplace

- Install more surveillance monitoring camaras near the emergency exits to reduce blind spots in the factory with the aim to improve overall safety of the work environment.
- Improve the hygiene and safety by labeling instructions in the waste storage area.
- Improve the traffic and road safety in the factory by maintaining the labels and signs, as well as improve the traffic control management measures.
- Increase the frequency of noise level measure and actively improve the noise control management of the factory area.
- Others

• Treatment of Employee's Feedback of Labor-Management Meeting

The labor-management meeting at Largan is composed of five representatives from the employer side and five labor representatives. All labor representatives are directly elected by all labor members. The top five with the highest number of votes become labor representatives. There are reserved spots for women, men and foreign laborers, which allows opinions from different perspectives to be expressed and discussed. The labor-management meeting is established to promote the cooperation relationship of both parties as well as prevent labor disputes. The fundamental purpose of the meeting is to encourage efficient and effective communications of both sides, to create bonds and bridges and reduce the chance of encountering conflict situations, as well as gather the wisdom and potential from everyone to help the Company to thrive and prosper.

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• Topics Discussed during Labor-Management Meeting

- Incentive bonus for revenue achievement
- 3 Holiday bonuses
- Shareholder meeting
- Employee annual health examination and consultation service matters
- Employee compensation matters
- Annual dinner related matters
- Annual bonus matters
- Establishing official social media to increase communication channels for the employees

• Employee Suggestion Box

The Company has set up multiple employee suggestion mailboxes at the workplace and dormitory with the location that has privacy for the employees to address their problems encountered at work. We usually encourage our employees to express their opinions directly following the regular management protocols during work. However, the employees are able to share their opinions privately to the Employee Suggestion Box under the following circumstances.

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

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

- Anti-discrimination, anti-harassment, and abuse
- Avoid involuntary forced labor
- Foreign labor agency recruitment management and protection of foreign workers
- Avoid child labor, protect juvenile workers, and protect student workers
- Working hours, wages, benefits, and labor contracts
- Freedom of association and collective consultation
- Occupational health and safety management, accident management, and emergency preparedness and response
- Hazardous waste management, wastewater management, rainwater management, waste gas emission management, and factory noise control management

Employees or potential employees shall not be subject to dismissal, blacklisting, discriminated, harassed, intimidated, retaliated, or other employment decisions against any such employee or potential employee who in good faith, submits any question, suggestion, complaint, or grievance to a supervisor or managers, or participates in any way in the investigation or handling of any of them.

In 2022, a total of 35 opinion letters were received, and all were resolved as scheduled. The processing results will be reported back to the reporter or by the public announcement (with an anonymous letter).

	2020	2021	2022
Number of Feedback	56	44	35
Number of Cases Closed	56	44	35

7.7 Occupational Safety and Health

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

Management Measure

Goals and Objectives: Perform assessment and evaluation regarding risks and opportunities with the aim to improve occupational health and safety system and performance.

Commitment: Using due diligence and early warning communication methods to provide the employees with a safe and healthy work environment and ensure the safety at sites for the visitors and suppliers.

- Management Measure:**
- (1) Implement the ISO 45001 Occupational Health and Safety Management Systems and Occupational Safety and Health Act as standards and guidelines to follow.
 - (2) Comply with occupational safety and health regulations and other requirements as well as establish hazard identification methods to reduce occupational safety and health risks.
 - (3) Occupational safety and health system and self-inspection management.
 - (4) Occupational safety and health education and training, emergency response drills, and work environment examination.

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Largan promises to provide employees with safe, healthy, and high-quality work environment while maintaining the safety of suppliers and visitors. Following the "ISO 45001 Occupational Health and Safety Management Systems" and the "Occupational Safety and Health Regulations," it formulates occupational safety and health regulations, assists the department in identifying operational hazards and establishing safe operation standards.

We conduct the evaluation and control risks to improve occupational safety and health performance.

After completing the ISO 45001 system transfer and obtaining third-party verification in 2020, Largan supervised occupational safety and health inspections and implemented occupational safety and health policies. Through the process of planning (Plan), implementation (Do), assessment (Check), and improvement (Action), Largan has been constantly improving its safety and health management performance.

Occupational safety and health policies and management measures:

Implement the ISO 45001 occupational safety and health management system to provide a safe and healthy work environment and personal safety protection. Comply with occupational safety and health related laws and other requirements, establish hazard identification and reduce the risks at the workplace. Facilitate good communication channels for safety and health regarding participation and consultation.

Legal Professional Certificated Personnel of Safety and Health

When a plant is built or partly rebuilt, relevant departments such as Manufacturing, Administrative, Information Technology, and Occupational Security and Health will conduct relevant safety and health risk assessments. The number of professional occupational safety and health personnel with legal certificates in the Occupational Security and Health Office in 2022 is as shown in the table:

Titles of Occupational Safety and Health Certification	Number of People	Titles of Occupational Safety and Health Certification	Number of People
Occupational Safety and Health Management Specialist	7	Class-1 Occupational Safety and Health Affair Managers	21
Level B Technician for Occupational Safety and Health Management Personnel Management Specialist	12	Fire Safety Officer	9
Occupational Health Nurse	7	First Aid Personnel	147

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



Occupational Safety and Health System and Self-Inspection and Management

Largan has established the "Occupational Safety and Health System" in accordance with the law that includes: Safety and Health management system and training, inspection of production equipment, work environment examination, internal safety and health audit inspection, medical care and health check, emergency response and drills, occupational disaster management, statutory matters reporting, contractor management and construction inspection and other Safety and Health matters.

The occupational safety and health self-management measures taken at Largan include pre-employment training, on-the-job training, and license training, etc. We make continuous effort and improvement in identifying potential hazards at the workplace and manage the risks at different levels, provide necessary protective measures or personal protective equipment, implement operating environment measurement, emergency response and escape drills, regular health checks and graded active care, provide timely medical care in case of disasters, occupational disaster management and internal safety and health inspections, and prevent disasters in the factory And reduce risks, and continue to improve security work.

For hardware facilities, we carry out planning, designing, and constructing plans according to relevant requirements, international regulations, and company standards. The auditing unit is in full charge of Safety and Health management to help improve and assess the performance and ensure the efficiency of the regulation implementation.

Operational safety and health management include: High-Risk Operation Control, Contractor Entry Management, Construction Safety Management, Chemical Safety Management, Occupational Disaster Analysis and Statistics, Operating Environment Examination, Disaster Emergency Response Procedures, Periodical Fire Escaping Drills. All management measures are taken to minimize the potential damages and impacts done to the Company in response to the event of a disaster.

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• Occupational Safety and Health Educational Training

In order to enable our new employees, familiarize with the Company's related operation regulations when they are first on board, we arrange series of occupational safety and health education trainings for the new employees, and conduct assessment and evaluation according to the course content to actively promote personnel safety and health protection awareness. The overall sessions and hours arranged and numbers of participants are as shown in the table:



Year	2021				2022			
	Number of Classes	Number of People	Hours	Total Hours	Number of Classes	Number of People	Hours	Total Hours
Safety and Health Educational Training for New Employees	114	1,131	8	9,048	81	1,162	8	9,296
Safety and Health Educational Training for Existing Employees	64	5,138	3	15,414	-	-	-	-
Safety and Health Internal Auditor Educational Training	1	49	3	147	3	26	1	26
Emergency Response Educational Training	9	275	4	1,100	16	545	4	2,180

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

• Emergency Response and Drills

To reduce and minimize the impact caused from a disastrous event on our valuable workers and the Company, each factory has set up self-defense firefighting groups and arranged periodic regional evacuation and disaster prevention drills in situations such as fires and chemical spills every year. We also help to arrange the regional fire brigade to guide, review and educate each factory in terms of emergency response and encourage all employee to participate in the training sessions held.

The emergency response center is equipped with the following facilities:

- Contingency Information** Factory floor plan, evacuation route map, emergency response management procedures.
- Fire Protection and Monitoring** Fire system, gas monitoring system, emergency smoke exhaust system, critical area surveillance system, chemical supply emergency interruption system, broadcasting system, etc.
- Contingency Equipment** Protective clothing, personal protective equipment, respiratory protective devices, leakage treatment equipment, alarming equipment, etc. To prepare for the possibility that the emergency response center might be affected by disasters, each factory has equipped appropriate locations with simple, easily accessible emergency equipment that provides sufficient information, ensuring continuous response operations when necessary.
- Emergency Equipment** According to the emergency rescue practice, it is recommended to install AED, emergency shower equipment, eyewash, first aid backpack, and disaster relief kit at the workplace.

• Work Environment Examination

To ensure the safety condition of the work environment on sites, the work environment examination is carried out every six months. Through the examination, we can understand the actual situation of hazard exposure in the work environment and monitor and manage the status of the exposure. A few monitored substances include dust, noise, carbon dioxide, and organic solvents. If there is any abnormality in the exam results, the Company will carry out engineering control and administrative management improvements for the threats suspected. In 2020, the Company arranged a total of 16 sessions for operating environment examinations and 18 sessions in 2021 and 2022 in each factory. No abnormalities were found.



Evacuation and Disaster Prevention Drills



Fire Fighting Drills



Escaping Drill Events

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• Occupational Hazard Management

Largan is concerned about the cause of each occupational accident. To effectively manage it, the Company has established a series of handling procedures for abnormal activities regarding occupational safety and health. Once an accident occurs, we will immediately report to the security unit, investigate, and analyze the accident, and propose improvement measures to prevent accidents from happening again. At the same time, through education and training, the Company has improved work environment inspections and internal/ external audits, the awareness of safety and health of personnel, and potential work hazards to reduce environmental risks.

In addition to controlling the risks of occupational hazards on-site, the Company also values the importance to the safety of employees when going to and off from work. We schedule periodic road safety meetings and lectures as well as promotion signs on the Company's bulletin boards and electronic carousel notice boards that employees must pass through every day to deepen the road safety awareness for our employees with the aim to reduce the probability of traffic accidents from happening.

• 17 Occupational Injury Cases Reported in 2022: FR=1.18, SR=18, FSI=0.14

Occupational Injury Rate/ Index	2020	2021	2022
Number of cases reported	35	32	17
Disabling Injury Frequency Rate (FR)	2.42	2.25	1.18
Disabling Injury Severity Rate (SR)	12	27	18
Frequency-Severity Indicator (FSI)	0.17	0.25	0.14
Fatality Rate caused by occupational Injury	0	0	0

Notes:
 Occupational disaster statistics to exclude traffic accidents
 Disabling Injury Frequency Rate (FR)= Number of Disabling Injuries/working hours×1,000,000
 Disabling Injury Severity rate (SR)= Total days of loss caused by disability injury (excluding deaths)/workinghours×1,000,000
 The Frequency Severity Indicator (FSI)= √ (FR x SR/ 1000)
 Occupational injury death rate = number of deaths caused by occupational injuries/working hours×1,000,000

• Internal Safety and Health Inspection

The five essential inspections conducted by the security unit regarding occupational safety and health at the workplace focuses on the aspects which include chemicals misused, mechanical equipment and environment on-site deficiency, fire equipment, and waste disposal...etc. The aim of the inspections conducted is to eliminate potential operational hazards from happening based on daily operations.

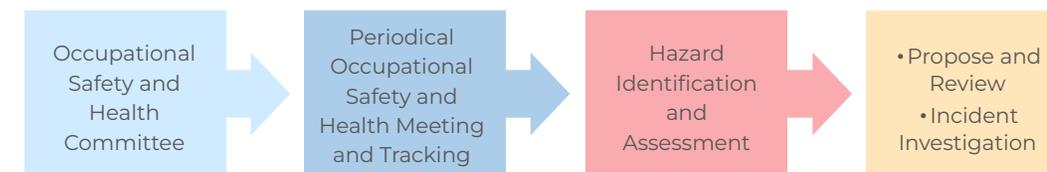
The Company has completed 17 onsite departmental assessments, and a total of 179 deficiencies were issued in 2020. According to our analysis and statistics report, the top three factors of deficiencies suspected are chemicals misused which accounts for 47.9%, mechanical equipment and environment on-site deficiency accounts for 19.6%, and fire equipment accounts for 9.5%. The overall improvement completion rate is 100%.

A total of 293 deficiencies were issued after a 17 on-stie departmental assessment was completed in 2021. According to the analysis and statistics report, the top three factors of deficiencies suspected are chemicals misused which accounts for 54.6 %, mechanical equipment and environment on-site deficiency accounts for 20.8 %, and fire equipment accounts for 14.0%. The overall improvement completion rate is 100%.

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

Year	Number of On-site Departments	Deficiencies Counted	Chemicals	Mechanical Equipment/ Environment On-site	Fire Equipment	Others
2020	17	179	47.90%	19.60%	9.50%	-
2021	17	293	54.60%	20.80%	14%	-
2022	17	41	36.5%	17.0%	-	21.9%

• Internal Participation in Consultation and Communication Channels



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• **Occupational Safety and Health Committee**

Largan had set up an Occupational Safety and Health Committee. Labor representatives are elected in accordance with relevant laws and regulations to form and provide an official platform for managers and employees to conduct face-to-face communication regarding the topic of environmental safety and health at the workplace. A quarterly meeting is held to address environmental-related issues and implementation performance of environmental protection, safety, and health management. A total of 72 members from both employer's and employee's sides participated in the periodic meetings in 2022.

• **Hazard Identification, Opportunity and Risk Assessment**

We had established a hazard identification team across the hazard identification, opportunity, and risk assessment departments to identify routine and non-routine hazard incidents for unit operations, areas, equipment, and personnel's physical and mental health. The personnel will conduct risk assessments regarding occupational safety and health system, risk control, and incident prevention. In 2022, twelve departments co-joined the committee, identifying a total of 748 hazardous factors, and coming up with corresponding countermeasures.

7.8 Health Promotion

• **Health Management Promotion**

Objectives: Health care and medical care, human-induced hazards assessment and management, abnormal workload prevention, workplace illegal abuse prevention, maternal health protection and management.

The Company actively promotes health and safety at the workplace. In addition to meeting the requirements of relevant laws and regulations such as labor safety and health care, we truly care for the health status of all of our employees in terms of health awareness, health activities, healthy diet management and other health related issues. We put effort and resources into taking care of the health of every employee sincerely. The relevant health promotion measures taken are as shown in the table:

Health Awareness	Health Activities	Healthy Diet	Health Management
<ul style="list-style-type: none"> (1) Promotion and announcement on Epidemic Disease Prevention Education (2) Promotion of the concept of epidemic prevention (3) Hepatitis Screening (4) Vaccination arrangement (5) Free medical masks are given to employees for use 	<ul style="list-style-type: none"> (1) Various sport games (badminton, softball, basketball, table tennis, volleyball) (2) Dragon boat racing (3) Road running (4) Family Day (5) It is suggested to use the stairs instead of the elevator to avoid the crowds and strengthen cardiopulmonary capacity and immunity during the pandemic times. 	<ul style="list-style-type: none"> (1) All ingredients, condiments, and oil products used are all qualified products of national certification (2) No flavoring agent is used (3) Low oil, low sugar, low sodium (4) Indicating calories and health information (5) Bring your own eco-friendly cutleries (6) Provide options of health meals 	<ul style="list-style-type: none"> (1) Annual health check (2) Sleeping quality testing (3) Children's vision correction (4) Adult eye examination (5) Skin condition examination (6) Prevention and improvement of man-made hazard

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• Health Care and Medical Care

Health Check

The Company provides employees with free health checks and additional health checks for special operators every year which is better than the laws and regulations. We conduct statistical analysis of health examinations to find out possible illness causing factors. We also track high-risk health groups based on different levels of risk. We strive to ensure workplace health promotion and occupational disease prevention.

The following table shows the categories of health check-up items and the number of participants in the last two years:

Item \ Year	2020		2021		2022	
	Item Checked	Participants	Item Checked	Participants	Item Checked	Participants
General Health Check	According to Labor Health Protection Regulations	4,723	According to Labor Health Protection Regulations	4,464	According to Labor Health Protection Regulations	4,596
Special Health Check (Dust, Noise)		87		237		201

We regularly arrange doctors on sites to provide services such as professional physician consultation service for abnormal and maternal health checkups, as well as abnormal workloads, and occupational injuries. For those classified as second-level management or above, the physician will comprehensively evaluate the health status to provide appropriateness of the arrangement on the job position. The participants in health consultation services throughout these two years are as shown in the table below:



• Health Risks are managed by Levels 1-4

Level 1: 4,386	Level 2: 210	Level 3: 0	Level 4: 0
The results of the health examination are all normal; there is no abnormality diagnosed by doctor	The results of the health examination are abnormal, and the assessment is on unrelated occupational work content. Appropriate reexamination or treatment shall be arranged after receiving health guidance.	The health checks results are abnormal, and the preliminary assessment is related to occupational work. Level 3 will be redetermined after arranging the occupational medicine clinic.	The result of the health examination is abnormal; doctors suggested that it is associated with occupational work. Doctors then arranged for further occupational disease assessment and examination procedures and treatment.

• Partnerships for Sustainable Healthcare

There are 15 contracted medical units, which we cooperate with by signing partnership contracts with professional institutions. We are provided with discounted medical expenses and comprehensive medical services with the aim to assist our employees to get proper care mentally and physically.

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Emerging Infectious Diseases Prevention Plan

We believe that healthy employees are the backbone of a successful business operation, 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 measure. In 2022, we faced the potential threat due to the high infection rate but low moderate and severe disease of the COVID-19 variant Omicron, we took specific measures to minimize infectivity:

- Track the number of employees who have been vaccinated in a timely manner, and set up a new leave category for employees to ask for leave according to laws and regulations.
- Set up body temperature measuring stations and place alcohol for employees to sterilize
- Set up plastic partitions in the restaurant to reduce droplet infection
- Additional compartment facilities in the office area, staff diversion to work
- Established 1922 epidemic prevention reporting system to report and track relevant monitored individual every day.
- Visitors apply online before entering the factory for us to get a hold of the contact history in advance, and are required to wear masks at all times
- For those with respiratory infection symptoms, an additional 3 days of paid epidemic prevention leave will be given to reduce the contagion risk
- Purchase video equipment in meeting rooms to reduce risks of exposure
- Regular distribution of free medical masks
- Establish dedicated isolation dormitories to provide living space for foreign migrant workers with health concerns, preventing them from interacting with other residents and potential infection.
- Set up a dedicated in-plant dining area in response to COVID-19 confirmed/ quasi-confirmed staffs
- The plant cleaning and disposal process had been optimized
- Prepared a sufficient amount of rapid screening reagents (as shown in the picture below) are prepared in the factories to provide quick screening for employees who have doubts, guide follow-up medical treatment, drug collection and leave methods, and pay attention to health status in a timely manner until the tracking control is lifted.



During the time of pandemic, we actively issued health questionnaires to daily investigate the health condition of our employees to get a hold of their related contact history to the extent of all of our visitors, suppliers, and interviewees, etc. To keep tracking closely with the health condition of our employees, we set up epidemic prevention reporting mailboxes with the aim to get first-hand updates on any abnormal health conditions from the staff. We also have nurses on-site to help list and track the reported cases (going abroad, fever, etc.) to follow-up the health condition in case there is any unexpected outbreak.

Pay Attention to Infectious Disease

The Company is cautious about seasonal influenza (such as H1N1, H3N2... Influenza Type A or B) and other contagious diseases which might be potential threats against epidemic prevention. We cooperate with the hospitals every year, arrange medical staff on-site to give flu vaccines to employees, and continuously manages and controls the workplace risks of various infectious diseases. We accumulate experiences to avoid over- or under-response, improve epidemic prevention capabilities, and post epidemic prevention knowledge on bulletin boards in each factory area for employees to enhance their awareness of self-health management.

Human-Induced Hazard Assessment and Management

The Company established correct safety awareness, evaluated and improved the project through the human factor engineering safety education and training 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.

We reviewed the use of fully automatic and semi-automatic auxiliary equipment to reduce personnel hazards at work. For work arrangement, we imported MES boards to schedule work tasks, and relatively overloaded positions will have rotation arrangements. For the position who need to use microscopes for appearance inspection for a long time, image-assisted inspection equipment is gradually implemented to reduce manual work, and the visual status of such employees is tracked in annual health checkups.

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 check to identify high-risk groups. In addition, the industrial safety and environmental protection unit will identify human risks and develop improvement plans in spite of taking management measures to individuals.

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Under the law of Act of Gender Equality in Employment for maternal health protection, both male and female workers are entitled to apply for parental leave without pay in addition to the seven days of prenatal examination leave, eight weeks of maternity leave, and seven days of paternity leave for spouses. There are also breastfeeding (collection) rooms and refrigerators set up in the Company, which is convenient and friendly for female employees who return to work after giving birth and having the needs to breastfeed (or collect) breast milk for their children.

To prevent female employees from exposing maternal health hazards in the workplace, the health center in the company has established maternal health protection and management procedures. After a comprehensive evaluation by professional medical specialists, measures such as hierarchical management and on-site improvement are adopted to ensure the maternal health of female employees. We periodically distributed questionnaires to collect suggestions, arranged physician assessments for people who are in need, as well as provided maternity parking spaces, and signed up appointed stores for discounted prices on maternity related goods and provided pregnancy and childcare information before maternity leave.



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At Largan, we aim to achieve social shared prosperity based on four aspects which are industry-academia collaboration, vocational training and job matching, social welfare and caring for the underprivileged. The Board of Directors of Largan also decided to establish a foundation in 2021. In 2022 we selected seven Directors of the foundation and set the Articles of Association in order to actively promote care for the underprivileged to practice CSR in a direct manner.

8.1 Policy and Management

Largan is committed to practicing CSR and has actively promoted and hosted activities in accordance with the standards and requirements of the Responsible Business Alliance (RBA). Practical actions taken include establishing an ESG Committee to oversee and disclose the performance and achievement of annual corporate social responsibility management and provide the result in the ESG Report.

• Corporate Social Responsibility Policy

Largan's overall ESG-social responsibility policy is divided into six aspects which are **environmental protection, friendly workplace, caring for the employees, shared prosperity, honesty and integrity management, and full participation.**

(1) Environmental Protection

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

(2) Friendly Workplace

Aiming for all staff to fully comply with the principles to establish a safe and friendly workplace by adopting continuous educational training and cultivation programs as well as hiring a fair share of people with disabilities.

(3) Caring for Employees

To improve labor rights, Largan is committed to comply with Taiwan's Labor Standards Act and related laws by establishing work rules, sexual harassment prevention measures, channels of complaint, etc. such management mechanisms to protect the rights of our employees. A President mailbox is set up in every factory for the employees to express their opinions and suggestions as well as a whistleblower personal information protection mechanism is adapted to prevent potential unfair treatment of the parties concerned with the aim to maintain good labor-management relationships.

(4) Shared Prosperity with Society

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

(5) Honesty and Integrity Management

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

(6) Full Participation

We encourage all staff to participate in workplace safety supervisory training, and conduct annual evacuation and disaster preventive drills for incidents such as fire and chemical leakage to reduce the impact for when disastrous events happen.

8.2 External Associations Participation

- Largan had joined several associations with the aim to effectively get ahead and deepen the alliance relationship across the industry. We aim to shared prosperity with our allies by actively interacting and participating in seminars and conference activities as a member of associations.
- As a member of Taiwan Association for Trade Secret Protection, we actively help to promote the importance of business trade secrets and play a role as the bridge between the industry and government departments for communication of amendment.

Name of the Organization Participated	Status
Taiwan Optics/ Optronics Manufactures' Association	Member
Manufacturers' Association of The Taichung City Precision Machinery Innovation Technology Park	Member
Manufacturer 's Association of Taichung Industry Park	Member
Taiwan Association for Trade Secrets Protection	Member

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8.3 Social Welfare Activities

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



Industry-Academia Collaboration

In addition to donating equipment, we regularly provide scholarships to students and arrange business lecturers to encourage and deepen the connections between industry and academia with the aim to help build up practical skills for the future potential talent.

Vocational Training and Job Matching

We continuously working with Workforce Development Agency, Ministry of Labor Taichung-Changhua-Nantou Regional Branch to arrange vocational training related courses for the unemployed workers and regular employees as well as providing job matching opportunities for the trainees who have completed the training session.

Social Welfare Activities

1. Contiguously hosting campus seminars:

Year	2020	2021	2022
Number of Campus Seminars	13	20	29
Number of Participants	1,125	2,705	2,100



2. Continuous Scholarship Support for Universities

Largan continuously provides scholarship and sponsorship programs for National Tsinghua University, National Cheng Kung University, National Chung Hsing University and other universities with the aim to encourage and cultivate outstanding young talents. We host scholarship selection events once a year to motivate the students and to contribute to the sustainable development for the talented.



2021~2022 Donation Details:

Year	Month	Donation Details	Amount
2021	April	Graduate Thesis Scholarship for National Taiwan University Department of Chemical Engineering	50,000
	July	Supply Donation to Taichung Veteran General Hospital N95 Masks: 5000 pcs	375,000
		Supply Donation to Taichung Veteran General Hospital Protective Clothing: 5000 pcs	1,300,000
	September	Scholarship for National Chung Hsing University (2021)	100,000
2022	January	Supply Donation "Hands-on Scholarship" to the Department of Power Mechanical Engineering of National Tsinghua University	1,000,000
	April	Supply Donation to National Taiwan University Department of Chemical Engineering Graduation Thesis Exhibition	50,000
	June	Supply Donation "Hands-on Scholarship" to the Mechanical Engineering Department of National Cheng Kung University	876,000
	August	Scholarship for National Chung Hsing University (2022)	100,000
	November	Supply Donation "Hands-on Scholarship" to the Department of Power Mechanical Engineering of National Tsinghua University	1,000,000

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• Vocational Training and Job Matching in the Last Two Years:

Year	Vocational Training and Job Matching	Year	Vocational Training and Job Matching
2021	<p>Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch:</p> <ol style="list-style-type: none"> 1. Job matching and vocational training class: 26 people 2. Self-Organized Production training class: 22 people 3. Industry-academic training program (National Chin-Yi University of Technology): 7 people 4. Youth's Employment Ultimate Program: 95 people <p>Ministry of Education (Industry-Academia Cooperation Program):</p> <ol style="list-style-type: none"> 1. Ling Tung University: 15 people 2. Employment explores supporting program for high school graduates: 3 people 	2022	<p>Workforce Development Agency, Ministry of Labor Taichung - Changhua - Nantou Regional Branch:</p> <ol style="list-style-type: none"> 1. Job matching and vocational training class: 19 people 2. Self-Organized Production training class: 14 people 3. Industry-academic training program (National Chin-Yi University of Technology): 11 people 4. Youth's Employment Ultimate Program: 26 people 5. Secure Employment Program: 21 people <p>Ministry of Education (Industry-Academia Cooperation Program):</p> <ol style="list-style-type: none"> 1. Ling Tung University: 30 people 2. Employment explore supporting program for high school graduates: 2 people



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Sustainability Indicators	Unit	2020	2021	2022
Corporate Governance and Intergrity Management				
No violation of principle of integrity by supervisors and staffs	Case	0 Case	0 Case	0 Case
No violation of company law or tax regulations	Case	0 Case	0 Case	0 Case
Passed the verification of the 2021 ESG Sustainability Report	Pass	Pass	Pass	Pass (pending)
Customer Satisfaction and Sustainable Supply Chain				
Customer satisfaction score maintained aboved 90 points	Points	93.7	92.3	91.8
Supplier rating remained constant	Average of 92 points or more	93.2	96.5	
No violation of product or fair trade laws	Case	0 Case	0 Case	0 Case
The Best Communication Lens Manufacturer with Product Quality Innovation				
R&D expenditure accounts for 5~10% of total revenue	%	6.78	7.67	8.71
New product patents passed of the year	Case	303	310	374
Pass the quality management system ISO 9001 / IATF 16949	Pass	Pass	Pass	Pass
No violation of product labeling or patent regulations	Case	0 Case	0 Case	0 Case
Green Producer with Energy Saving and Carbon Reduction				
Power saving: 4.5 million kWh	kWh	4.5 million kWh	4.5 million kWh	8.85 million kWh
Greenhouse Gas Emissions Reduction: 4,518	Ton-CO ₂ equivalent	4,200	4,518	4,504
No violation of waste protection regulations	Case	0 Case	0 Case	0 Case
No violation of air pollution protection regulations	Case	0 Case	0 Case	0 Case
No violation of effluent discharge regulation	Case	0 Case	0 Case	0 Case

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Sustainability Indicators	Unit	2020	2021	2022
Harmonious Labor Relations and Friendly Workplace				
Employee communication: 100% closure rate on employee feedback	%	100%	100%	100%
Retention rate for Taiwanese new employees (3 months probation) 75%	%	72%	75%	83.6%
Average training hours per person: 15H	Hour	12.3H	18.2H	12.85H
100% passing rate of training examination for new employees	%	100%	100%	100%
Workplace wrongful assault/ bullying 0 case	Case	0 Case	0 Case	0 Case
Employee complaints/ mediation 0 case	Case	0 Case	1 Case	1 Case
100% completion rate of employee professional ethics training	%	100%	100%	100%
Passed ISO 45001 occupational safety and health system verification	Pass	Pass	Pass	Pass
100% participation rate of occupational safety education and training by new employees	%	100%	100%	100%
90% participation rate for health check	%	90%	90%	90%
Significant Occupational Injuries (hospitalization for more than 3 days) \leq 5 cases/year	Case	4 Case	3 Case	2 Case
Occupational disease caused by chemical exposure 0 case/year	Case	0 Case	0 Case	0 Case
Disabling Injuries Frequency Rate \leq 3	Number of disabling injuries/ per million employeehours	2.65	2.25	1.18
Disabling Injuries Severity Rate \leq 30	Number of work days lost/ per million employeehours	28	27	18
Work related fatality 0 case/year	Case	0 Case	0 Case	0 Case
Promotion of Social Welfare				
Campus Seminars 17 times/year	Number of times/ year	13	20	29

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Statement of Use: Largan Optoelectronics Co., Ltd. reports in compliance with GRI Guidelines (Report Period: 2022/01/01~12/31)
 Apply GRI 1: Foundation 2021
 Applicable GRI Sector Standards: None

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General Disclosures (2-1~2-30)

Organization and Reporting Practice				
GRI Standard	ESG Corresponding Chapter	Page	Remark	
2-1 Organizational details	2.1 Company Introduction	25		
2-2 Entities included in the organization's sustainability reporting	• Summary and Scope • Coverage	3		
2-3 Reporting period, frequency and contact point	• Report Period • Publication Frequency • Contact	3 4		
2-4 Restatements of information	• Changes of the Report	4		
2-5 External assurance	• Accuracy of Published Information • External Confirmations	4		
Activities and Workers				
2-6 Activities, value chain and other business relationships	3.1 Performance and Challenges 3.3 Customer Relationship and Service	42 45		
2-7 Employees	7.2 Talent Cultivation The manpower structure distribution in the last two years	74		
2-8 Workers who are not employees	The manpower structure distribution in the last two years	74	We have foreign employees and no contractors	

Governance				
GRI Standard	ESG Corresponding Chapter	Page	Remark	
2-9 Governance structure and composition	2.2 Company Governance • The Board of Directors • Structure of the Board of Directors	27 28		
2-10 Nomination and selection of the highest governance body	2.2 Company Governance • Annual Shareholders Meeting • Governance Structure • The Board of Directors	28	Adopts candidate nomination for Directors' election	
2-11 Chair of the highest governance body	2.2 Company Governance • Governance Structure • The Board of Directors • The Operation and Functioning Status of the Board of Directors	27	President: The Chairman	
2-12 Role of the highest governance body in overseeing the management of impacts	2.4 Business Philosophy, Standards of Business Conduct, Integrity, Ethics and Regulatory Compliance 2.4.1 Business Philosophy and Integrity	33 33		
	2.2 Company Governance • Company Organizations • Responsibilities and Functions	27		
2-13 Delegation of responsibility for managing impacts	1.1 ESG Committee & Functions 2.3 Risk Management 2.4 Business Philosophy, Standards of Business Conduct, Integrity, Ethics and Regulatory Compliance 2.2 Company Governance • Company Organizations • Responsibilities and Functions	6 31 33 27	The Chairman appointed CEO CEO appointed first-level managers and approved by the Chairman	

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Governance

GRI Standard	ESG Corresponding Chapter	Page	Remark
2-14 Role of the highest governance body in sustainability reporting	1.1 ESG Committee & Functions 2.4.2 • The Operation and Functioning Status of the Board of Directors The Board strives to perform the responsibilities through communication and discussion to carry out future planning and prospects of the Company.	6 35	
2-15 Conflicts of interest	2.4 Business Philosophy, Standards of Business Conduct, Integrity, Ethics and Regulatory Compliance 2.4.1 Business Philosophy and Integrity • Whistleblowing System	33 33	Code of Integrity Management of Listed OTC Companies
2-16 Communication of critical concerns	The authority of the company's Board of Directors 1.1 ESG Committee & Functions	27	8. Promote sustainable operations and verify timelines
2-17 Collective knowledge of the highest governance body	2.2 The Operation and Functioning Status of the Board of Directors • Education and Experience of the Board of Directors • Diversified Experience	27	Knowledge, skills and qualities necessary for Directors to perform their duties
2-18 Evaluation of the performance of the highest governance body	• Functioning Status of the Board of Directors 1.1 ESG Committee & Functions	27	
2-19 Remuneration policies	7.4 Salary and Welfare: offering competitive salary and welfare	78	Salary and Welfare Policy
2-20 Process to determine remuneration	"Salary and Welfare System"	78	
2-21 Annual total compensation ratio	The salary and number of full-time employees in non-supervisory positions in the past three years since 2022. The Gender Average Monthly and Annual Income Ratio for Different Positions of last two years.	75	

Strategy, Policy and Practice

GRI Standard	ESG Corresponding Chapter	Page	Remark
2-22 Statement on sustainable development strategy	0_ Statement from Chairman-Letter from the Chairman- Sustainable Development Strategy	2	
2-23 Policy commitments	7.1 Recruiting Policy and Commitment Human Rights Policy of Friendly Workplace 7.5 Respect of Human Rights	73 81	Commitment to implement eight Human Rights Policies
2-24 Embedding policy commitments	• List management of 15 Material Topics	100	Policies, commitments and management measures for Material Topics in each chapter
2-25 Processes to remediate negative impacts	7.5 Respect of Human Rights 7.6 Employee Care and Communication- Human Rights Protection • Employee suggestion mailboxes	81 83 84	
2-26 Mechanisms for seeking advice and raising concerns	1.2 Stakeholder Identification and Contact	8	Communication channels for concerns of Material Topics to stakeholders
2-27 Compliance with laws and regulations	2.4.2 Ethics and Regulatory Compliance • Regulatory Compliance	35	
2-28 Membership associations	8.2 External Associations Participation	93	

Stakeholder Engagement

GRI Standard	ESG Corresponding Chapter	Page	Remark
2-29 Approach to stakeholder engagement	1.2 Stakeholder Identification and Contact 1.3 Communication and Analysis of Material Topics of Stakeholder and Its Procedure	8 9	
2-30 Collective bargaining agreements	7.6 Employee Care and Communication- Human Rights Protection • Treatment of Employee's Feedback of Labor-Management Meeting	83	No collective agreement, but we do have labor-management meetings.

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Material Topics					
GRI Standard	ESG Corresponding Chapter	Page	Remark		
• Guidance to determine material topics 3-1 Process to determine material topics	1.1 ESG Committee & Functions →	6	Identify major stakeholders		
	1.2 Stakeholder Identification and Contact	8			
	1.3 Communication Analysis of Material Topics of Stakeholder and Its Procedure	9			
	1.3.1 The Analysis of the Internally and Externally Impact of Material Topics	11			
1.4 Prioritization and Response of Identified Material Topics	1.4	12			
	3-2 a. List of material topics	5			
	b. report changes to the list of material topics compared to the previous reporting period	1.5 The Influence of Sustainable Management	16		
		1.5.1 Significant Material Topics and the Value Chain Relationship of Largan	16		
1.5.2 Risk Management of Significant Material Topics	• Summary and Scope				
	• Changes of the Report				
3-3 Management of material topics	• List management of 15 Material Topics	100	Appendix 2 is detailed in the table below		

List Management of 15 Material Topics

1. Operational Performance					
Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note	
201	Economic Performance: Topic management disclosures (2016)	3.1 Performance and Challenges • Various operating strategies and management policies in Largan	42		
201-1	Direct economic value generated and distributed	• Operational Performance Regarding Direct Economic Value of Production and Distribution in the Last 3 Years	43		
201-2	Financial implications and other risks and opportunities due to climate change	6. Green Production • Type of Risk, Potential Operational Impact and Adaptation Method for Climate Change	58	Climate change related corporate governance, strategy, risk management and objective	
201-3	Defined benefit plan obligations and other retirement plans	7.4 Salary and Welfare • Employee Pension Scheme	78		
201-4	Financial assistance received from government	3.2 Tax Policy	45		
2. Rights and Interests of Shareholders					
201	Economic Performance: Topic management disclosures (2021)	3.1 Performance and Challenges • Various operating strategies and management policies in Largan	42	Policy of Operational Performance and Management Measure	
201-1	Direct economic value generated and distributed	• Operational Performance Regarding Direct Economic Value of Production and Distribution in the Last 3 Years	43		
201-4	Financial assistance received from government	3.2 Tax Policy	45	No government financial assistance	
3. Risk Management					
2-12	Role of the highest governance body in overseeing the management of impacts (2021)	Functions of the Board of Directors 8. Promote sustainable operations and verify timelines	28		
4. Labor Relations					
401	Employment: Topic management disclosures (2016)	7.1 Recruiting Policy and Commitment	73		
401-2	Benefits provided to full-time employees	7.4 Salary and Welfare	78		
		• Employee Welfare • Employee Pension Scheme	79 80		

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4. Labor Relations

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
406	Non-discrimination: Topic management disclosures (2016)	7.1 Recruiting Policy and Commitment	73	
406-1	Incidents of discrimination and corrective actions taken	7.5 Respect of Human Rights	81	
405	Diversity and Equal Opportunity: Topic management disclosures (2016)	7.1 Recruiting Policy and Commitment	73	405 Diversity and Equality Opportunity
405-1	Diversity of governance bodies and employees	7.5 Respect of Human Rights	81	
405-2	Ratio of basic salary and remuneration of women to men	7.6 Employee Care and Communication- Human Rights Protection	83	

5. Regulatory Compliance

2-27	Compliance with laws and regulations (2021)	2.4.2 Ethics and Regulatory Compliance • Regulatory Compliance	35	
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6. Morals and Ethics

2-15	Conflicts of interest (2021)	2.4 Business Philosophy, Standards of Business Conduct, Integrity, Ethics and Regulatory Compliance 2.4.1 Business Philosophy and Integrity	33	
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7. Human Rights Protection

405	Diversity and Equal Opportunity: Topic management disclosures (2016)	7.1 Recruiting Policy and Commitment 7.5 Respect of Human Rights 7.6 Employee Care and Communication- Human Rights Protection	73 81 83	Human Rights Policy: Diversity, Equality and Human Rights Protection
405-1	Diversity of governance bodies and employees	7.5 Respect of Human Rights 7.6 Employee Care and Communication- Human Rights Protection	81 83	
406	Non-discrimination: Topic management disclosures (2016)	Implementation status of human rights indicators in the last two years		
406-1	Incidents of discrimination and corrective actions taken	Statistics of employees' opinions in the past three years		
409	Forced or Compulsory Labor: Topic management disclosures (2016)	7.5 Respect of Human Rights Implementation status of human rights indicators in the last two years	81	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			

8. Salary and Welfare

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
2-19	Remuneration policies (2021)	7.4 Salary and Welfare Policy: Competitive Salary and Welfare Program	78	
2-20	Process to determine remuneration (2021) a. describe the process for designing its remuneration policies and for determining remuneration	"Salary and Welfare System"	78	
2-21	Annual total compensation ratio (2021)	The salary and number of full-time employees in non-supervisory positions in the past three years (from 2022) The gender average monthly and annual income ratio for different positions	79 79	
201-3	Defined benefit plan obligations and other retirement plans (2016)	7.4 Salary and Welfare • Employee Pension Scheme	78	

9. Safety and Health

403	Occupational Health and Safety: Topic management disclosures (2018)	7.7 Occupational Safety and Health Occupational Safety and Health System and Self-Inspection and Management	84	The occupational safety and health policy is based on ISO 45001 Occupational Health and Safety Management Systems and Occupational Safety and Health Act
403-1	Occupational health and safety management system	• Hazard Identification, Opportunity and Risk Assessment	88	
403-2	Hazard identification, risk assessment, and incident investigation	7.8 Health Promotion • Legal Professional Certificated Personnel of Safety and Health • Occupational Safety and Health Educational Training		
403-3	Worker participation, consultation, and communication on occupational health and safety	7.8 Health Promotion • Work Environment Examination • Hazard Identification, Opportunity and Risk Assessment		• Internal Participation in Consultation and Communication Channels/7-19
403-4	Worker training on occupational health and safety			
403-5	Worker training on occupational health and safety			
403-6	Worker training on occupational health and safety			
403-9	Work-related injuries	• Internal Participation in Consultation and Communication Channels • Occupational Accidents Management • Health care and medical care	83	Occupational Safety and Health Committee Occupational accidents cases reported in 2022 0 case of occupational illness in 2022
403-10	Work-related ill health			

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10. Diversity and Equality

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
405	Diversity and Equal Opportunity: Topic management disclosures (2016)	7.5 Respect of Human Rights	81	
405-1	Diversity of governance bodies and employees	Human Rights Policy: Diversity, Equality and Human Rights Protection	81	
405-2	Ratio of basic salary and remuneration of women to men	The salary and number of full-time employees in non-supervisory positions in the past three years (from 2022)	79	
		The gender average monthly and annual income ratio for different positions		

11. Customer Privacy

418	Customer Privacy: Topic management disclosures (2016)	3.4 Customer Policy	47	Customer Privacy Policy: Strictly Protect Customer Privacy The Company has not been fined or compensated by customers for leaking customer privacy in 2022
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Company upholds strict protection of personal privacy and the security of customers' business information.		

12. Waste Management

306	Waste: Topic management disclosures (2020)	6.5 Waste Management Requirements for Waste Treatment at Lagan	66	Waste Management Policy: Processing Legally and Increase the Ratio of Reuse
306-1	Waste generation and significant waste-related impacts	Impact to the environment and management		
306-4	Waste generated	Statistics and Reuse of Waste		
306-5	Waste directed to disposal	Turning waste into energy- The Most Valuable Incineration Incineration and Landfill Waste		

13. Water Resource Management

Standards	Key Points of GRI Standards	Corresponding Chapter with ESG	Page	Note
303	Water and Effluents: Topic management disclosures (2018)	6.4 Water Resource Management	64	Water Resource Management Policy: Water Conservation and Reuse
303-1	Interactions with water as a shared resource	• Water Resource Risk Management		
303-2	Management of water discharge-related impacts	• Water Saving Measure • Usage of Water Resource		
303-3	Water withdrawal	• Effluent Management Measure • Preventive Measure of Water Pollution		Water consumption over the past three years

14. Supply Chain Management

308	Supplier Environmental Assessment: Topic management disclosures (2016)	(1) Supplier Categories, Relationship and Philosophy 5. Sustainable Supply Chain Management	54	Management Policy of Supply Chain : Build a Sustainable Supply Chain
308-1	New suppliers that were screened using environmental criteria	5.2 Supply Chain Management 5.3 Supplier Selection	56	
308-2	Negative environmental impacts in the supply chain and actions taken	4. Supplier Environmental Protection Mechanism	57	
		5. Suppliers implement social responsibility	54	
		5.4 Ethical Consumption 1. Non-Harmful Substances 2. Conflict-Free Minerals	57	

15. Quality of Product and Deliver Date

417	Marketing and Labeling: Topic management disclosures (2016)	4.4 Management of Product Quality	51	
417-1	Requirements for product and service information and labeling	Management measures of product quality and delivery • The One-yes Principle: comply with customers' health and safety specifications for products and services, as well as the labeling of product and service information.	51	
417-2	Incidents of non-compliance concerning product and service information and labeling			
416	Customer Health and Safety: Topic management disclosures (2016)	3.3 Customer Relationship and Service 5.4 Ethical Consumption 4.4 Management of Product Quality	45 57 51	No harmful substances or conflict metals
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			There was no violations of health and safety regulations for products and services in 2022

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

Topic	Code	Accounting Metrics	Category	Units of Measurement	Description	Chapter/Section-Page
Product Safety	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion/Analysis	N/A	In accordance with the Information Security policy, the following measures were implemented. For details, please refer to 2.6 Information Security. 1. Multilayered information protection from the outside to the inside and from the inside to the inside 2. Endpoint Security 3. Data Security Protection 4. Information Confidentiality Policy	2.6 Information Security/
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender/ racial/ ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	Percentage (%)	Manpower structure distribution of 2022 (1) Management: Female/Male ratio 3.16%/9.43% (2) Technician: Female/Male ratio 2.50%/13.57% (3) Other: Female/Male ratio 41.74%/29.60%	7.2 Talent Cultivation/
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%)	N/A	No Information
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	Percentage (%)	The main products of Largan are not end products, so cannot directly obtain the EPEAT mark for verification of end electronic and electrical products.	No Information
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	Percentage (%)	The main products of Largan are not end products, so cannot directly obtain the Energy Star mark for verification of end electronic and electrical products.	No Information
	TC-HW-410a.4	The total recycled weight of global discarded products; and the percentage of recycled weight in total sold products weight	Quantitative	Ton Percentage (%)	The main products of Largan are not end products, so it is difficult to collect relevant recycling information.	6.5 Waste Management

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Topic	Code	Accounting Metrics	Category	Units of Measurement	Description	Chapter/Section-Page
Supply Chain Management	TC-HW-430a.1	Tier 1 suppliers (I) the percentage of supplier categories with RBA Validated Audit Process (VAP) or equivalent audit (a) all suppliers and (b) high-risk suppliers	Quantitative	Percentage (%)	Largan provided Supplier Social Responsibility Assessment Form for raw material suppliers. All raw material suppliers (12) completed the form and Largan had collected them. (a) Ratio with all suppliers: 12 companies/1,996 companies=0.6% (b) Ratio with high-risk supplier: 12 companies/12 companies=100%	5.3 Supplier Selection /
	TC-HW-430a.2	Tier 1 suppliers (I) the percentage of audited manufacturers who failed RBA Validated Audit Process (VAP) or equivalent audit, and (2) improvement rate in (a) major deficiencies and (b) other deficiencies	Quantitative	Portion	(a) Failed: 0% (b) Unconformities Improvement Rate: None	5.3 Supplier Selection /5-3
Material Procurement	TC-HW-440a.1	Description of the management of risks associated with the use of critical hazardous material	Discussion/ Analysis	N/A	All qualified suppliers of major raw materials signed the latest 10 restricted substances declarations and conflict minerals commitments in line with EU RoHS 2.0 to ensure that all suppliers during the supply period, the relevant international laws and regulations and the requirements of the Company's specifications are applicable.	5.4 Ethical Consumption/
Table 2: Activity Metrics						
Product Lifecycle Management	TC-HW-000.A	Number of units produced by product category	Quantitative	Numeric	2022 annual output: 25,576,849 thousand pcs	3.1 Performance and Challenges /
	TC-HW-000.B	Area of manufacturing facilities	Quantitative	Square Meter m ²	Not Counted	No Information
	TC-HW-000.C	Percentage of production from owned facilities	Quantitative	Percentage (%)	Not Counted	No Information

Statement from Top Management

-Message from the Chairman - Sustainable Development Strategy

Summary and Scope

1 Fulfillment of Sustainable Management

- 1.1 ESG Committee & Functions
- 1.2 Stakeholder Identification and Contact
- 1.3 Communication Analysis of Material Topics of Stakeholder and its Procedure
- 1.4 Prioritization and Response of Identified Material Topics
- 1.5 The Influence of Sustainable Management
- 1.6 Achieve ESG Development Goals
 - The Direction and Action of Largan's Sustainable Operation Plan in the ESG Report

2 Corporate Governance & Sustainable Operation

- 2.1 Company Introduction
- 2.2 Corporate Governance
- 2.3 Risk Management
- 2.4 Business Philosophy, Integrity, Ethics and Compliance
- 2.5 Internal Control and Management System Verification
- 2.6 Information Security
- 2.7 The Relationships among Sustainability Management, Integrity Management, Regulatory Compliance and Significant Material Topics Management

3 Operational Performance & Customer Service

- 3.1 Operational Performance and Challenges
- 3.2 Tax Policy
- 3.3 Customer Relations and Services
- 3.4 Customer Privacy

4 Innovation Development

- 4.1 Product Research, Development and Innovation
- 4.2 Performance of Patent Development
- 4.3 Performance of Trade Secret Protection
- 4.4 Product Quality Management
- 4.5 Market Prospects

5 Sustainable Supply Chain Management

- 5.1 Management Policy and Goals of Supply Chain Management
- 5.2 Suppliers Management
- 5.3 Supplier Selection
- 5.4 Ethical Consumption

6 Green Production

- Type of Risk, Potential Operational Impact and Adaptation Method for Climate Change
- 6.1 Environmental Policy and Commitment
- 6.2 Climate Change & Low Carbon Manufacturing
- 6.3 Renewable Energy & Resource Conservation/ Efficiency
- 6.4 Water Resource Management
- 6.5 Waste Management
- 6.6 Air Pollution Prevention
- 6.7 Packaging Improvement
- 6.8 Promotion of Environmental Sustainability

7 Friendly Workplace

- 7.1 Talent Policy and Commitment
- 7.2 Talent Training & Development
- 7.3 Training and Development
- 7.4 Salary and Welfare
- 7.5 Respect of Human Rights
- 7.6 Employee Care and Communication- Human Rights Protection
- 7.7 Occupational Safety and Health
- 7.8 Health Promotion

8 Shared Prosperity with Society

- 8.1 Policy and Management
- 8.2 External Associations Participation
- 8.3 Social Welfare Activities

Appendix 1 : ESG Performance of Largan Precision Co., Ltd.(ESG PERFORMANCE for TCFD)

Appendix 2 : GRI Standards Comparison Table

Appendix 3 : SASB Index

Appendix 4 : Independent Assurance Opinion Statement

Appendix 4 : Independent Assurance Opinion Statement



Independent assurance statement

Scope and approach

LARGAN PRECISION CO., LTD. ("LARGAN" or the "Company") commissioned DNV Business Assurance Taiwan ("DNV") to undertake independent assurance of the 2022 Sustainability Report (the "Report") for the year ended 31 December 2022.

We performed our work using DNV's assurance methodology VeriSustain™¹, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The report also incorporates relevant sustainability reporting guidelines such as "HARDWARE Sustainability Accounting Standard 2018" which are recommended by SASB (Sustainable Accounting Standards Board) "Sustainable Industry Classification System"², and TCFD.

We understand that the reported financial data and information are based on data from the company's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

The Report has been prepared in accordance with the GRI Standards 2021. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'moderate level' of assurance of the reporting principles for defining the sustainability report content and the quality as expressed in the GRI Standards.

Responsibilities of the Directors of LARGAN PRECISION CO., LTD. and of the assurance providers

The Directors of LARGAN have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of LARGAN; however, our statement represents our independent opinion and is intended to inform all of LARGAN stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

We have no other contract with LARGAN and this is the 2nd year that we have provided assurance. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current ESG issues that could affect LARGAN and are of interest to stakeholders;
- Review of LARGAN approach to stakeholder engagement and recent outputs;
- Review of information provided to us by LARGAN on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of corporate responsibility issues and review of selected evidence to support issues discussed;
- Site visited to the Headquarter and plant in Taichung City, data checked from both locations to review processes and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy;
- Review of supporting evidence for key claims and 2022 data in the report. Past two years' data reported in the report are not within the scope of our work. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.

¹ The VeriSustain protocol is available on dnv.com

DNV Business Assurance Taiwan is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com



- An independent assessment of LARGAN's reporting against the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021.
- The verification was conducted based only on the Chinese version Report.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe LARGAN's adherence to the Principles. In terms of reliability of the performance data, in accordance with Moderate level assurance requirements, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion we also provide the following observations.

- Improving the structure for addressing the management approach of material topic.
- Strengthening the materiality assessment process by integrating the key issues raised from relevant management system.
- Standard process for collecting data/information from operation and conducting audit to verify the accuracy of the data/information to improve the data reliability and accuracy is suggested.

Stakeholder Inclusiveness

The Company has identified the expectations of stakeholders through internal mechanisms in dialogue with different groups of stakeholders. The stakeholder concerns are well identified and documented. The significant ESG issues identified through this process are reflected in the Report.

Sustainability Context

Sustainability Report provides an accurate and fair representation of the level of implementation of related ESG policies, and meets the content requirements of the GRI Standards.

Materiality

The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.

Completeness

The Report covers performance data against the GRI Standards that are material within the Company's reporting boundary. The information in the Report includes the company's most significant initiatives or events that occurred in the reporting period.

Accuracy and Reliability

The Company has developed the data flow for capturing and reporting its ESG performance. In accordance with Moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified ESG data and information presented in the Report is not reliable.

Impact

The Company presents the impacts related to its identified material topics by measuring and monitoring impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

For and on behalf of DNV Taiwan

Date: 18 2023

Nasa Chen
Lead Verifier
DNV – Business Assurance Taiwan
Statement Number: C613358-2022-AG-DNV-TWN

David Hsieh
Sustainability Service Manager,
Greater China

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LARGAN