



# 2022 企業永續報告書

A graphic on the left side of the cover shows a pair of hands cupping a glowing green globe. Behind the globe is a larger, fiery orange and red sphere, possibly representing the Earth or a celestial body. The background is a dark blue space with stars.

Environmental  
Social Governance  
Sustainability Report

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# 1. About the Report

## 2-3 Reporting period, frequency and contact point

Asia Optical attaches great importance to the sustainable development issues of stakeholders' concern and responds from different aspects such as corporate governance, partnership, environmental sustainability, friendly workplace, and social feedback. We will continue to make improvements on each issue to meet the needs of the expectations of the stakeholders, enhance the performance of sustainable development, and demonstrate our determination for corporate sustainable development.

## ■ Preparation Principles

The Report has been prepared in accordance with the GRI Universal Standards. In addition, in order to be consistent with international trends and synchronize with benchmark companies, we also extensively use international sustainability indicators and external initiatives as a reference for writing the ESG Report, including:

- 17 Sustainable Development Goals (SDGs) of the United Nations
- Code of Conduct – Responsible Business Alliance (RBA Version)
- ISO 26000 Guidance for Social Responsibility
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)

## ■ Boundary and Data

The information shown in the Report covers the period from January 1, 2022 to December 31, 2022. Except for the financial information disclosure that covers the domestic and overseas affiliates and subsidiaries of Asia Optical, all disclosures in the Report covers the headquarters, the An-He Branch, and the R&D centers in Hsinchu and Changhua and exclude overseas operating locations. The disclosure of impacts on the value chain will focus on Asia Optical's management or future management planning.

## ■ Report Management

### 2-4 Restatement of information

### 2-14 Role of the highest governance body in sustainability reporting

The Report is managed by the “Asia Optical Sustainability Report Editorial Committee” under the direction of the Chairman, the most senior management position in Asia Optical. The Committee members include all the Company's production and operation units, and are responsible for confirming the management approaches and implementation of ESG issues. The Committee confirms and analyzes the Company's ESG report and overall strategies, directions, and goals every year, conducts reviews and comes up with improvement measures on what has not been achieved, and reports the implementation results to the Chairman.

The Sustainability Report is released on an annual basis. The next Sustainability Report is expected to be released in June 2024. No information was restated this year. Restatement of information, if any, will be disclosed in accordance with the regulations.

## ■ Internal Audit

All information disclosed in the Report was provided and compiled by the members of the teams in the Asia Optical Sustainability Report Editorial Committee. The Report was edited by the Offices according to the preparation structure and disclosure direction and then checked for correctness by the heads of responsible units. The Report was presented by the chairperson of the Corporate Sustainability Committee to the Chairman for approval for release in the current year.

## ■ External Audit

### 2-5 External assurance

In order to enhance the accuracy and credibility of data in the Report, the Company will engage an SGS certification company in August 2023 to provide a Type I moderate level of assurance under AA1000AS V3. Some of the data in 2022 have been verified by an impartial third party. For unverified data, international indicators are used to present the data. Any estimates are indicated in the relevant chapters.

- The annual certification of the Company's management systems related to ISO 9001, IATF 16949, ISO 14001 and ISO 45001 have been completed by DQS Taiwan Inc.
- The financial data disclosed by the Company are derived from the consolidated financial statements audited and certified by Deloitte Taiwan in accordance with the International Financial Reporting Standards (IFRSs). The consolidated financial statements and auditor's report for the previous year are released every March, and the Company's annual report for the previous year is released every May.
- For the greenhouse gas inventory completed in accordance with ISO 14064:2018, the Company completed the 2021 annual verification and obtained a verification statement in June 2023.

## ■ Contact Information

If you have any suggestions or questions about the content of the Report or about the sustainable development of the Company, please contact Mr. Shih-Chung Chang of the Corporate Sustainability Committee.

Address: No.158, Fengli Rd., Tanzi Dist., Taichung City, Taiwan

Tel.: 04-25342550-1700

Email: [ESG@aoci.com.tw](mailto:ESG@aoci.com.tw)

ESG Section on the Corporate Website: <https://www.asia-optical.com/>

## 2. Message from the Chairman

### 2-22 Statement on sustainable development strategy

Natural resources are limited, but human intelligence is infinite. Working together to produce enjoyable and environmentally friendly high-tech electro-optical products.

I-Jen Lai

In recent years, human society has faced the impact of the spread of the COVID-19 pandemic and the threat of extreme climates. This further confirms our long-term belief in the philosophy of “Natural resources are limited, but human intelligence is infinite. Working together to produce enjoyable and environmentally friendly high-tech electro-optical products.” As a key link in the high-tech optoelectronics industry chain, Asia Optical is duty bound to fulfill ESG responsibility. In addition to pursuing good operational performance and continuous R&D breakthroughs, we are also eager to make continuous improvements in environmental (E), social (S), corporate governance (G) and sustainable management aspects.

We are aware that climate change is one of the major risk factors affecting corporate operations. While actively implementing the policy of “energy saving, pollution reduction, continuous waste reduction, environmental conservation,” the Company focuses on global environmental development trends, greenhouse gas reduction, the effective use of water resources and energy, net zero carbon emissions, and other issues in the face of global extreme climate events. We have planned to conduct carbon inventory and carbon reduction and disclose related reports. We also set environmental goals and targets, continue to supervise their management and implementation to achieve environmental performance, and actively expand sustainable actions.

Natural resources are limited, but human intelligence is infinite. There is a long way to go to achieve sustainability. We hope that the ESG spirit can take root. Asia Optical puts the spirit into practice through the wisdom and actions of all employees in order to achieve the goal of the long-term sustainable development of enterprises, human beings, and the earth.

### 3. Asia Optical's Milestones

#### Asia Optical's Milestones 1980–2023

Year	Milestone
1980	Asia Optical Co., Inc. was founded
1998	Asia Optical was certified to ISO 9001
2000	The Company was officially listed over-the-counter
2001	Laser Rangefinder won the 4th Outstanding Photonics Product Award
2001	Relocation of the An-He Branch was completed
2001	Asia Optical was certified to ISO 14001
2002	We won the Outstanding Award in the 10th Award for Industrial Technology Advancement of the Ministry of Economic Affairs
2002	MOEA's National Invention and Creation Award
2002	Asia Optical's shares were listed for trading on the Taiwan Stock Exchange
2003	The President visited Asia Optical
2004	"Image Capturing Binocular" won the Silver Award in the National Invention and Creation Award of the Ministry of Economic Affairs
2004	Asia Optical was ranked 29th among the top 100 technology companies in Taiwan selected by Business Next Biweekly
2005	The Chinese name of Taiwan Top Optical Co., Ltd. was changed from 台灣理光股份有限公司 to 台灣禮光股份有限公司 after Asia Optical received the stock of the company
2005	The Company was granted the Outstanding Innovative Enterprise Award in the 13th Award for Industrial Technology Advancement of the Ministry of Economic Affairs
2006	We were ranked 3rd in the optoelectronics industry in CommonWealth Magazine's Benchmark Enterprise Reputation Survey
2007	Opti-fault Locator won the 10th Outstanding Photonics Product Award
2009	4V4H1G Line Laser won the 12th Outstanding Photonics Product Award
2010	"SHOWWX" Pico Projector was selected as the Last Gadget Standing at CES
2010	The Company was recognized in the National Invention and Creation Award of the Intellectual Property Office, Ministry of Economic Affairs
2010	GE E1486TW and GE C1033 Digital Cameras were Gold Award winners at the 2010 Visual Grand Prix (VGP) Summer Awards in Japan
2012	Asia Optical received a bronze medal for the Taiwan Train Quality System from the Bureau of Employment and Vocational Training, Council of Labor Affairs, Executive Yuan
2012	The Company was awarded a "Badge of Health Engagement" under the Workplace Health Accreditation Program by the Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan

2013	Laser Sight won the National Invention and Creation Award
2013	The Company received the “Healthy Workplace – Science Park Benchmark Award” under the Workplace Health Accreditation Program by the Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan
2014	The Company was awarded a “Badge of Health Promotion” under the Workplace Health Accreditation Program by the Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan
2014	We received a subsidy for our image identification system used as an instrument for blood matching testing under the A+ Industrial Innovation R&D Program/Integrated R&D Program of the Department of Industrial Technology, Ministry of Economic Affairs
2014	PIXPRO SP360 was picked as the Best of CTIA 2014
2015	PIXPRO SP360 was selected as the Digital Camera Product of the Year in 2014 by PCPOP.COM in China
2015	Asia Optical’s SL5 was recognized as the BEST OF CES 2015 at CES
2015	SP360 won the 18th Outstanding Photonics Product Award
2015	Laser Rangefinder was a winner of Field & Stream’s Best of the Best Awards
2015	The Company launched the “Non-invasive Vascular Screening Device,” marking our first official step into the medical equipment field, to capture the business opportunity of health management
2015	Asia Optical won the Best Service Award in the “Taichung City Friendly Breastfeeding Room Competition”
2016	KILO 2000 won the 19th Outstanding Photonics Product Award
2017	SP360 4K was selected as a winner of the TWICE Picks Awards by TWICE, an authoritative rating website for CES
2020	The Company was certified to IATF 16949 (Requirements of a Quality Management System for Organizations in the Automotive Industry)
2020	We were awarded the “Enthusiastic Public Welfare Contribution Award” by the Export Processing Zone Administration, Ministry of Economic Affairs in 2020
2021	An-He Branch received a certification badge for CPR training and AED installation
2021	Our “Lens Screw Fitting Device – Self-development” project received a subsidy under the thematic R&D program titled “Innovative R&D in COVID-19-affected Conventional Industries”
2022	Asia Optical won the Qisda Supplier Sustainability Performance Award
2022	Multi-task Delivery AMR was approved for subsidization under the “Smart Innovation Service Promotion Program” of the Industrial Development Bureau, Ministry of Economic Affairs
2023	The Company received a “Badge of Health Promotion for Workplace Health Promotion”
2023	Asia Optical received the Enthusiastic Public Welfare Contribution Award from the Export Processing Zone Administration, Ministry of Economic Affairs



2023	The Company was recognized as an “Outstanding Vendor for the Implementation of Plant Safety Protection in 2022” by the Export Processing Zone Administration, Ministry of Economic Affairs
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## Awards Won by Asia Optical

Award-winning Year	Award Name	Product	Awarded by
2001	Outstanding Photonics Product Award	Laser Rangefinder	Photonics Industry & Technology Development Association
2002	MOEA’s Award for Industrial Technology Advancement		Chinese Association for Industrial Technology Advancement
2002	MOEA’s National Invention and Creation Award	High-precision Laser Rangefinder	Intellectual Property Office, MOEA
2004	MOEA’s National Invention and Creation Award, Creation Award		Intellectual Property Office, MOEA
2005	MOEA’s Award for Industrial Technology Advancement		Chinese Association for Industrial Technology Advancement
2007	Outstanding Photonics Product Award	Opti-fault Locator	Photonics Industry & Technology Development Association
2009	Outstanding Photonics Product Award	4V4H1G Line Laser	Photonics Industry & Technology Development Association
2010	MOEA’s National Invention and Creation Award		Intellectual Property Office, MOEA
2013	MOEA’s National Invention and Creation Award	Laser Sight – Silver Award	Intellectual Property Office, MOEA
2014	PIXPRO SP360 was picked as the Best of CTIA 2014	PIXPRO SP360	
2015	PIXPRO SP360 was selected as the Digital Camera Product of the Year in 2014	PIXPRO SP360	PCPOP.COM in China
2015	SL5 was recognized as the BEST OF CES 2015 at CES	SL5	CES

2015	Laser Rangefinder was a winner of Field & Stream's Best of the Best Awards	Laser Rangefinder	
2015	PIXPRO SP360 won the 18th Outstanding Photonics Product Award	PIXPRO SP360	Photonics Industry & Technology Development Association
2016	KILO2000 Laser Rangefinder won the 19th Outstanding Photonics Product Award	KILO2000 Laser Rangefinder	Photonics Industry & Technology Development Association
2017	SP3604K was selected as a winner of the TWICE Picks Awards by TWICE, an authoritative rating website for CES	SP3604K	
2020	The Company was certified to IATF 16949 (Requirements of a Quality Management System for Organizations in the Automotive Industry)		

2021	Our "Lens Screw Fitting Device – Self-development" project received a subsidy under the thematic R&D program titled "Innovative R&D in COVID-19-affected Conventional Industries"
2022	Asia Optical won the Qisda Supplier Sustainability Performance Award
2022	Multi-task Delivery AMR was approved for subsidization under the "Smart Innovation Service Promotion Program" of the Industrial Development Bureau, Ministry of Economic Affairs
2023	The Company received a "Badge of Health Promotion for Workplace Health Promotion"
2023	Asia Optical received the Enthusiastic Public Welfare Contribution Award from the Export Processing Zone Administration, Ministry of Economic Affairs
2023	The Company was recognized as an "Outstanding Vendor for the Implementation of Plant Safety Protection in 2022" by the Export Processing Zone Administration, Ministry of Economic Affairs

## ■ List of Awards Won by Asia Optical --- 20230214

2001 Photonics Industry & Technology Development Association – Outstanding Photonics Product Award (Laser Range Finder (400M))



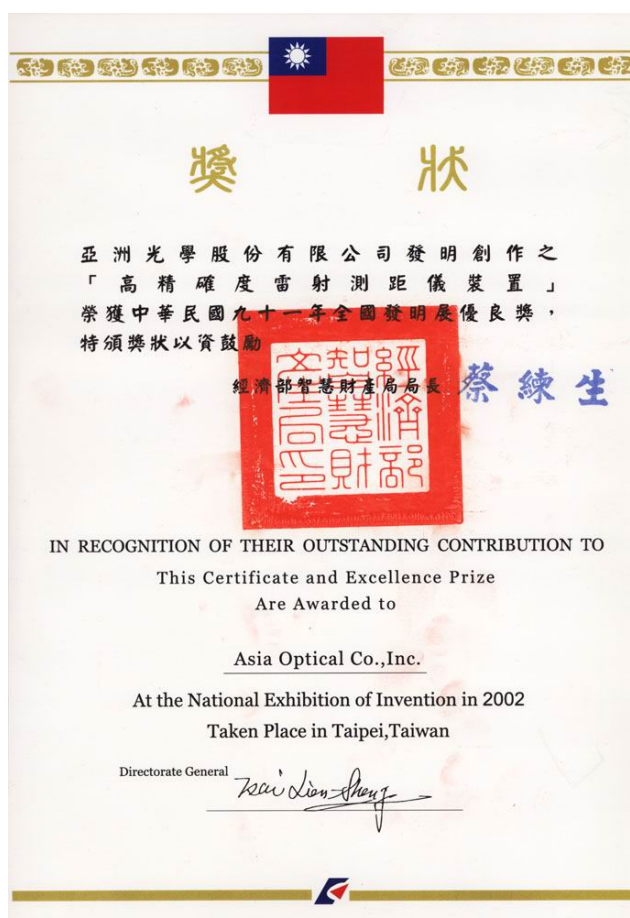
2002 MOEA – Award for Industrial Technology Advancement, Outstanding Award



2002 MOEA – National Invention and Creation Award



2002 MOEA – National Exhibition of Invention, Excellence Prize (High-precision Laser Rangefinder)





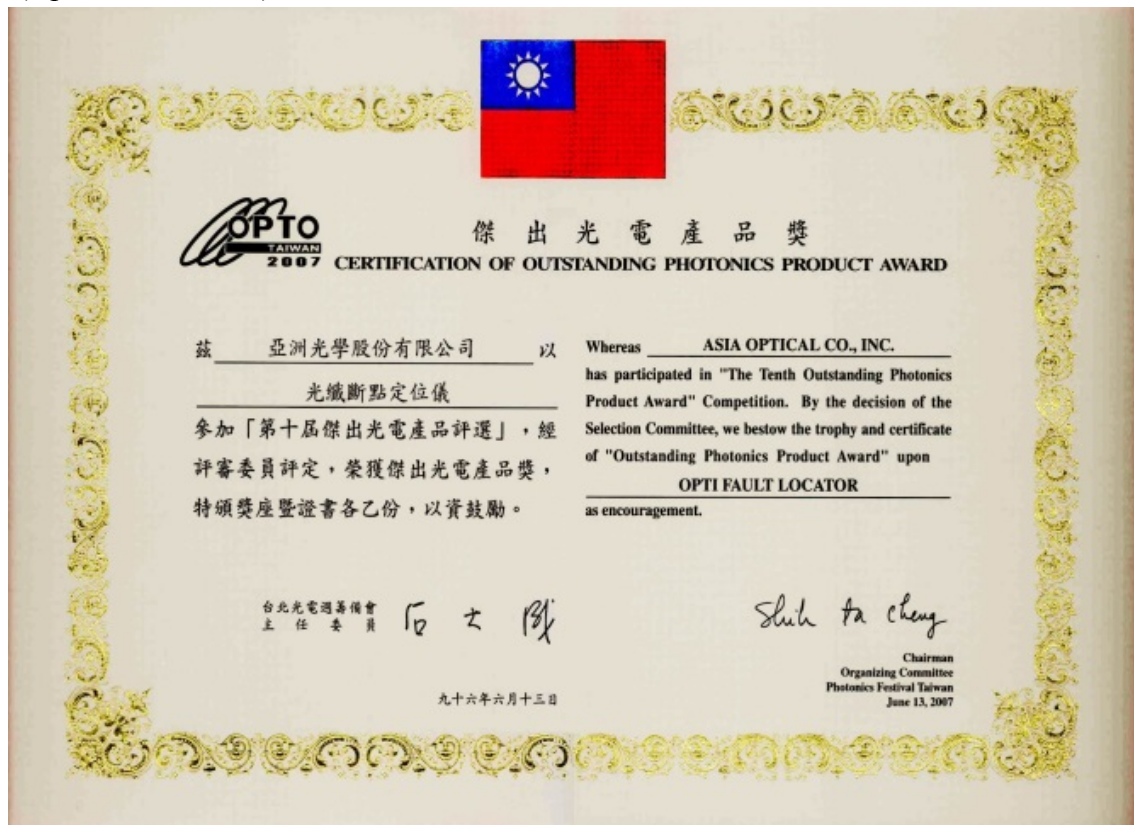
2004 MOEA – National Invention and Creation Award, Creation Award (Binocular with an Image Capture Device)



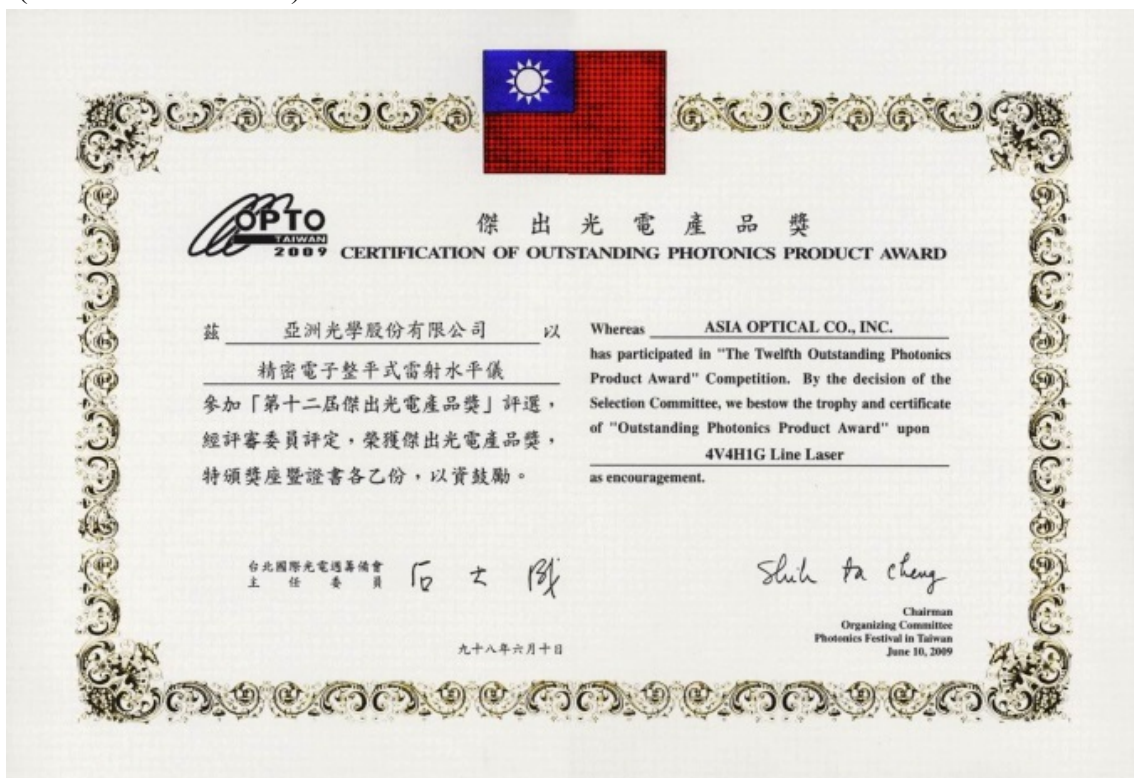
2005 MOEA – Award for Industrial Technology Advancement, Outstanding Innovation Award



2007 Photonics Industry & Technology Development Association – Outstanding Photonics Product Award (Opti-fault Locator)



2009 Photonics Industry & Technology Development Association – Outstanding Photonics Product Award (4V4H1G Line Laser)





2010 MOEA's National Invention and Creation Award, Contribution Award



2010 MOEA's National Invention and Creation Award, Silver Award under the Category of Personal Invention (Laser Sight)



2015 SL5 was recognized as the BEST OF CES 2015 at CES

## Presenting iPhone Life's Best of CES 2015 Winners!

By Donna Schill | Updated 01/16/2015



2015 Photonics Industry & Technology Development Association – Outstanding Photonics Product Award (PIXPRO SP360)





2016 Photonics Industry & Technology Development Association – Outstanding Photonics Product Award (KILO2000 Laser Rangefinder)



2016 SP360 4K was selected as a winner of the TWICE Picks Awards by TWICE, an authoritative rating website for CES

<https://www.twice.com/ces-2016/honoring-best-ces-2016-twice-picks-awards-60117>

HOME > CES-2016

## Honoring The Best Of CES With The 2016 TWICE Picks Awards

JOHN LAPOSKY · PUBLISHED: JANUARY 12, 2016

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TWICE is pleased to announce the winners of the 2016 TWICE Picks Awards, honoring some of the most innovative, ground-breaking, disruptive products introduced at CES 2016.

Action Video Cameras: **Kodak PixPro SP360 4K Action Cam**

## 4. Stakeholder Identification and Communication

### 4.1 Stakeholder Communication

#### 2-29 Approach to stakeholder engagement

Asia Optical values the feedback and opinions of stakeholders. We have set up a Stakeholders section on our website to provide an exclusive email address for communication and contact with the stakeholders. We also gather their needs and expectations related to ESG issues through the contact of each unit, analyze and summarize issues of concern, and continue to maintain smooth communication channels with our stakeholders.

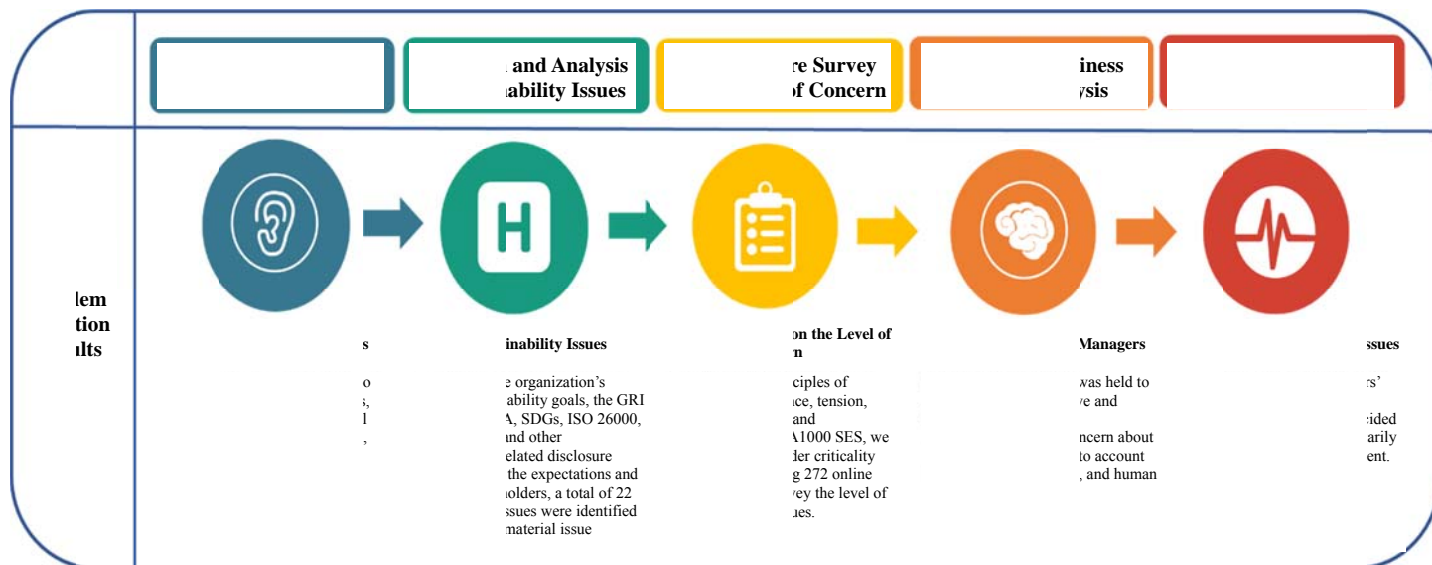
We consult with our stakeholders, which can be divided into nine types, i.e. employees, suppliers, neighboring communities, social groups, shareholders, customers, government agencies, academic institutions, and affiliates, to further collect sustainability issues of their concern for questionnaire survey and analysis. We hope that by doing so, we can expand the communication with our stakeholders, and the valuable opinions obtained can be used as the cornerstone for internal management and sustainable development strategies in the future.

#### 4.1.1 Stakeholder Classification and Communication Channels

Stakeholder	Major Issues of Concern	Countermeasures and Communication Channels	Corresponding Sections in the Report
Employees	Occupational safety and health, respect for human rights, employment and labor-management relations, employee diversity and equality, training and education, patents and intellectual property	<ul style="list-style-type: none"> <li>■ Provide a two-way and transparent channel for employees to express opinions, hold regular labor-management communication meetings, and set up an employee suggestion box to continuously pay attention to various suggestions from the employees.</li> <li>■ Implement performance management and employee development systems.</li> <li>■ Organize employee health checkups, employee family days, and employee care events.</li> <li>■ Contact: services@aoci.com.tw</li> </ul>	06 – Corporate Governance 10 – Employee Care
Suppliers	Occupational safety and health, risk management, supplier management, product and service innovation, product responsibility	<ul style="list-style-type: none"> <li>■ Conduct investigations, audits and evaluations on the supply chain and require suppliers to comply with the EU's RoHS.</li> <li>■ Continue to require all suppliers to fulfill social responsibilities for the supply chain, including environmental protection, labor rights and ethics, health and safety, risk management, integrity and morality; ask the suppliers to sign an "Anti-bribery Declaration;" and specify the policies and terms and conditions related to integrity and probity in the transaction contracts with the suppliers.</li> <li>■ Contact: maggic.chen@aoci.com.tw</li> </ul>	07 – Products and Technology 09 – Sustainable Supply Chain
Neighboring communities	Legal compliance, risk management, waste and resource utilization, social contribution and participation	<ul style="list-style-type: none"> <li>■ Care for neighboring communities and communicating with them about environmental issues on a regular basis.</li> </ul>	06 – Corporate Governance 11 – Social Care

		■ Contact: services@aoci.com.tw	and Welfare
Social groups	Legal compliance, market presence, risk management, product and service innovation,	<ul style="list-style-type: none"> <li>■ Regularly update ESG-related performance on the website.</li> <li>■ Contact: esg@aoci.com.tw</li> </ul>	06 – Corporate Governance 07 – Products and Technology
Shareholders	Respect for human rights, legal compliance, anti-corruption, product and service innovation, product responsibility, patents and intellectual property	<ul style="list-style-type: none"> <li>■ Establish a comprehensive spokesperson system and investor relations contact to not only regularly provide various financial information, but also organize investor conferences from time to time to continue to enhance the timeliness and transparency of information disclosure.</li> <li>■ Provide shareholders with a reasonable return on investment with a long-term stable dividend policy.</li> <li>■ Continue to disclose information on corporate governance to investors through various communication channels, such as shareholders' meetings, annual reports, the Market Observation Post System, and the Company's website.</li> <li>■ Contact: ir@aoci.com.tw</li> </ul>	06 – Corporate Governance 07 – Products and Technology
Customers	Anti-corruption, product and service innovation, legal compliance, risk management, product responsibility, customer privacy, occupational health and safety, supply chain management, energy, and climate change	<ul style="list-style-type: none"> <li>■ Actively meet customer needs, continuously provide high-quality, high-tech, cost-effective, and high-efficiency professional services, conduct customer satisfaction surveys and ratings to enhance customer satisfaction.</li> <li>■ Obtain various management system certifications such as ISO 9001, ISO 14001 and IATF 16949 to ensure the highest standard of product design and manufacturing processes.</li> <li>■ Contact: cmo@aoci.com.tw</li> </ul>	06 – Corporate Governance 07 – Products and Technology 08 – Green Sustainability 09 – Sustainable Supply Chain
Government agencies	Employment and labor-management relations, legal compliance, anti-corruption, occupational safety and health, water consumption and wastewater management, waste and resource use	<ul style="list-style-type: none"> <li>■ Make regular reports in accordance with the law.</li> <li>■ Contact: services@aoci.com.tw</li> </ul>	06 – Corporate Governance 08 – Green Sustainability 10 – Employee Care
Academic institutions	Social contribution and participation, energy, climate change action, product and service innovation, product responsibility, patents and intellectual property	<ul style="list-style-type: none"> <li>■ Provide industry-academia collaboration and share related technologies and experience on campus.</li> <li>■ Regularly update ESG-related performance on the website.</li> <li>■ Contact: services@aoci.com.tw</li> </ul>	07 – Products and Technology 08 – Green Sustainability 11 – Social Care and Welfare
Affiliates	Risk management, product and service innovation, product responsibility, supply chain management	<ul style="list-style-type: none"> <li>■ Cooperate with affiliates to continuously serve customers with high-quality, high-efficiency, and high-tech professional services.</li> <li>■ Contact: cmo@aoci.com.tw</li> </ul>	06 – Corporate Governance 07 – Products and Technology 09 – Sustainable Supply Chain

## 4.2 Material Issue Analysis Process



### 4.2.1 Stakeholder Identification

Asia Optical attaches great importance to the communication and feedback of stakeholders, and has categorized them into 9 types, i.e. employees, suppliers, surrounding communities, social groups, shareholders, customers, government agencies, academic institutions, and affiliates. We also conduct assessment according to the five principles (responsibility, influence, tension, diverse perspectives, dependency) of the AA1000 Stakeholder Engagement Standards (SES) to identify customers, suppliers, employees, competent government agencies, and participants as stakeholders that may have a greater impact on the Company by the characteristics of the MICE industry. Through diverse communication channels, the Company receives and responds to stakeholders' needs in real time, and promotes corporate sustainability together with them.

### 4.2.2 Identification and Analysis of Material Issues

#### 3-1 Process to determine material topics

#### 3-2 List of material topics

In terms of issue collection, the Company analyzed sustainability-related disclosure indicators, such as sustainable development goals as well as the GRI Standards, RBA, SDGs, ISO 26000, SASB, and TCFD, to produce a list of sustainability issues. The issues are classified into economic issues, environmental issues, and social issues, totaling 22.

In order to assess the issues of stakeholders' concern, the Company selected the stakeholders who fall into the 9 types of stakeholders for the aforesaid stakeholder analysis as the survey subjects and issued questionnaires for quantitative analysis. In 2022, a total of 272 stakeholders participated in the issue identification survey, and 272 effective questionnaires were returned, allowing us to understand the stakeholders' ranking of their level of concern about the sustainability issues. The Sustainability Report Editorial Committee ranked the sustainability issues based on the stakeholders' level of concern to discuss positive, negative, actual and potential impacts and presented the results to the top manager meeting. The meeting then rated the risk of the issues after taking into account their severity, likelihood, and human rights issues according to the ESG Issue Business Impact Analysis

and Risk Assessment Sheet, and prepared a matrix for analysis of the impacts of material issues based on the ratings for prioritization of the impacts. A total of 9 material issues were eventually sent to the General Manager for discussion. Considering major business impacts in the future, we voluntarily included 8 issues for management. All these issues correspond to a total of 11 GRI Topic Standards. Relevant sustainability information is collected and disclosed in accordance with the reporting requirements and management approaches for each topic.

Stakeholder Questionnaire Survey Statistics

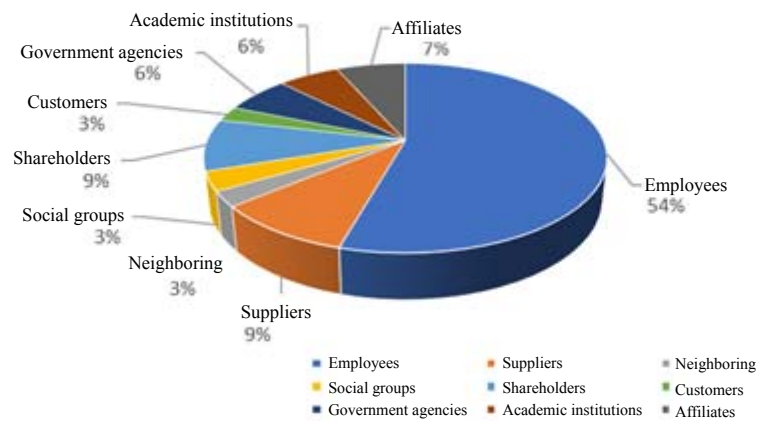
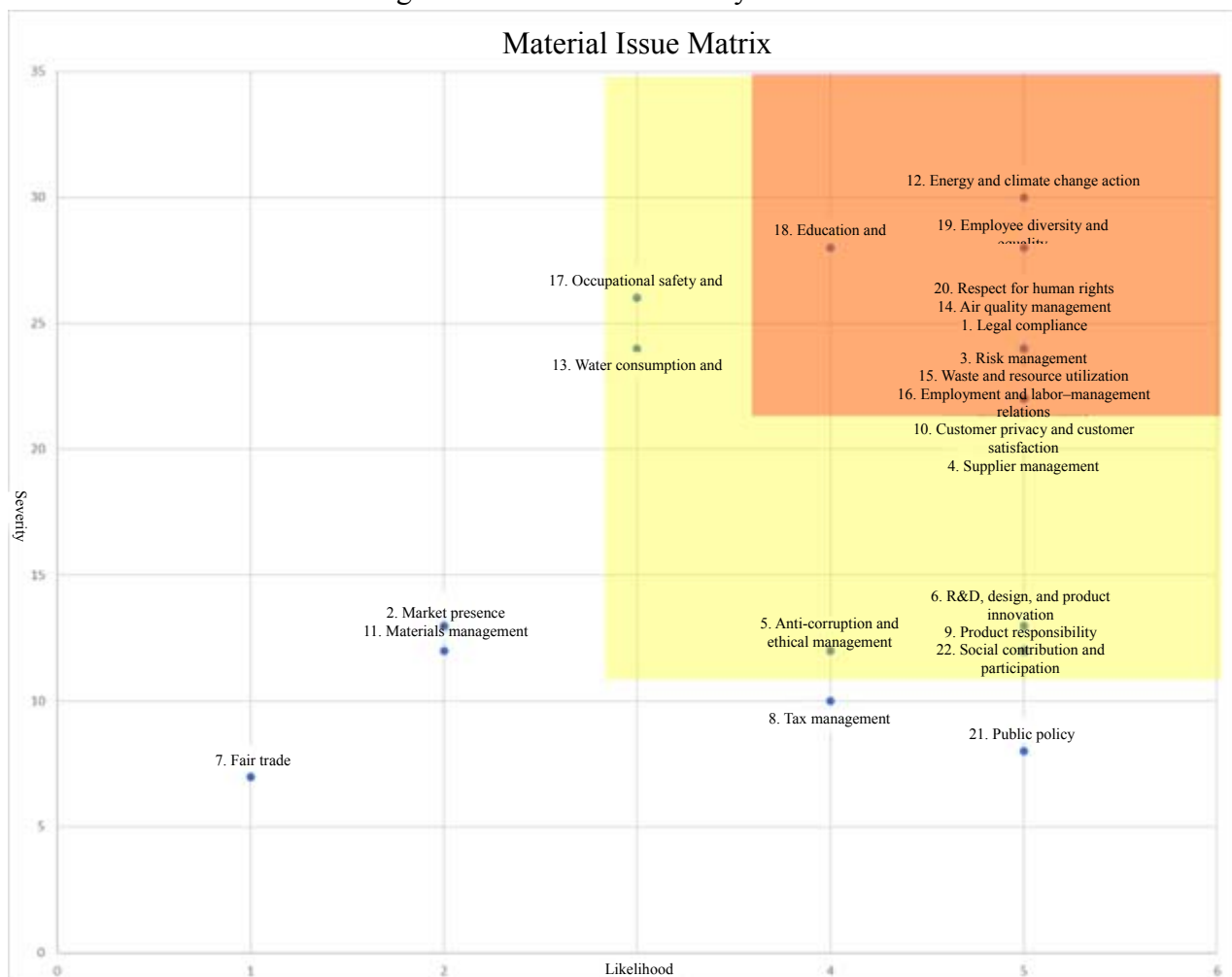


Figure 3. Material Issue Analysis Matrix



Item	Category	Issue of Concern	Impact of Issues
Material Issue	Environmental Issue	12. Energy and climate change action	[Potential opportunity] Positive impact In response to the opportunities and challenges from climate change issues to the Company's development, it is necessary to set aggressive carbon reduction goals, as well as adaptation and mitigation strategies.
	Social Issue	19. Employee diversity and equality	[Future opportunity] Positive impact We value the work environment, development, and care of employees, and aim to create a balanced, healthy and happy workplace.
	Economic Issue	1. Legal compliance	[Actual risk] Negative impact Compliance with domestic and foreign economic, environmental, and social laws and regulations is the foundation of business operations.
	Environmental Issue	14. Air quality management	[Potential risk] Negative impact Air pollution emissions are monitored to comply with laws and regulations, and greenhouse gas emissions are reduced.
	Environmental Issue	15. Waste and resource utilization	[Potential risk] Negative impact Waste is reduced and sorted for proper disposal.
	Social Issue	20. Respect for human rights	[Potential risk] Negative impact The Company respects and protects human rights, complies with relevant international labor standards, protects labor rights and interests, fulfills the responsibility for better management of the supply chain, and conducts regular audits.
	Social Issue	18. Training and education	[Potential opportunity] Positive impact We provide a comprehensive training and development system and offer integrated and diversified training resources to strengthen employees' professional skills and enhance their future career development.
	Economic Issue	3. Risk management	[Potential risk] Negative impact Potential business risks must be identified and effectively monitored and controlled to protect the interests of employees, shareholders, partners, and customers.
	Social Issue	16. Employment and labor-management relations	[Actual opportunity] Positive impact We value employment relations, secure employees' salaries and benefits, and maintain smooth two-way communication channels.
Self-management	Social Issue	10. Customer privacy and customer satisfaction	[Actual risk] Negative impact Customer satisfaction and the confidentiality and management of customer confidential information are considerably important. The Company values customer privacy, confidentiality agreements, and confidential information management.
	Economic Issue	4. Supplier management	[Actual risk] Negative impact Suppliers are important partners of the Company. We implement sustainable supply chain management, reduce business risks, and continue to provide quality products and




			services to our customers.
Economic Issue	5. Anti-corruption and ethical management	[Potential risk] Negative impact Anti-corruption and ethical management are the basic elements of corporate governance to improve ethical corporate management and establish a corporate culture of ethical management.	
Social Issue	17. Occupational safety and health	[Actual risk] Negative impact Every employee is the Company’s most important partner. Therefore, we have the responsibility for the prevention and management of workers’ health, accidents, disasters and occupational diseases, and regular emergency response training and health promotion management are conducted.	
Economic Issue	6. R&D, design, and product innovation	[Actual opportunity] Positive impact The Company takes into account environmental impact reduction during the R&D and design process, pursue product innovation, and value green design and patent R&D/design, creating value together with customers and suppliers to bring competitiveness to the Company.	
Social Issue	9. Product responsibility	[Potential risk] Negative impact Our products are produced in accordance with international standards. We strictly control the quality of our products and fulfill our responsibilities.	
Environmental Issue	13. Water consumption and wastewater management	[Potential risk] Negative impact Asia Optical thoroughly implements water conservation, increases water use efficiency, reduces the generation of wastewater, and discharges the wastewater legally.	
Social Issue	22. Social contribution and participation	[Potential opportunity] Positive impact We survey and assess the impact of the Company’s operating activities on local communities, collect social feedback, conduct industry–academia collaboration, and engage in social welfare.	



## 4.3 Material Topic Boundary

### 3-3 Management of material topics

In order to reflect the overall value chain of Asia Optical, the 10 material issues and 7 issues for self-management were mapped to their impacts and significance on Asia Optical to define the impact boundary, ensure the transparency of the value chain, assess the implication of its extension, and analyze the significance of material sustainability topics to Asia Optical as well as management approaches and short-term/medium-term/long-term goals. Please refer to the corresponding chapters for the complete management approaches, goals, and performance.

Material Issue	Issue's Impact and Significance on Asia Optical	Corresponding Sustainability Standards and Topics	Impact Boundary								
			Internal		External						
			Managers and employees	Affiliates	Shareholders	Customers	Government agencies	Suppliers	Social groups	Academic institutions	Neighboring communities
Energy and climate change action Air quality management 	Old equipment are replaced progressively with energy-efficient models to improve energy efficiency, save energy and reduce carbon emissions. In the future, we will conduct carbon inventories and plan for emission reduction to do our part for the earth.	GRI 302 Energy	V			V	V				
		GRI 305 Emissions	V			V	V				
Employee diversity and equality 	We provide comprehensive welfare measures in a diversified, inclusive, and friendly work environment. Effective communication and exchange channels and a comprehensive promotion system are established to allow employees to actively engage in work while achieving physical and mental balance, so as to bring out their best at work.	GRI 405 Diversity and Equal Opportunity	V			V	V				
		SASB Employee Diversity and Inclusion TC-HW-330a.1	V			V	V				
Risk management 	When encountering problems, effective identification and management through a sound system allow us to quickly restore our operation.	GRI 201 Economic Performance	V	V	V	V		V			
Legal compliance	The Company complies with laws, regulations, and policies, and fulfills our	2-27	V			V	V				V



	corporate social responsibilities.											
Waste and resource utilization 	We reduce waste from the source and ensure proper and legal waste disposal to reduce the waste of the earth's resources.	GRI 306 Waste: 2020 Effective from January 1, 2022	V					V	V			
		SASB: Product Lifecycle Management TC-HW-410a.4	V					V	V			
Respect for human rights 	By establishing a comprehensive human rights policy and smooth channels, Asia Optical has built good labor-management relations, thereby reducing social costs and avoiding a negative image for the Company.	GRI 406 Non-discrimination	V	V			V	V				
		GRI 408 Child Labor	V	V			V	V				
		2-23	V	V			V	V				
Training and education 	For talent development blueprint planning and key talent, we have established a quality learning environment, implemented holistic talent development, and created a comprehensive career development plan.	GRI 404 Training and Education	V									
Employment and labor-management relations 	The Company offers competitive salaries and benefits to attract and retain talent.	GRI 202 Market Presence	V				V	V				
		GRI 401 Employment	V				V	V				
		GRI 402 Labor/Management Relations	V					V				
Anti-corruption and ethical management (self-management) 	We possess sound management policies and smooth communication channels to prevent anti-corruption and anti-competition violations, allowing the Company to create stable operating results.	Voluntary disclosure	V	V	V		V					
Occupational safety and health (self-management) 	By reducing work-related risks, we ensure the safety of employees' and contractors' work environment and their health and prevent occupational disasters.	Voluntary disclosure	V				V	V	V			

Product and service innovation (self-management) 	1. Maximum value is created for shareholders and employees, and the Company's operating performance is improved.	Voluntary disclosure	V	V	V	V		V			
Customer privacy (self-management)	As we value information security management and customer privacy, we strengthen our information security protection software and hardware and employee training to implement information security and customer privacy protection and control.	Voluntary disclosure	V			V					
Product responsibility (self-management) 	The Company manages hazardous substances in products and takes product safety seriously. All products for sale must comply with regional green product regulations and automotive product safety standards.	Voluntary disclosure	V			V					
		SASB Product Safety TC-HW-230a.1	V			V					
		SASB Product Lifecycle Management TC-HW-410a.1-3	V			V					
			V			V					
			V			V					
Supplier management (self-management) 	Asia Optical works together with suppliers and will support industries with good ESG performance through regular assessments to move towards sustainable development together.	Voluntary disclosure		V		V		V			
		SASB: Supply Chain Management TC-HW-430a.1-2		V		V		V			
		SASB: Materials Sourcing TC-HW-440a.1		V		V		V			
				V		V		V			
Water consumption and wastewater management (self-management) 	Water consumption in the production process is managed and reduced, and through the improvement of technology, recycling and reuse can be achieved in the manufacturing process to reduce water use, thereby improving the efficiency of energy and water resources.	GRI 303 Water and Effluents	V				V				
Social contribution and participation (self-management)	The Company gives back society, fulfills social responsibilities, and demonstrates our social influence.	Voluntary disclosure	V								V

## 4.4 ESG Sustainable Development Goals

### 2-22 Statement on sustainable development strategy

Sustainability Issue	Issue's Impact on Asia Optical	Management Approach	KPI in 2022	Short-term Goals (within 3 years)	Medium-term/Long-term Goals (5 years)
Legal compliance	Risk of violating the law or breach of contracts when the Company or employees fail to comply with customer confidentiality agreements	Comply with laws and regulations and related requirements and ensure there are no major violations of the law.	<ol style="list-style-type: none"> <li>229 employees completed confidentiality training</li> <li>A 100% response rate was achieved for internal legal consulting cases</li> <li>There were no major violations of the law in 2022</li> <li>601 contracts were reviewed</li> </ol>	<ol style="list-style-type: none"> <li>Establish a process for evaluating departments where confidentiality is key</li> <li>Provide regular education and training for the said departments</li> <li>Check and update regulations every six months</li> <li>Ensure there are no major violations of the law</li> </ol>	<ol style="list-style-type: none"> <li>Review the effectiveness of education and training annually</li> <li>Achieve a 100% completion rate for confidentiality training</li> <li>Ensure there are no major violations of the law</li> </ol>
Anti-corruption	Integrity and honesty are our most fundamental and most important philosophies.	Implement the Company's business philosophies of integrity and honesty.	<ol style="list-style-type: none"> <li>Every employee is required to take the Ethical Management Philosophy Course one time per year 2022: 2,117 course participants, with 2,443 hours</li> <li>Educational programs were prepared for external promotion of ethical management philosophies</li> </ol>	<ol style="list-style-type: none"> <li>Establish a process for evaluating departments at high risk of corruption</li> <li>Provide regular education and training for the high-risk departments</li> </ol>	<p>For the high-risk departments:</p> <ol style="list-style-type: none"> <li>Review the effectiveness of education and training annually</li> <li>Achieve a 100% completion rate for integrity education and training for the high-risk departments</li> </ol>
Respect for human rights	Corporate growth depends on the continuous contributions of employees. The Company strictly abides by international human rights standards, implements the "RBA Code of Conduct," treats every employee with dignity, protects personal data, and avoids employment discrimination.	Comply with labor laws and regulations and formulate foreign worker management regulations to protect their labor rights.	A 100% completion rate for employee human rights policy promotion was achieved	Conduct human rights propaganda annually	Continuously conduct human rights propaganda
Risk management	Enterprises are moving toward digitalization to improve efficiency and commercial interests, and thus will only continue to face more complex network security threats and attacks. Hackers may take	Implement computer asset management and upgrade network security technologies to prevent hacker attacks and eliminate confidential data leakage	Achieve a 100% completion rate for information security education and training	<p>Regularly enhance employees' awareness of information security</p> <p>Encrypt documents</p> <p>Install a real-time intrusion detection system</p> <p>Introduce a SWG (Secure Web Gateway)</p> <p>Establish an EDR endpoint security protection mechanism</p> <p>Carry out remote backup and have a disaster recovery plan in place</p>	<p>Ensure there are no major information security incidents</p> <p>Adopt a secure access service edge (SASE)</p> <p>Make early warnings of information security threats and ensure quick inventory and response</p> <p>Establish a zero trust network access policy</p>

	advantage of any oversight of information security issues to steal important personal data on websites, leading to customer data leakage and seriously affecting the corporate reputation.				
Customer privacy	Customers are our partners. Therefore, we are customer-focused and strive to become the best and most trusted partner of our customers.	Endeavor to establish meaningful partnerships with global customers to develop sustainable and better environment-friendly products	The customer satisfaction target in 2022 was achieved	Implement NDA signing and conduct customer satisfaction surveys	Strictly adhere to customer confidentiality, stick to the principle of integrity, and establish a customer information protection mechanism
Product and service innovation	We respect intellectual property rights, and innovation is the source of our growth.	Put words into action, work tenaciously, and make changes, not just think about them	The number of patents obtained has increased every year	Create an open and innovative R&D environment, stimulate the potential of employees, create maximum value, and achieve the goal of sustainable corporate management.	Provide high-quality sustainable products through innovative technology and advanced manufacturing processes to meet customer needs and promote the well-being in the life of humans around the world.
Product responsibility	Only with the recognition and support of our customers, combined with the perfect level of quality, can we ensure the sustainable management of the Company.	Regularly maintain and renew ISO certification	The annual ISO certification process was completed	Reduce customer complaints and improve customer satisfaction	Continue to improve and optimize the quality management system to achieve the corporate goal of sustainable management.
Supplier management	In the future, Asia Optical will strengthen the management of supply chain sustainability risks to gradually enhance the sustainability performance of the supply chain. We will also review and mitigate the sustainability risks faced by the supply chain through the four steps of “risk review,” “risk assessment,” “material risk identification,” and “risk mitigation.”	Strengthen supply chain management and establish a sustainable procurement system	<ol style="list-style-type: none"> <li>1. Signed RBA letters of undertaking totaled 208 (signing rate)</li> <li>2. Signed Anti-bribery Statements totaled 47 (signing rate)</li> <li>3. A factory control survey on 6 factories per year was completed</li> </ol>	<ol style="list-style-type: none"> <li>1. Require important suppliers to sign an Anti-bribery Statement and a Letter of Undertaking of Compliance with RBA Code of Conduct</li> <li>2. Provide risk assessment questionnaires for important suppliers</li> <li>3. Sign a Sustainability Policy Statement</li> </ol>	<ol style="list-style-type: none"> <li>1. Have important counterparties complete a Supplier Factory Management Audit Form</li> <li>2. Maintain a sound supply chain management system</li> </ol>
Water consumption and wastewater management	Water shortage results in stopped production.	Continuously control process water use Recycle pure water and wastewater	<p>A process water conservation plan was promoted</p> <p>It was necessary to reduce at least 2,448 metric tons of wastewater in 2022, which was equal to 5% of the</p>	<p>Reduce the wastewater discharged from the An-He Branch by 5% (based on the volume of effluents in 2019)</p> <ol style="list-style-type: none"> <li>1. Recycle the pure water for rinsing from processes</li> <li>2. Achieve the process water conservation target</li> <li>3. Control water use in each process</li> </ol>	<p>Evaluate the feasibility of reducing the wastewater discharged from the An-He Branch by 8% (based on the volume of effluents in 2019)</p> <ol style="list-style-type: none"> <li>1. Evaluate the feasibility of installing a water recycling system for the final effluent for process use</li> <li>2. Evaluate the feasibility of</li> </ol>

			wastewater discharged (48,944 metric tons) in 2019. In 2022, the actual reduction was 3,121 metric tons, or 127% of the target.	through water meters	introducing the ISO 46001 water resource efficiency management system
Waste and resource utilization	The use of raw materials and waste disposal cause rising costs	Reduce and control process solvent use Improve the waste recycling rate	Goal in 2022: Reduce solvent waste by 2% every year Actual achievement: The goal in 2022 was to reduce solvent use by 980 kg. The actual solvent reduction in 2022 was 1,478 kg, achieving the goal of 3% reduction.	Reduce solvent use in the An-He Branch by 3% (based on the solvent use in 2019) 1. Recycle isopropyl alcohol (according to the required purity of the cleaning tank) 2. Install a high-boiling-point solvent recycling system	Evaluate the feasibility of reducing solvent use in the An-He Branch by 5% (based on the solvent use in 2019) 1. Evaluate the feasibility of introducing a recycling machine for isopropyl alcohol which is a process raw material 2. Evaluate the feasibility of purchasing and using recycled isopropyl alcohol from waste liquid treatment companies 3. Evaluate the feasibility of purchasing and using acid-washed carbon regenerated from spent activated carbon
Energy and climate change action	Energy 1. Power shortage 2. Rising energy costs	1. Reach the electricity saving target each year in accordance with the calculation criteria of the Bureau of Energy, Ministry of Economic Affairs 2. Progressively assess the Company's carbon neutrality target by 2030 3. Evaluate in a stepwise manner the feasibility of establishing a renewable energy utilization system	Goal in 2022: Reduce electricity use by 1% annually Actual achievement: The electricity saving rate in 2022 reached 1.16% The average electricity saving rate from 2015 to 2022 was 3.73%	1. Reduce electricity use by 1% every year, 3% for 3 years, as required by the Bureau of Energy, Ministry of Economic Affairs 2. Continuously promote energy saving activities	1. Evaluate the feasibility of replacing utility systems, air compressors, and air conditioners with new ones 2. Evaluate the feasibility of promoting the ISO 50001 energy management system 3. Evaluate the feasibility of setting renewable energy utilization goals
	Greenhouse gas emissions 1. International and customer carbon reduction requirements 2. Government's net zero carbon emissions target by 2050	Carbon reduction goals	Goal in 2022: Obtain ISO 14064 inventory certification Actual achievement: The calculation of greenhouse gas emissions in 2021 and 2022 was completed, and the verification statement for 2021 was obtained	Introduce the TCFD and plan carbon reduction paths	1. Evaluate the feasibility of setting a carbon neutrality target 2. Evaluate the feasibility of including subsidiaries in ISO 14064 inventory certification
Occupational safety and health	Occupational disasters are prevented to ensure the occupational safety and health of all employees	Establish an ESH management system and require all employees to participate in its implementation Comply with ESH laws, regulations, and requirements Ensure employee safety and health management in the workplace Implement training for all employees to enhance their ESH	1. Work environment testing: Goal: 2 times/year; achievement rate: 100% 2. Fire and evacuation drills and training: Goal: One person is required to participate in at least one session; achievement rate: 100% 3. Number of	1. Ensure there are no major violations or incidents violation occupational safety and health regulations 2. Implement contractor evaluation management and have contractors with a total score of 80 or higher (according to the contractor evaluation form under the ISO Standards) accounting for more than 90% of the total number of contractors evaluated 3. Conduct necessary occupational safety and health education and training based on the needs of the workplace of each factory and	1. Verify and improve the implementation of relevant procedures and standards under ISO 45001 (Occupational Health and Safety Management System) 2. Promote all factories' accreditation as a Healthy Workplace, establish a healthy, safe, and comprehensive workplace, enhance occupational health promotion, and maintain occupational safety and health in the workplace 3. Implement contractor evaluation management and have contractors with a total score of 90 or higher (according to the contractor

		awareness	<p>statutory occupational safety and health audits: Goal: 1 audit/quarter; achievement rate: 100%</p> <p>4. Number of safety and health inspections: Goal: 1 inspection/month; achievement rate: 100%</p> <p>5. Disabling injury frequency rate (FR): Goal &lt; 4, (actual: 2.7); achievement rate: 100%</p> <p>6. Disabling injury severity rate (SR): Goal &lt; 10, (actual: 80); achievement rate: 0%</p> <p>7. Number of violations related to occupational safety and health (with penalties imposed): Goal: 0 violation/year; achievement rate: 100%</p> <p>8. Ergonomic Hazard Prevention Plan: 722 employees and 23 departments completed the musculoskeletal questionnaire.</p> <p>9. Unlawful Workplace Infringement Prevention Plan: 23 departments completed the assessment of potential workplace violence risks.</p> <p>10. Abnormal workload prevention: Completed tracking of 5 people.</p> <p>11. Health checkup: 642 employees received a health checkup, with a participation rate of 95%.</p>	<p>implement at least 2 hours of education and training per year for the relevant occupational hazards in the workplace according to the annual education and training plan</p> <p>4. Improve metabolic syndrome and hold health improvement seminars</p> <p>5. Organize seminars on special hazardous operations and provide health education</p> <p>6. Carry out health checkups superior to regulations</p> <p>7. Maintain accreditation as a Healthy Workplace</p> <p>8. Organize health checkups and suitability assessments for employees aged 45–65</p>	<p>evaluation form under the ISO Standards) accounting for more than 90% of the total number of contractors evaluated</p> <p>4. Reduce cases of metabolic syndrome by 10%</p> <p>5. Reduce the risk of special hazardous operations</p> <p>6. Optimize employee health management and promote employees' physical and mental health.</p> <p>7. Improve or optimize the work environment, protect the health of employees, and extend their working years</p>
Employment and labor-management relations	Employees are important partners. Competitive remuneration and benefit strategies and a statutory	<p>1. Provide competitive remuneration and a benefit system that is better than the industry</p> <p>2. Actively care for</p>	<p>1. Achieve a complaint resolution rate of 100%</p> <p>2. 96% employee satisfaction with the Company was</p>	<p>1. Adjust employee salaries from time to time with reference to the annual non-management salaries announced by the Securities and Futures Commission to attract and retain talent</p> <p>2. Achieve a complaint resolution rate</p>	<p>1. Continuously adjust employee salaries from time to time with reference to the annual non-management salaries announced by the Securities and Futures Commission to attract and retain talent</p>

	retirement system are provided to build employee cohesion	employees, build employee cohesion and enhance labor-management interactions to enhance their recognition towards the Company through effective communications and coordination	3. 77% of employees used travel subsidies	of 100% 3. Achieve 95% or higher employee satisfaction with the Company 4. Have 80% of employees using travel subsidies	2. Achieve a complaint resolution rate of 100% 3. Achieve 98% or higher employee satisfaction with the Company 4. Have 85% of employees using travel subsidies
Employee diversity and equality	Building harmonious labor-management relations and a diversified and equal relationship with employees is the foundation for the Company's sustainable management.	1. Encourage the use of the native language of migrant workers at meetings and to communicate information in order to enhance their job security and happiness 2. Organize festival events based on migrant workers' nationalities 3. Promote equal rights in the workplace through regular employee care interviews and regular education, training, and promotion campaigns	1. 3 seminars (on tips for successful communication in the workplace) were held, with a total of 137 participants 2. There were 12 migrant worker care sessions, with a total of 36 migrant workers; 12 local employee care sessions, with a total of 120 employees; 12 interviews with expatriate employees 3. A total of 1,500 people (including employees and their family members) participated in the factory celebration	1. Organize sexual harassment/gender-friendliness/unlawful infringement/maternity protection education/seminars/activities annually: 3 times/year 2. Implement a care system for migrant workers to help them adapt to the company culture: 12 times/year	1. Organize sexual harassment/gender-friendliness/unlawful infringement/maternity protection education/seminars/activities annually: 3 times/year 2. Implement a care system for migrant workers to help them adapt to the company culture: 12 times/year
Training and education	Training can not only enhance the skills, knowledge and attitudes of employees, but also boost the overall performance and cohesion of the organization, and strategies for the sustainable development of the Company can be formed.	Put the Company's business philosophies – integrity and integrity into practice and adopt a performance management system to strengthen the corporate governance mechanism	The training program execution rate reached 85%	1. Strengthen the management competency of managers and the awareness of employees about occupational safety	Provide employees with learning resources for self-growth, including digital learning, to create an organizational learning and sharing atmosphere
Social contribution and participation	“Care for the Local, Hope for the Future.” We believe that participating in social welfare activities with the belief of “taking from the society and giving back to the society” can help create a common good society. We hope that everyone can live in peace,	Talent cultivation	1. One partner school 2. 14 industry-academia collaboration program participants 3. 2 potential industry-academia collaboration partners	Promote industry-academia collaboration for higher education with 2 schools 1 industry-academia collaboration class Industry-academia visits and exchanges: 1 time/year	Promote industry-academia collaboration for higher education with 2 schools 1 industry-academia collaboration class Industry-academia visits and exchanges: 2 times/year
		Technology on campus	1. 1 school was provided with scholarships for low-income	Provide 1 school with industrial scholarships for students from low-income families Number of students benefiting from	Provide a total of 2 schools with industrial scholarships for students from low-income families Number of students benefiting from the

	creating a sustainable future.		families 2. Donation amount: NTD 100,000/school (one school) A total of NTD 400,000 was donated to 4 schools	the scholarships: 31 students/year, with a cumulative increase of 30% in the number (calculated based on the number in 2022, which was 31) Donation amount: NTD 100,000/school	scholarships: 31 students/year, with a cumulative increase of 50% in the number (calculated based on the number in 2022, which was 31) Donation amount: NTD 100,000/school
		Social innovation	Participation in industry forums: 1 time (Taiwan Optics & Photonics Forum) A proposal was made for cognition of industrial applications Sponsorship in 2022: None	Promote the advancement of optical technology to increase public cognition of its use 1. Participation in industrial innovation-related activities: 3 times in total 2. Organization of experiential optics popularization activities: 1 time in total	Promote the advancement of optical technology to increase public cognition of its use 1. Participation in industrial innovation-related activities: 5 times in total 2. Organization of experiential optics popularization activities: 3 times in total
		Care for the disadvantaged & community stability	2022 • Support for community development and safety: 2 communities/year; with a total of NTD 150,000 • Donations to social welfare organizations: 6 organizations/year A. 2022 – 4404 invoices were donated B. Charity lunch box: NTD 123,550 (Eden) C. Case-based disability allowance: NTD 50,000 (Taichung City Government) D. Charity projects: * Sponsorship for community safety maintenance: NTD 300,000/year	Support local communities and promote campaigns to deliver care to the disadvantaged 1. Support for community safety and local development: 2 communities/year 2. Implementation of community care activities: 1 community/year 3. Active donations to social welfare organizations: 6 organizations/year 4. Sponsorship for community safety maintenance: NTD 150,000/year	Support local communities and promote campaigns to deliver care to the disadvantaged 1. Support for community safety and local development: 3 communities/year 2. Implementation of community care activities: 2 communities/year 3. Donations to social welfare organizations: 7 organizations/year 4. Sponsorship for community safety maintenance: NTD 200,000/year



# 5. Corporate Governance

## 5.1 Company Profile

### 2-1 Organizational details

### 2-2 Entities included in the organization's sustainability reporting

#### ASIA OPTICAL

Company name:	Asia Optical Co., Inc.
Date of establishment:	October 9, 1980
Company address:	No. 22-3, South 2nd Rd., Tanzi Dist., Taichung City
Tel.:	(04)2533-5175
An-He Branch's address:	No.158, Fengli Rd., Lilin Vil., Tanzi Dist., Taichung City
Tel.:	(04)2534-2550
Capital:	NTD 2,810,839,010
Number of employees:	953
Major industries:	Optoelectronics industry

### 5.1.1 Company's Products

The Company mainly engages in the manufacturing of various optical components, which are mainly used in precision optical lenses and other lenses, including the production, processing and sale of mobile phone camera lenses, digital camera lenses, sights, laser rangefinders, image sensing components, projector lenses, and other products. In recent years, in addition to successfully expanding the development and production capabilities of optical lenses to related application markets such as automotive lenses, surveillance lenses and street view lenses; laser sensor modules have also been favored by IoT smart home appliances and other related application markets.

Optics is one of the oldest traditional fundamental sciences in the field of optoelectronics. In addition, it only uses light without using electricity. Most of the existing optoelectronic products need an optical system to produce various subsequent interaction effects of light and electricity. The various optical lens-related products that have been popular for a long time are actually one of the most common application products in the field of optics. The optical lens industry is an industry consisting of the markets of various parts, components, equipment and applications centered around optoelectronics technology.

With the development of modern technology, optical lenses are used in more and more extensive fields. In recent years, due to the rapid advancement of related technologies such as electronics, mobile internet, Internet of Things, cloud computing, and biometrics, security video surveillance, consumer electronics, and other downstream applications are becoming digitized, high definition,

networked, and intelligent. High-quality lenses have become the core component of security surveillance cameras, ADAS, automotive visual systems, smart home and aerial photography drones, medical devices and other products, which is one of the important factors affecting the application effect of these products.

Changes in the Macro Environment		Main Applications	Product Change
1980s	Japanese companies set up factories in Taiwan	Precision lenses for traditional cameras, traditional binoculars, microscopes, projectors, photocopiers, image scanners, barcode scanners, etc.	High unit price and large caliber
1990s	Rise of network applications and camera digitalization	Optical components used in digital cameras accounted for more than 80%; the proportion of optoelectronic applications such as scanners and projectors also increased	Due to the low labor cost in Mainland China, Taiwanese manufacturers moved out or adopted automated equipment
After 2000	Rise of the NB market	Shift from imaging products to computer peripherals such as CD-ROM drives and NB cams	Miniaturization, standardization, and short life cycle
2009–2010	Popularity of smartphones	Mobile phone applications represented the highest percentage in 2009 at 39.7%	A leap to high pixel count
After 2011	Gradual trend of smart TVs in the market	Displays such as TVs and tablet PCs have been equipped with built-in sensing lenses	Development towards optical touch lens and optoelectronic technology

Source: Digitimes, 2010/10

## 5.1.2 Correlation between Upstream, Midstream and Downstream Sectors

### 2-6 Activities, value chains, and other business relationships

Taiwan's precision optical component industry has a fairly complete top-to-bottom industrial chain. According to its vertical division of labor, it can be divided into the upstream optical material sector, midstream optical component sector, and downstream optical application product and peripheral sector. The main products and major suppliers are shown in the following table.

Optics Industry Structure

Upstream, Midstream and Downstream Sectors		Main Products	Major Suppliers
Upstream sector	Optical materials	Optical glass blanks	Unique Opto-Electronics Taiwan Ohara Optical Material (Japan) Taiwan HOYA

Upstream, Midstream and Downstream Sectors		Main Products	Major Suppliers
		Traditional plastic optical materials	Mainly imported
Midstream sector	Optical design Optical components Module manufacturing Optical coating	Optical system design Optical engines Glass polished lenses Plastic injection lenses Lens coating Low Pass Filter Various lens and optical lens sets	Genius Electronic Optical, LARGAN Precision, Asia Optical, Kinko Optical, Young Optics, Calin Technology, Jinzhun Optical, Ability opto-Electronics Technology, Newmax Technology, H.P.B. Optoelectronics, BASO Precision Optics, E-PIN Optical, Hokuang Optics, Litefilm Tech., Apex Optech, Canon Marketing Taiwan (Japanese-invested), etc.
Downstream sector	Application sector: Optical equipment Computer peripherals Consumer electronics	Digital cameras Image scanners PC Camera Projectors Mobile phone imaging modules Microscopes, binoculars	More than 100 suppliers

Source: Data from the PIDA (Photonics Industry & Technology Development Association), by the upstream, midstream and downstream sectors of the optics industry

Asia Optical has successfully integrated 17 diversified businesses vertically and horizontally to provide comprehensive services.



## 5.2 Financial Revenue

### 201-1 Direct economic value generated and distributed

Financial Performance Over the Years

Unit: NTD million

	The Group in 2020	The Group in 2021	The Group in 2022
Operating revenue	15,760	20,977	19,077
Operating cost	12,827	16,316	15,316
Operating expenses	2,039	2,291	2,425
Income tax expense	205	214	372
Employee benefit expense	3,415	4,561	4,433
Bonus (dividends) Unit: NTD	2.00	1.00	3.70
Social investment/donation expenses	0.32	1.98	0.37

## 5.3 Subsidy Application

### 201-4 Financial assistance received from government

List of Government Financial Subsidies Received in 2022

Unit: NTD

Item	2022
Subsidy under the Ministry of Economic Affairs' Taiwan Industry Innovation Platform Program (for R&D plans for the Multi-task Delivery AMR and collaborative platform services)	2,372,000
Total subsidy amount	2,372,000

## 5.4 Governance Body's Operations

### 2-10 Nomination and selection of the highest governance body

### 2-11 Chair of the highest governance body

### 2-17 Collective knowledge of the highest governance body

## **5.4.1 Board Member Diversity Policy in the Corporate Governance Best-Practice Principles:**

### **2-13 Delegation of responsibility for managing impacts**

#### **405-1 Diversity of governance bodies and employees**

The Company's Board of Directors guides the Company's strategies, supervises the management, and is responsible to the Company and shareholders, and the operations and arrangements of its corporate governance system ensure that the Board of Directors exercises its powers in accordance with laws and regulations, the Company's Articles of Incorporation, or the resolutions of the shareholders' meeting. (The board chairperson's approval authority shall be governed separately by the Company's relevant regulations)

For the structure of the Board of Directors of the Company, an appropriate number of directors, which shall at least be five, is determined based on actual operational needs, depending on the Company's business development scale and the shareholding of major shareholders. Consideration should be given to the diversity of board members. It is advisable that no more than one-third of directors concurrently serve as the Company's managerial officers. Appropriate diversity guidelines have been formulated based on the Board of Directors' operations, business type, and development needs, including but not limited to the following two aspects of standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members possess the necessary knowledge, skills, and attainments to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole should have the following capabilities:

1. Operational judgment.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management capability.
5. Industry knowledge.
6. An international market perspective.
7. Leadership.
8. Decision-making ability.

(Please refer to pp. 34–35 of the Company's 2022 Annual Report for the education and training records of the Board of Directors)

## **5.4.2 Implementation of the Board Member Diversity Policy:**

The board members of the Company have diverse and complementary backgrounds. The directors who are also employees account for 29%, and female directors account for 14%. Two directors are aged between 71 and 80, three directors are aged between 61 and 70, and two directors are aged between 51 and 60. All of them possess professional knowledge in industry, management, marketing, finance, accounting, and law.

Name	Gender/ Age	Core Competencies								Professional Knowledge and Skills
		Operational judgment	Accounting and financial analysis ability	Business management ability	Crisis management capability	Industry knowledge	An international market perspective	Leadership	Decision-making ability	
I-Jen Lai	Male 71–80	✓		✓	✓	✓	✓	✓	✓	Industry/ management/ marketing
Shu-Ping Wu	Female 51–60	✓	✓	✓	✓	✓	✓	✓	✓	Industry/ management/ finance/ accounting
Tai-Lang Lin	Male 71–80	✓		✓	✓	✓	✓	✓	✓	Industry/ management/ marketing
Yu-Liang Lin	Male 61–70	✓		✓	✓		✓	✓	✓	Industry/ management
Hui-Ming Lu	Male 61–70	✓	✓	✓	✓	✓	✓	✓	✓	Finance/ accounting
Teng-Ko Chung	Male 51–60	✓		✓	✓		✓	✓	✓	Law
Chyan-Long Jan	Male 61–70	✓	✓	✓	✓		✓	✓	✓	Finance/ accounting

### 5.4.3 Achievement of Specific Management Objectives in the Board Member Diversity Policy:

Management Objective	Status of Achievement
At least one-third of directors have expertise in the optoelectronic industry, marketing, or technology	Achieved
At least one-third of independent directors have expertise in law, finance/accounting, or technology	Achieved

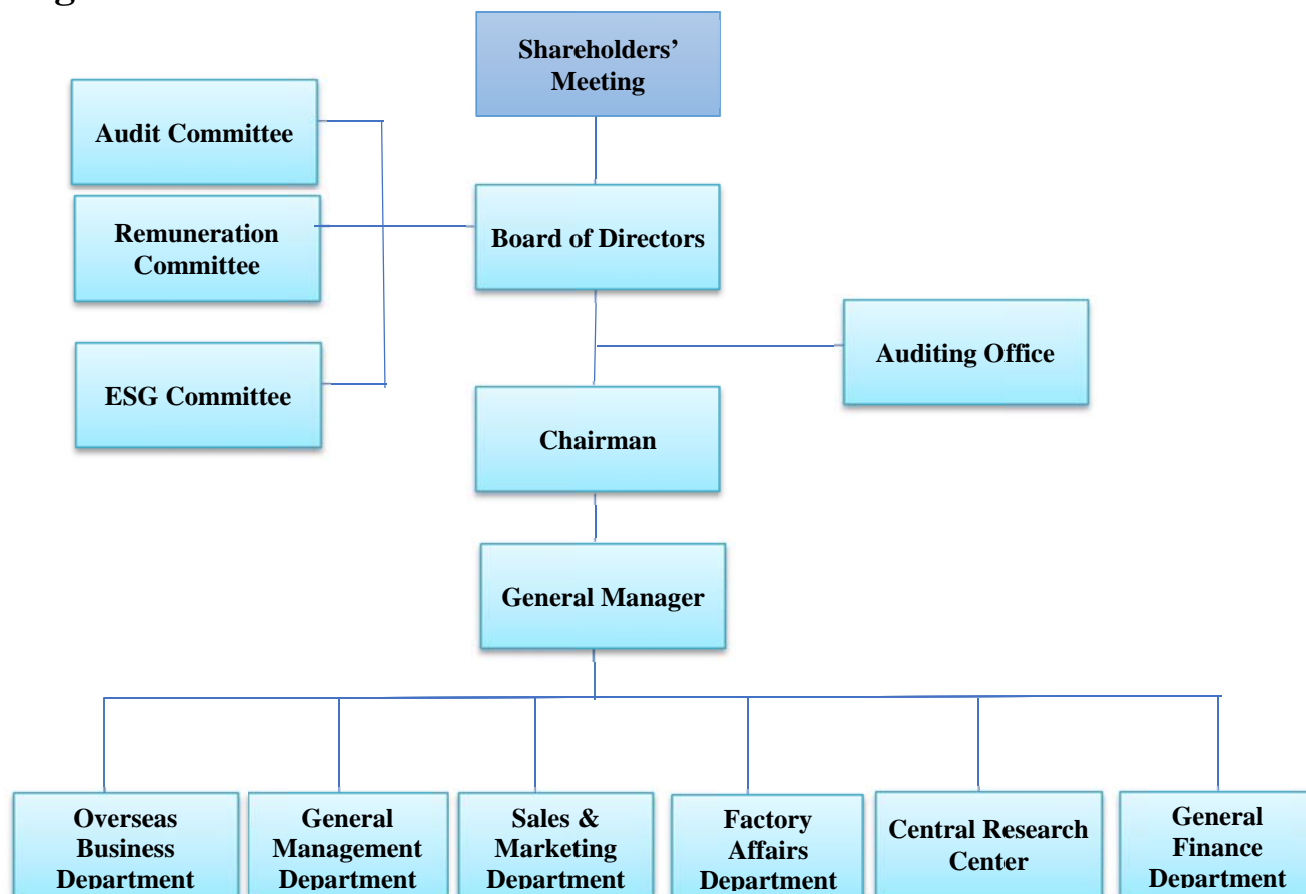
The specific objectives of the diversity policy of the Company's Board of Directors include the following: Independent directors should serve a maximum of three consecutive terms; it is advisable that no more than one-third of directors concurrently serve as the Company's managerial officers; and there should be at least one female director in the Company.

The Company's Board of Directors is independent. There are three independent directors, accounting for 43%. None of the independent directors has served three consecutive terms, and all of them have complied with the independence regulations of the Securities and Futures Bureau, Financial Supervisory Commission. There is no spousal relationship and second-degree or lower relationship between directors. Five directors do not concurrently serve as managerial officers of the Company, accounting for 71%, which does not exceed one third in line with said the requirement.

## 2-9 Governance structure and composition

## 2-15 Conflicts of interest

### Organizational Chart



## 5.5 Audit and Remuneration Committees

### 2-18 Evaluation of the performance of the highest governance body

### 2-19 Remuneration policies

### 2-20 Process to determine remuneration

#### 5.5.1 Audit Committee

To enhance the quality and integrity of the Board of Directors' supervision of accounting, auditing, financial/non-financial reporting processes, financial and operational control, Asia Optical has set up the "Audit Committee" subordinate to the Board of Directors, consisting of three independent directors. In 2022, the Audit Committee was convened four times, with an average member attendance rate of 92%.

(Please refer to p. 30 of the Company's 2022 Annual Report for the Board of Directors' supervision and evaluation of the Audit Committee's performance)



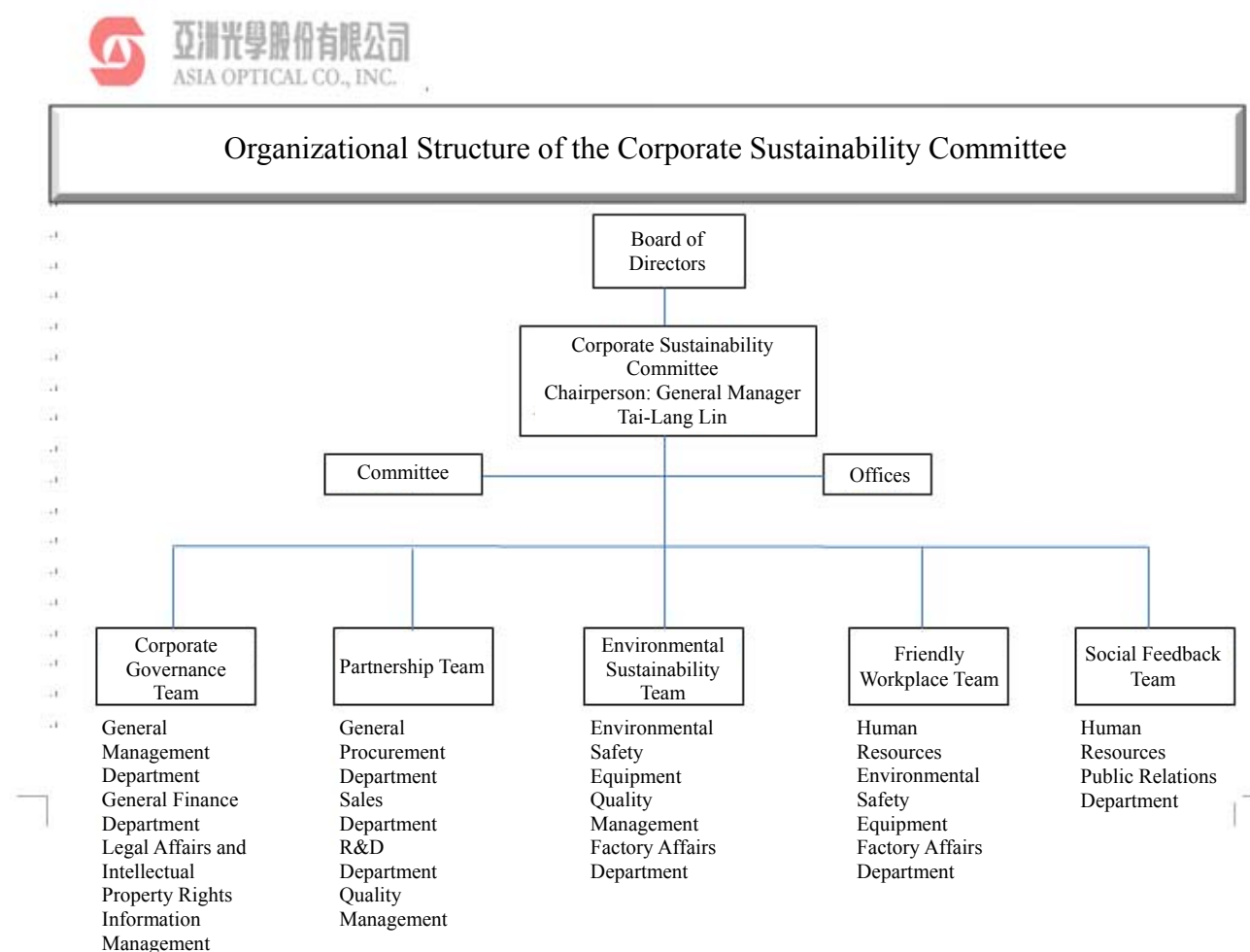
## 5.5.2 Remuneration Committee

The Remuneration Committee consists of three directors. The Remuneration Committee aims at establishing and regularly reviewing the policies, systems, standards and structures for the performance evaluation and remuneration of directors, supervisors (Audit Committee members), and managerial officers. The remuneration of the directors, supervisors (Audit Committee members), and managerial officers is regularly reviewed and determined to ensure that the Company's remuneration arrangements comply with relevant laws and regulations and are good enough to attract outstanding talent. In 2022, the Remuneration Committee was convened two times, with an average member attendance rate of 83%.

(Please refer to p. 38 of the Company's 2022 Annual Report for the Board of Directors' supervision and evaluation of the Remuneration Committee's performance)

## 5.6 ESG Management System Implementation Committee

ESG Implementation Organization Chart



## **5.6.1 Organizational Responsibility**

### **2-12 Role of the highest governance body in overseeing the management of impacts**

### **2-13 Delegation of responsibility for managing impacts**

### **2-14 Role of the highest governance body in sustainability reporting**

### **2-24 Embedding policy commitments**

1. Board of Directors/Chairman: The highest decision-maker responsible for coordinating the Company's operating rules, supervising the Company's ESG practices, reviewing the effectiveness of implementation, and making continual improvements.
2. Corporate Sustainability Committee: Planning of the overall management strategy, planning and promotion of the Company's ESG policies.
3. Offices: Implementation and maintenance of the ESG management system and document control.
4. Chairperson/Deputy Chairperson: The chairperson and deputy chairperson of the Company should be appointed by the Company's top executive from the management within the organization.
  - (1) Establishing, implementing, and maintaining the Company's ESG management system.
  - (2) Reporting the implementation effectiveness of ESG system to the management and conducting reviews as the basis for ESG system improvement.
  - (3) Give all employees a clear understanding of the Company's ESG goals through internal process management or appropriate communications/propaganda.
  - (4) Convening management review meetings, tracking implementation effectiveness, and maintaining normal operations.
  - (5) Implementing and reviewing annual internal and external audit plans.
  - (6) Liaising with external parties regarding ESG matters.
  - (7) Reviewing system and procedure documents.
  - (8) Reviewing and supervising the implementation and achievement of quality goals.
5. Corporate Governance Team: Promotion of corporate governance and disclosure of information on social responsibility issues of concern to stakeholders. ESG promotion, integration of the Company's ISO systems, and cooperative monitoring of the operation of the audit system.
6. Partnership Team: Ensuring that the supply chain and R&D products comply with the Company's ESG policy.
7. Friendly Workplace Team: Promotion of policies on human rights, labor rights, employee health, healthy workplace, shared areas, salaries, reward and punishment systems, corporate ethics education, and competency development.
8. Environmental Sustainability Team: Promotion of policies on industrial safety, fire safety, and environmental protection.
9. Social Feedback Team: Promotion of corporate governance and disclosure of information on social responsibility issues of concern to stakeholders.
10. Other units: Cooperate with the implementation of the Company's ESG policies.

## 5.7 Legal Compliance

### 5.7.1 Information Disclosure

#### 2-16 Communication of critical concerns

In accordance with the regulations of the competent authority, investors may find the relevant information of the Company through the “Market Observation Post System.” In addition to the disclosure of the Company’s basic information, technology research and development, and corporate social responsibilities, there is also an Investor Relations section on the Company’s website, where the Company’s financial information and corporate governance related-written documents and regulations are available. We hold regular investor conferences to explain the quarterly consolidated financial figures, operating conditions and future prospects. Relevant information and video files of the conferences are also available on the Company’s website and the “Market Observation Post System” for investors’ reference. The Company also communicates with investors through various investment conferences, overseas visits, and the investor relations contact. In 2022, Asia Optical participated in 1 external or self-organized investor conference.

The Company was not involved in major violations of ethics and integrity such as anti-corruption cases and leak cases in 2022.

There was one violation of the Labor Standards Act in 2022:

Date	Law and Provision Violated	Violation Description	Fine (NTD)	Countermeasure
July 1, 2022	Article 32, Paragraph 2 of the Labor Standards Act	Extended working hours exceeded the legal limit	50,000	An early warning mechanism has been implemented to request managers to make overtime arrangements in compliance with laws and regulations.

### 5.7.2 Legal Risk Management

Asia Optical has established a management system for the acquisition, identification, risk assessment, and implementation of relevant laws and regulations that must be complied with by the organization’s operations, processes, products, or services. The Company has also enhanced employees’ awareness and performance of legal compliance, maintained the corporate image, and reduced the operational risks of the organization. We value the corporate culture of legal compliance.

### 5.7.3 Ethical Management Education and Training

In 2022, the Company’s ESG promotion team and ethical management unit (Ethics Management Committee) implemented “Ethical Management” and “Whistleblower Protection” training for 135 managers, totaling 145 hours, and 1,672 employees, totaling 1,972.5 hours. The training was offered to a total of 1,807 people for 2,117.5 hours. A total of 873 people participated in propaganda about laws and regulations governing insider trading, with 812 hours in total, including 69 managers for 70 hours and 804 employees for 742 hours.

	Number of Managers	Hours/Manager	Number of Employees	Hours/Employee
Ethical Management	67	73	858	1,188
Whistleblower Protection	68	72	814	784.5
Insider Trading Propaganda	69	70	858	1,188

## 5.8 Values, Principles, Standards, and Code of Conduct

### 2-23 Policy commitments

### 2-24 Embedding policy commitments

### 2-25 Processes to remediate negative impacts

### 5.8.1 Professional Code of Ethics

#### 2-27 Compliance with laws and regulations

#### 205-3 Confirmed incidents of corruption and actions taken

#### 419-1 Non-compliance with laws and regulations in the social and economic area

#### 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Adhering to the principle of legal compliance, Asia Optical has formulated the “Procedures for Acquisition and Identification of Regulations and Other Requirements” and the “Notes for the U.S. Antitrust Laws.” In addition to regular review by the legal affairs department, all business management departments are required to review and improve systems regularly, as well as cooperating with the audit department’s audits to ensure that the legal requirements are fully implemented. With rigorous management, Asia Optical was not subjected to any huge fines (over NTD 1 million) by competent authorities for violating laws and regulations in 2022. There were also no corruptive and anti-competitive behaviors in 2022.

#### 205-2 Communication and training about anti-corruption policies and procedures

Asia Optical has established the “Code of Integrity” and the “Employee Code of Ethics and Code of Conduct” for all employees, and stipulated the rules for the appointment of relatives and the vendors we partner with. We upholds integrity and honesty in our dealings with customers. Every year, Asia Optical ensures the implementation of relevant mechanisms through the following measures, covering all factories in Taiwan and Mainland China.

1. The “Regulations of Corporate Integrity” are taught during new employee orientation, and the relevant terms are included in the employment contract.
2. Managers and higher-ups sign a “Letter of Undertaking to Compliance with the Code of Integrity for Employees” every year. The signing rate in 2022 reached 100%.
3. An “Integrity Investment” and an “Investigation on the Investment or Employment Status of Employees and Their Relatives in the Company, Partnered Vendors, or Competitors” are conducted annually for personnel at or above engineer/manager level in each unit. No violations were found to be committed by the personnel investigated for the appointment of

relatives and integrity compliance in 2022.

#### Statistics on Asia Optical's Anti-corruption Education and Training in 2022

Year		2022					
Item		Number of Participants		Total Training Hours/Participant		Average Hours	
		Male	Female	Male	Female	Male	Female
Functions	Administrative staff	50	185	47	172.5	0.9	0.9
	Technical staff	1,178	1,063	1,251	1,244	1.1	1.2
	Managerial staff	182	22	193	22	1.1	1.0
Total		2,330	1,410	1,270	1,491	1,439	3

1. Managerial staff are at section level or above
2. Excluding expatriate staff

#### 2-26 Mechanisms for seeking advice and raising concerns

If employees find any violation of ethical management, they can anonymously report the violation or file a complaint to the Asia Optical Audit Team or the Human Resources Department by phone or through the suggestion box in accordance with the "Code of Integrity." The handling unit will form a project team for investigation. If the violation reported involves directors or top managers, the handling unit will report the violation to the independent directors or top managers of the Group. In 2022, no integrity-related reports were received, and there were no related corruption and bribery cases.

### 5.8.2 Human Rights Policy

#### 2-22 Statement on sustainable development strategy

#### 2-23 Policy commitments

#### 2-24 Embedding policy commitments

#### 406-1 Incidents of discrimination and corrective actions

#### 408-1 Operations and suppliers at significant risk for incidents of child labor

#### 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

Asia Optical recognizes and supports the spirits and fundamental principles for human rights protection stated in the "Universal Declaration of Human Rights," "United Nations Global Compact," and "International Labor Conventions." We abide by the relevant human rights and labor laws and regulations in the place where the Company is located to ensure that the Company's operations comply with local regulations.

The Company has formulated the "Asia Optical Human Rights Policy" (hereinafter referred to as the "Human Rights Policy"), which is applicable to not only subsidiaries, but also suppliers and partners in the hope that we can work together to thoroughly implement the Human Rights Policy. The Company's Human Rights Policy is the highest guiding principle for human rights protection, and relevant human resources rules and regulations have been formulated in accordance with the Policy and in compliance with laws and regulations. For example, we have established the "Work Rules" to

protect the rights and interests of employees; developed the “Regulations for Sexual Harassment Prevention, Complaints and Disciplinary Measures in the Workplace” and the “Unlawful Workplace Infringement Prevention Plan” and set up a whistleblowing hotline and email address in order to provide the employees with a work environment free from discrimination and harassment; and announced relevant regulations on the Company’s intranet. In 2022, no human rights-related reports were received.

## Human Rights Policy’s Implementation Results

Item	Goals in 2022	Implementation Results in 2022
Provide a safe and healthy work environment	<ol style="list-style-type: none"> <li>1. Track and manage 4 employees with abnormal workload and at high risk of overwork annually</li> <li>2. Organize 1 training session and conduct assessment for 2 departments in accordance with the Unlawful Workplace Infringement Prevention Plan annually</li> <li>3. Assess hazards and risks and conduct assessment for 3 departments in accordance with the Ergonomic Hazard Prevention Plan annually</li> <li>4. Provide health education for 8 employees in accordance with the Workplace Maternal Health Protection Plan</li> <li>5. Organize an annual physical examination for employees engaging in special hazardous operations</li> <li>6. Carry out PASESA measurements and health education</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company was certified to ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). We also actively promoted improvement activities such as energy conservation, disaster prevention, and pollution prevention to reasonably ensure a safe work environment.</li> <li>2. In accordance with the Abnormal Workload Prevention Plan, health education was provided for 4 employees at high risk of overwork, and 1 employee was reassigned to tasks more suitable for him/her.</li> <li>3. In accordance with the Unlawful Workplace Infringement Prevention Plan, we organized 3 training sessions (137 participants) on employee and manager communication skills, rectified abnormalities and made improvements, and conducted assessment for 2 departments.</li> <li>4. In accordance with the Ergonomic Hazard Prevention Plan, the Company assessed hazards and risks, evaluated and selected improvement methods, and conducted assessment for 3 departments.</li> <li>5. Health education was provided for 13 employees in accordance with the Workplace Maternal Health Protection Plan.</li> <li>6. The Company provided a physical examination for a total of 100</li> </ol>

		<p>employees engaging in special hazardous operations.</p> <p>7. The numbers of occupational injuries/deaths, serious occupational injuries, deaths due to occupational diseases, and recordable occupational diseases were all 0. The number of occupational injuries for non-employees and contractors was 0.</p> <p>8. A total of 763 received PASESA measurements and health education.</p>
Eliminate illegal discrimination to reasonably ensure equal job opportunities.	<ol style="list-style-type: none"> <li>1. Maintain the employment of 10 employees with disabilities as specified by law</li> <li>2. Maintain the employment of 8 employees with disabilities as specified by law</li> <li>3. Increase job opportunities for local residents (in Tanzi District)</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has implemented the Human Rights Policy in internal control procedures, and does not treat employees and job applicants unfairly based on their race, class, language, ideology, religion, political affiliation, nationality, place of birth, gender, sexual orientation, age, marriage, pregnancy, appearance, facial features, physical and mental disabilities, zodiac sign, blood type, etc.</li> <li>2. The Company took concrete actions to support disadvantaged groups with disabilities by providing them with job opportunities. We have hired 11 employees with disabilities (the minimum statutory requirement was 10, and 1 of them was hired in 2022) and 13 indigenous employees (5 of them were hired in 2022).</li> <li>3. Job opportunities were provided to local residents (in Tanzi District). A total of 331 local residents were employed (an increase of 91 people in 2022).</li> </ol>
Prohibit child labor	<ol style="list-style-type: none"> <li>1. Prohibit the employment of child labor as required by law</li> </ol>	<p>In order to ensure compliance with corporate social responsibilities and ethical standards, the Company has explicitly prohibited the employment of child labor from the beginning of recruitment, and has never hired any child labor. All suppliers of Asia</p>

		Optical are required to sign a Letter of Undertaking of Compliance with RBA Code of Conduct for compliance and implementation. Each year, we select 6 important suppliers for on-site audits to verify that their risk of child labor use and forced labor is low and that they have fully implemented their human rights commitments.
Prohibit forced labor	<ol style="list-style-type: none"> <li>1. Comply with laws and regulations</li> <li>2. Monthly review and control working hours</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company does not force or coerce any unwilling person to perform services. Our employees' daily and weekly working hours and extended working hours, vacations, special leaves, and other types of leave are in compliance with laws and regulations.</li> <li>2. There are dedicated personnel responsible for inspecting and controlling the working hours of employees in factories on a monthly basis. If employees apply for overtime, they will be provided with overtime pay or compensatory time off.</li> </ol>
Help employees maintain physical and mental health and work-life balance	<ol style="list-style-type: none"> <li>1. Engage physicians and nurses to provide 102 employees with regular medical consultations and health education/care</li> <li>2. Conduct 355 employee care interviews</li> </ol>	<ol style="list-style-type: none"> <li>1. In order to encourage employees to exercise voluntarily and manage their health, health education and health promotion activities are held from time to time to provide information about physical and mental health.</li> <li>2. Physicians and nurses paid regular on-site visits to respective workplaces and provided a total of 164 employees having abnormal health checkup results or in need of assessment for return to work or maternal health protection with medical consultations and health education/care.</li> <li>3. 355 employee care interviews were conducted (187 new employees; 120 domestic employees; 12 expatriate employees; and 36 migrant workers).</li> <li>4. A Family Day was organized for employees to achieve health and life balance outside of work.</li> </ol>



		5. The Company's Welfare Committee encourages employees to participate in outdoor leisure activities to relax their body and mind, and provides travel-related subsidies.
Compliance with laws and regulations	1. Comply with labor laws and regulations without violating them	1. We have ensured that all our employees are directly hired or provided by legitimate labor dispatch companies, and no methods against their will are used to make them engage in work with which the pay is not commensurate. 2. Asia Optical has complied with labor laws and regulations.
Education and training	1. Implement occupational safety and health education and training 2. Conduct human rights propaganda	1. 3,911 employees received occupational safety and health education and training (courses include new employee orientation, on-the-job occupational safety training, occupational safety certification training, and fire safety or environmental protection training). 2. Human rights-related propaganda was conducted for 7,496 employees (company regulations; workplace sexual harassment prevention, complaints, and disciplinary measures; and corporate social responsibilities, etc.)

#### Statistics on Asia Optical's Human Rights Education and Training in 2022

Year		2022					
Item		Number of Participants		Total Training Hours/Participant		Average Hours	
		Male	Female	Male	Female	Male	Female
Functions	Administrative staff	103	416	106.5	439	1.0	1.1
	Technical staff	3,465	3,042	4,299	3,393	1.2	1.1
	Managerial staff	414	56	452.5	58	1.1	1.0
Total		3,982	3,514	4,858	3,944	3.3	3.2

Note:

1. Managerial staff are at section level or above
2. Excluding expatriate staff

## 5.9 Risk Management

Asia Optical's risk management scope covers information security risks, occupational safety risks, intellectual property rights, financial risks, trade secrets, COVID-19, climate change risks, and supply chain management. The respective departments carry out risk management for uncertain business risk factors to strengthen the Company's preventive measures and the systematic strategies and management measures in the face of risks. In the future, we will improve our risk management measures, appoint the Board of Directors as the highest advisory body for risk management, and have the independent audit unit under the Board of Directors perform internal audits to ensure the continuous and effective implementation of the risk management system, thereby securing the continuous operation of the Company and reducing the possible impact of risks.

Risk Type	Risk Source	Management Strategy	Performance in 2022
Information Security Risk	Email account takeover	<ol style="list-style-type: none"> <li>1. Users are required to use complex combinations of characters, letters, and numbers when setting passwords.</li> <li>2. The server will voluntarily suspend accounts that send large amounts of emails, and notify the administrator.</li> <li>3. If a large number of emails are sent from different IP addresses at the same time, the server will stop operating and notify the administrator immediately.</li> <li>4. The server automatically filters out marketing emails and emails with attachments.</li> <li>5. Plan: Update the mail server to add security policies and anti-virus mechanisms (NTD 2.75 million)</li> </ol>	<ol style="list-style-type: none"> <li>1. The IT Section will monitor the server usage and check whether there are any abnormal email sending/receiving patterns from time to time.</li> <li>2. Regularly send information security messages to enhance employees' information security knowledge.</li> </ol>
	Hacker invasion	<ol style="list-style-type: none"> <li>1. Produce host detection and scanning reports regularly for important servers</li> <li>2. Perform server backup regularly</li> <li>3. Update backup software and server equipment to improve backup and recovery performance (NTD 1 million)</li> </ol>	<ol style="list-style-type: none"> <li>1. Vulnerability scanning is conducted for important servers on a quarterly basis.</li> <li>2. Server backup is performed daily, weekly, and monthly.</li> <li>3. Disaster recovery drills are organized annually.</li> </ol>
Occupational Safety Risk	<ol style="list-style-type: none"> <li>1. Operational safety risk</li> <li>2. Construction safety risk</li> </ol>	<ol style="list-style-type: none"> <li>1. Introduce ISO 45001 Occupational Health and Safety Management System</li> <li>2. Regularly implement work safety</li> </ol>	<ol style="list-style-type: none"> <li>1. Compliance audits are carried out regularly</li> <li>2. Daily, weekly, monthly, and yearly voluntary</li> </ol>

		inspections and education and training to enhance hazard awareness 3. Organize employee health checkups and health promotion activities every year	inspections and construction safety inspections are carried out
Intellectual Property Rights	1. Copying or stealing of products, technologies, or secrets by others 2. Products infringing upon the intellectual property of others	1. Apply for patents and trademarks for intellectual property protection 2. Design around existing patents in R&D and design	Patent proposal management + order demand related to intellectual property rights
Financial Risk	Exchange rate risk	1. Focus exchange rate hedging strategies on using the foreign currency deposits (USD, JPY, HKD) for export bill negotiation to repay for the purchase of imported materials in response to the risk of exchange rate fluctuations. 2. Keep abreast of exchange rate trends and take the bank's advice to appropriately adjust the foreign currency deposit position based on the actual fund demand and exchange rate changes. 3. In terms of business quotations, consider the impact of exchange rate changes and adjust the selling price in a timely manner to secure a minimum profit.	In 2022, the foreign currency exchange gain was NTD 180 million, turning a deficit into a profit.
Trade Secrets [GRI 418 Customer Privacy]	Employees' failure implement confidentiality management	Education and training	1. Education and training are conducted for new employees in sales, procurement, and development departments. 2. The Intellectual Property Rights Section formulated the "Regulations Governing the Classification of Confidential Information"

			Assets.” 3. There were no reports related to customer privacy or loss of customer data in 2022
COVID-19	Prevention of infection sources from entering factories	<ol style="list-style-type: none"> <li>1. Require employees to declare their travel history on a weekly basis</li> <li>2. Measure body temperature at the Company’s entrance</li> <li>3. Perform self-tests</li> <li>4. Provide test reagents</li> </ol>	Employees and visitors
Climate Change Risk	Energy conservation and carbon reduction Green design Green production	<p>■ Strategies for transformation risks</p> <ol style="list-style-type: none"> <li>1. Collaborate with value chain partners to continue to research and develop innovative designs, and take green design and green procurement into consideration for the product life cycle.</li> <li>2. Continue to monitor international trends and requirements on climate change and proactively disclose information on response to climate change.</li> </ol> <p>■ Strategies for physical risks</p> <ol style="list-style-type: none"> <li>1. Continue to develop and promote water saving, energy conservation and carbon reduction projects, and improve the efficiency of resource use.</li> </ol> <p>■ Strategies for transformation opportunities</p> <ol style="list-style-type: none"> <li>1. Develop innovative products with higher energy efficiency to meet customer demand for low-carbon products.</li> <li>2. Optimize existing building equipment and energy management.</li> </ol>	<ol style="list-style-type: none"> <li>1. An electricity saving target is set for all factories every year.</li> <li>2. A water use reduction target is set annually.</li> <li>3. A solvent waste reduction target is set every year.</li> </ol>
Supply Chain Management	Asia Optical Green Procurement Standards RBA Supply Chain Management	<ol style="list-style-type: none"> <li>1. All raw materials and parts/components delivered to Asia Optical must comply with the Asia Optical Green Procurement Standards</li> <li>2. Voluntary testing for hazardous substances</li> <li>3. Inspect and audit 6 factories for</li> </ol>	<ol style="list-style-type: none"> <li>1. Suppliers included in the supplier evaluation list are required to sign and return an RBA statement.</li> <li>2. The pass rate of the voluntary test for hazardous substances was 100%</li> </ol>

## 5.10 Supervisory Mechanisms (Internal Control, Internal Audits, and Early Warning Mechanism)

**2-12 Role of the highest governance body in overseeing the management of impacts**

**2-13 Delegation of responsibility for managing impacts**

**2-18 Evaluation of the performance of the highest governance body**

The Company's internal audit unit is directly subordinate to the Board of Directors. In addition to making regular reports at board meetings, the internal audit unit should also immediately report to the Audit Committee and the Chairman when necessary in order to implement the spirit of corporate governance.

The Company's internal audit rules specify that the internal audit unit should review the internal controls of the Company's operating procedures and report on whether the design of such controls and routine practical operations are appropriate to achieve the purpose of the internal control system. The internal control system and audit scope covers all operations within the Company and the subsidiaries of the Company.

The audit work is mainly carried out in accordance with the audit plan approved by the Board of Directors, which is prepared based on the identified risks. Project audits or reviews may be carried out as necessary. The execution of the above-mentioned general audits and project audits provides information on the operational status of the management's internal control function and offers the management another channel to understand existing or potential internal control deficiencies in a timely manner. After implementing the audit plan, the internal audit unit issues a written audit report and a follow-up report, and submits them to the Audit Committee for review on a regular basis.

The internal audit unit reviews the self-assessment of the internal control system implemented by each department, including checking whether it is implemented, reviewing documents to ensure the quality of implementation, and organizing the assessment results. The results together with the internal control deficiencies and abnormality improvements identified by the audit unit are used as the basis for recommending the issuance of a statement of internal control by the Board of Directors and the CEO.

The Company's internal audit unit is staffed with full-time auditors who are also responsible for the supervision of the audit operations of subsidiaries. According to the Company's Corporate Governance Best-Practice Principles, the appointment/dismissal, evaluation, and remuneration of the internal auditors should be signed off by the chief auditor and reported to the Chairman for approval. The Corporate Governance Best-Practice Principles have been disclosed in the Corporate Governance section of the Company's official website.

## 5.11 Participation in External Organizations

### 2-28 Membership associations

	Asia Optical's Role in Associations				
NO	Association	Membership Period	Role	Term	Member Representative
1	Taiwan Optics Association	Before 2018–2022	Chairman/ Director/ Supervisor	2015-2020: Chairman 2022: Supervisor/ Director	3
2	Optical Component Technology Development Advisory Committee	2019–2022	Member	2019–2022	1
3	Taiwan Industry Association of Intelligent Security and Safety	2019–2022	Director/ Member	2019–2022	2
4	Friends of the Police Association of the Second Special Police Corps., Friends of the Police Association of the R.O.C.	2018–2022	Member	2018–2022	1
5	Taiwan Export Processing Zone Optical & Precision Instrument Association	Before 2018–2022	Director/ Member	Before 2018–2022	4
6	Taiwan Photonics Society	2019–2022	Director	2019–2022	1
7	Photonics Industry & Technology Development Association	Before 2018–2022	Member	Before 2018–2022	1
8	Industrial Development and Investment Promotion Committee of Taichung City		Committee Member	2021-2023	1
9	National Taichung University of Science and Technology – Career and Counseling Committee	2022-2023	Committee Member	2022-2023	1

## 6. Partnership

### 6.1 Product and Service Innovation

The Company's main products include optical lenses, sights, and laser rangefinders and their parts/components. Our optical lenses are mainly produced with the ODM method. We offer various lens sets to customers according to their needs. Our sights are used as aids in recreational sports, and their customers are relatively fixed. The main function of our laser rangefinders and their parts/components is distance measurement. They are used in leisure and recreational activities (such as mountain climbing, sailing, and golf) or various construction projects.

#### 6.1.1 Important Uses of Main Products

1. Optical components

They are produced with the ODM method, and are designed and manufactured according to customers' requirements for the overall mechanical structure. They are mainly used in digital cameras, mobile phone cameras, projectors, video cameras, photocopiers, scanners, etc. The Company provides a variety of lens sets for the assembly of various products.

2. Image sensing components

They are mainly used in multifunction printers, image scanners, business card scanners, photocopiers, and fax machines.

3. Optoelectronic products

They are mainly used as a shooting aid. We also offer monoculars with crosshair lines, which are equipped with a zoom function, and the focus can be adjusted. Such products are now widely used in recreational sports.



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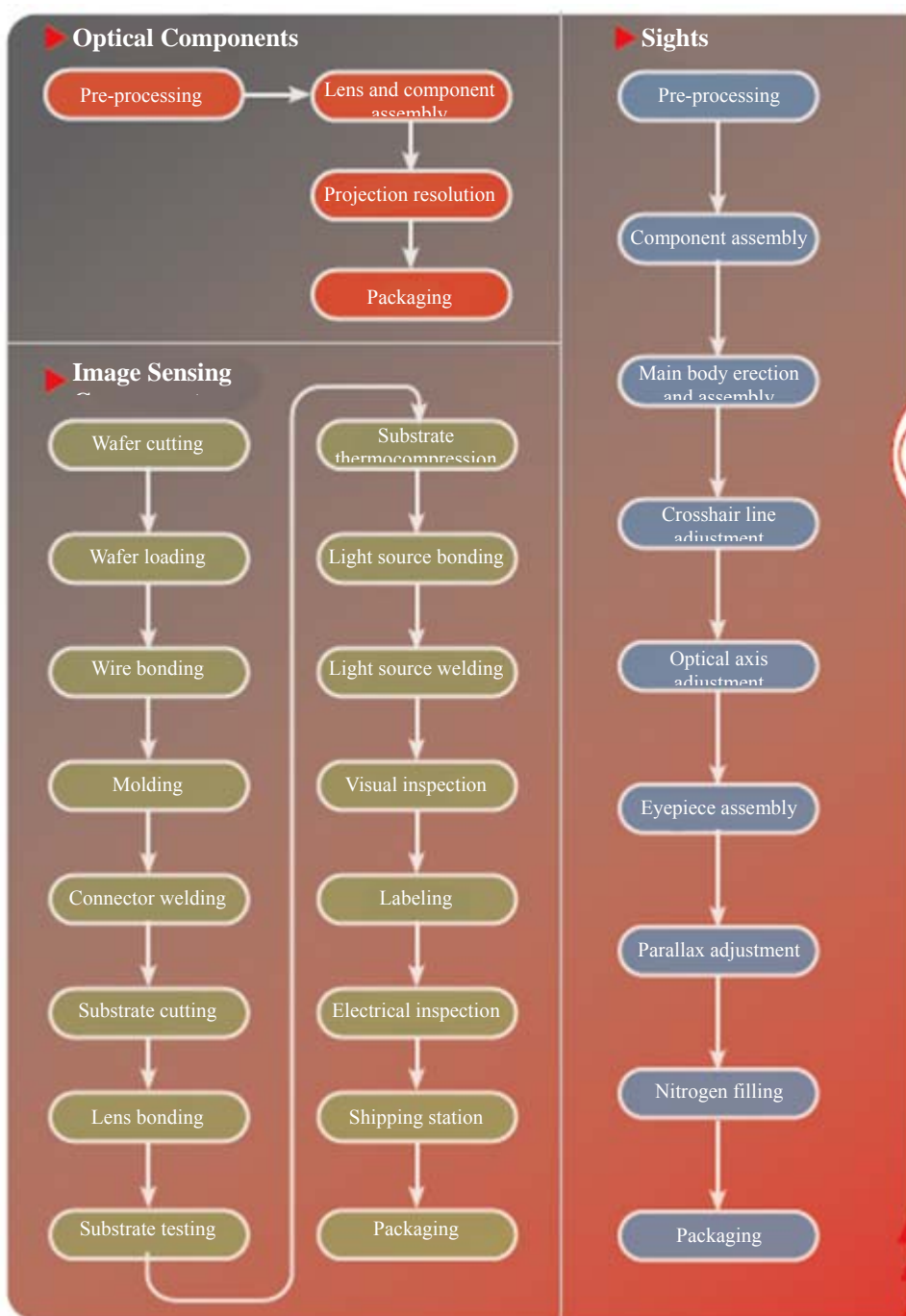
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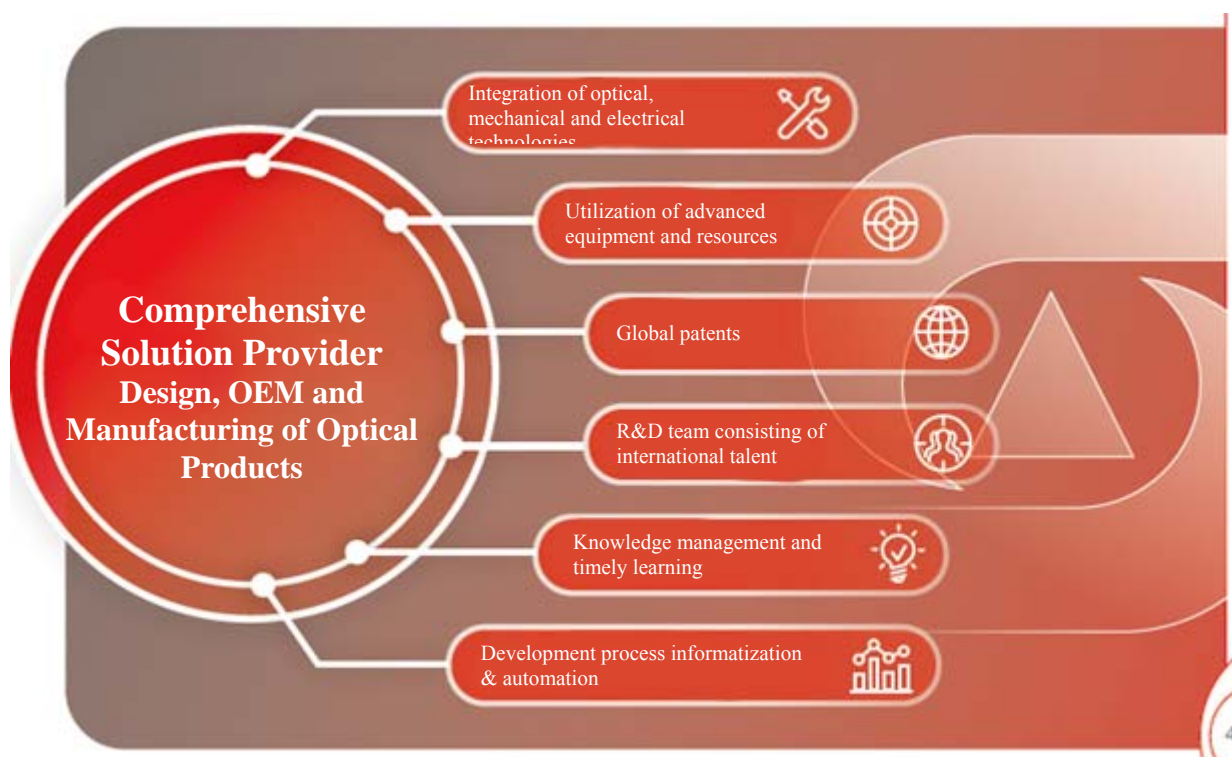
### 6.1.2 Production Process of Main Products

The Company's products are mainly classified into three major categories, which are described individually as follows:

1. Optical components:



### 6.1.3 Product and Technology Development



#### 1. Master Key Technologies and Create Key Strength

With a stable attitude and positive spirit, Asia Optical never forgets innovation, quality, service, and steadfastness. We also continue to integrate mechanical and electronic talent to make our technology more comprehensive and develop fast-growing high-tech products continuously. The Company has been successfully transformed into a company with optical, mechanical and electrical technologies to develop and introduce many new technologies and equipment. Therefore, many related business departments and affiliates have been established to allow for the business diversification of the Company, successfully integrating the upstream and downstream operations. Such business model enables Asia Optical to provide customers with total solutions. Everything from parts to optoelectronic products can be produced in the Group's affiliates, offering customers comprehensive services.

Asia Optical's Technology R&D:

- Optical lens: Plastic injection lenses, PGM aspherical lenses, precision coating components, glass spherical lenses, prisms, flat glass lenses.
- Lens: Compact lenses, DSC lenses, projector lenses, mobile phone lenses.
- VR & AR: AR, VR projectors
- Fiber optics: Lens Array, CWDM/Lan WDM Z-Block, Compact CWDM, DWDM
- Compact LiDAR Module
- Sports optics: Laser rangefinders, sights, and laser modules for household robot vacuums.
- Automotive optronics: Automotive lenses.
- Precision parts and components: Tooling, plastic projection, stamping, pouches & cases, surface treatment.
- World's Only External Sound Localization Stereo Headphone

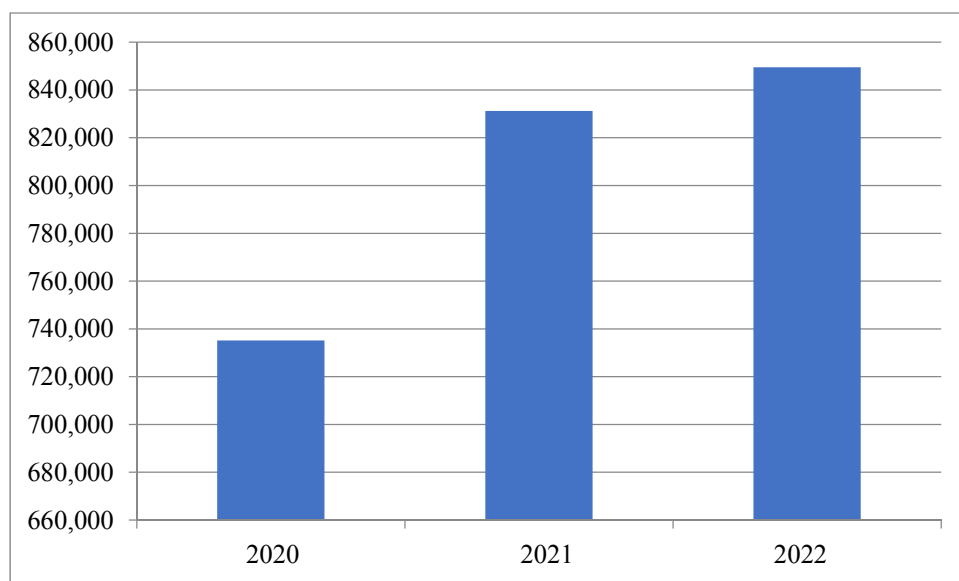
- Non-invasive Vascular Screening Device
- Digital cameras
- SMT

## 2. Competitive Advantage

Accelerate the R&D of AR, VR and 3D-LIDAR and implement the “Only 1, No. 1” policy

Asia Optical has established a number of related business departments and affiliates to allow for the business diversification of the Company, successfully integrating the upstream and downstream operations. Everything from parts to optoelectronic products can be produced consistently, providing customers with comprehensive services. In addition to, we have continuously expanded our core optical technology to develop new products while integrating mechanical and electronic talent to make our technology more comprehensive. Asia Optical has been successfully transformed into a group enterprise with optical, mechanical and electrical technologies. The Central Research Center has been established to integrate the Company’s optical core technology. NTD 849 million was invested in R&D in 2022, showing a 2% growth compared to last year. Asia Optical’s R&D expenses in the past three years are shown below:

R&D Investment Amount in 2020-2022



Our emphasis on R&D is reflected in our innovation results. Furthermore, many of our products such as automotive lenses, mobile phones, projectors, sights, VR, AR, and LiDAR are widely used. In view of the fact that LiDAR is suitable for automotive lenses for Level 4 autonomous vehicles, the demand and acceptance for using 2D LiDAR in robot vacuums grows rapidly. However, 3D obstacle avoidance modules and visual recognition systems are indispensable for making sensors more intelligent. Asia Optical has also committed to and succeeded in the development of cost-effective, small-size, and high-precision 3D LiDAR and visual recognition systems for obstacle avoidance.

Consolidated R&D Expenses in the Most Recent Year and up to the Publication Date of The Annual Report

Unit: NTD thousand

Year	2020	2021	2022
Net operating revenue	15,760,061	20,976,807	19,077,048
R&D expenditure	735,152	831,225	849,500
R&D ratio	4.66%	3.96%	4.45%

#### Successfully Developed Technologies or Products

- A. Development of laser modules for household robot vacuums.
- B. Development of rangefinders for OIS binoculars.
- C. Development of new sights/laser sights.
- D. Development of automotive lens modules.
- E. Development of IP cam lens modules.
- F. Continuous development of 3D LiDAR.
- G. Continuous development of 10X zoom periscope optical lenses for mobile phones.

### 6.1.4 Product Innovation: AI Robot Autonomous Mobile Platform

In recent years, the global robotics industry has continued to improve in terms of fundamental technology, market scale, and enterprise intelligentization. In 2018, the global robotics market reached USD 29.82 billion, and the average growth rate from 2013 to 2018 was about 15.1%. The application scenarios are also expanding from the traditional manufacturing field to emerging fields. The application of industrial robots is expanding on a continuous basis, and the application of robots has also expanded from industrial to household, commercial, and medical fields. The development of hardware and artificial intelligence has greatly accelerated this process. Such non-industrial robots are called service robots. Given that the industrial robot market is getting saturated day by day, there is a large room for home/personal service robots to grow. The increasing demand for elderly home care, children's education and entertainment, housework services, and security due to the fact that most developed countries are moving towards an aging society with a declining birthrate promotes the gradual formation of the intelligent service robot market. The market is expected to grow to USD 51.7 billion by 2025.

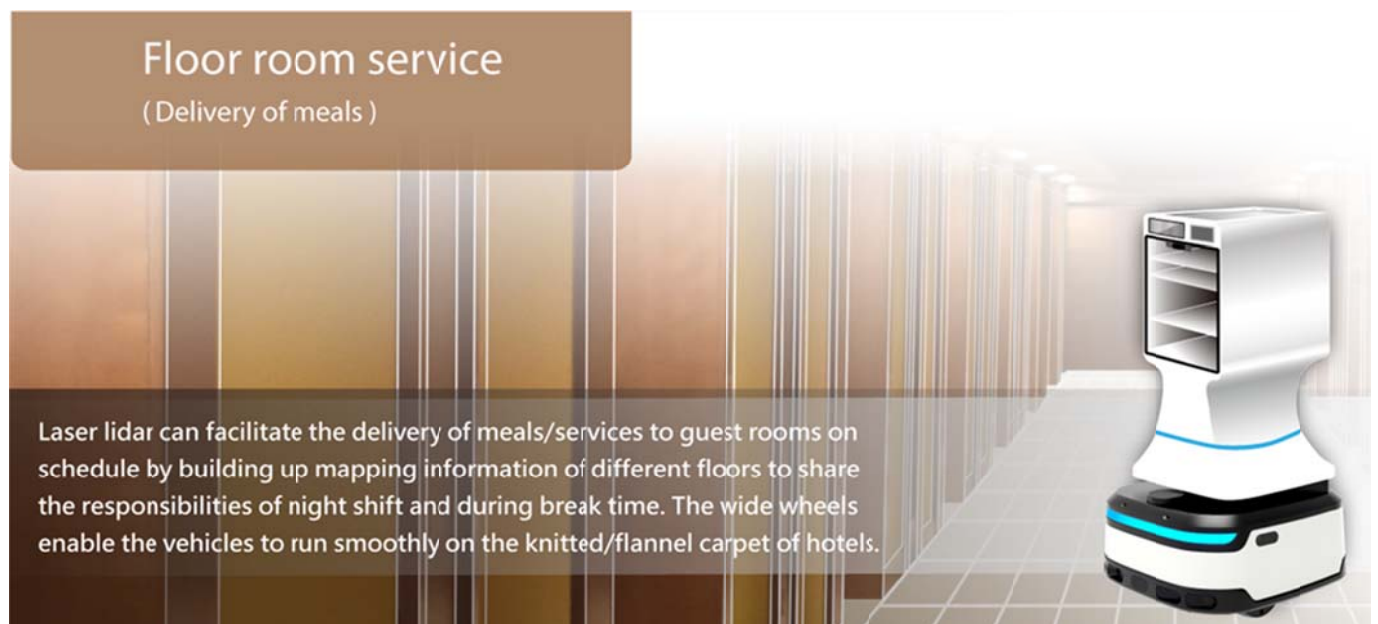
Also, due to the impact of the COVID-19 pandemic, many people have to devote themselves to epidemic prevention tasks, such as virus quarantine, disinfection, patient care, supply delivery, and so on. Many of the tasks expose people to an unsafe environment, putting a lot of pressure on frontline epidemic prevention workers, both physically and mentally. Based on this idea, if there is a helper that is not worried about the external environment, it can help or assist medical workers or staff in performing some routine tasks to lower their workload and reduce their worries about possible exposure to dangerous environments, which should be very attractive to users. In addition, we hope that this robot mobile platform can further inspire customers, allowing us to provide them with more customization options so that their robotic products can be more differentiated and stable. It is relatively easy to transplant the platform to ROSs, which can satisfy customers who already use ROSs. We hope that the robot mobile platform can help vendors reduce the difficulty of entering the robotics field. We have fixed the most difficult problem of getting robots to move by providing customers with a good solution through which they can combine their own product advantages to

develop robots with a variety of functions. The platform is compatible with care, monitoring, hygiene or service robots in households, offices, factories, and venues, and thus, its overall commercial value is very high.

It is hoped that with the development of the AI robot autonomous mobile platform, smart offices, smart shopping malls, smart hotels, smart restaurants, and other application scenarios can turn ideas into action more quickly, and eventually, products can be truly put into use.

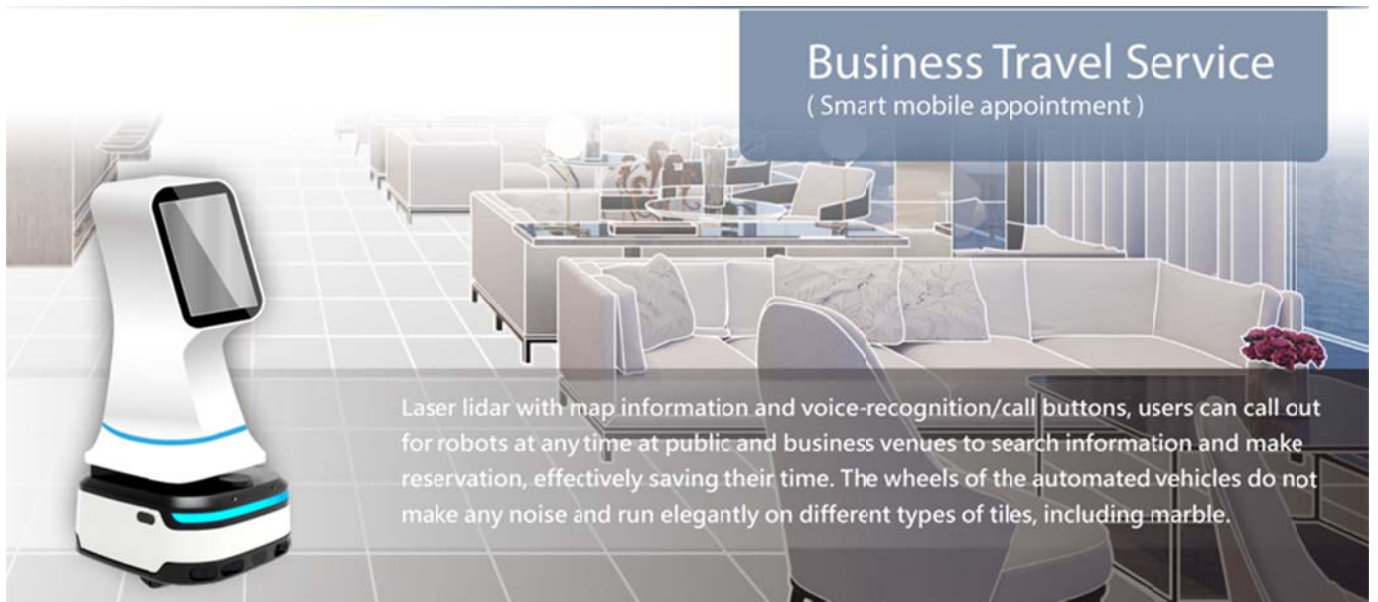


Industrial Application 1



Industrial Application 2





Industrial Application 3



Industrial Application 4

## Catering Services

( Order & Delivery of meals )

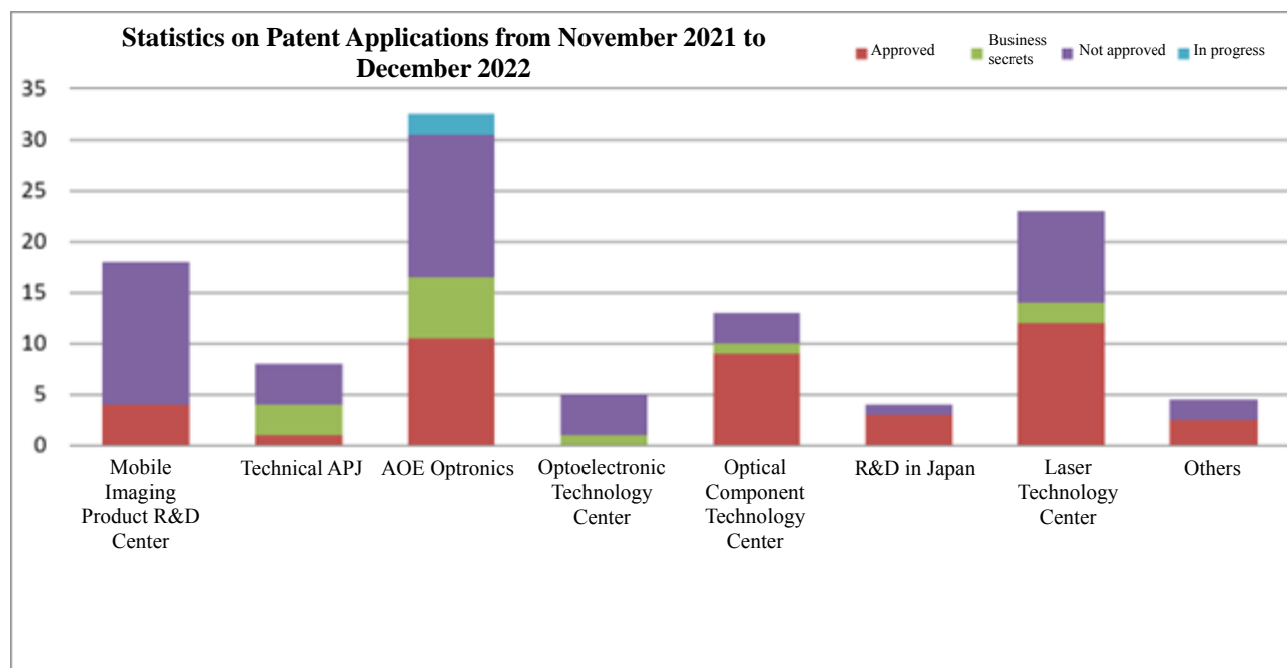
Laser lidar with mapping and scheduling functions can take orders and deliver meals. When encountering obstacles, the automated vehicles can dodge or gently stop. The vehicles can smoothly turn without spilling over any liquid and deliver meals to designated locations precisely.



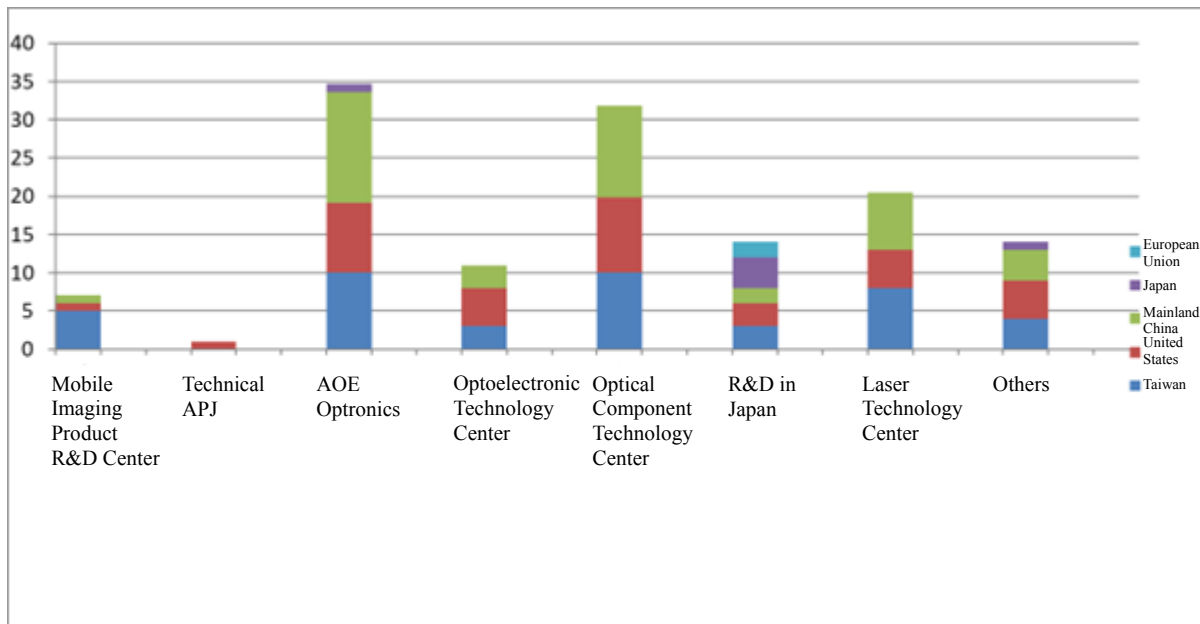
### Industrial Application 5

#### 6.1.5 Patent Portfolio

Asia Optical values and respects intellectual property rights since innovation is the source of our growth. We pursue innovation in technology, manufacturing, strategy, marketing, and management, and implement and turn innovative ideas into action. In the meantime, we have built a patent protection network in Taiwan, Japan, the United States, and other countries to raise the industry's entry threshold and protect every innovation result. The patent results in 2022 are as follows:







## 6.2 Product/Service Violations and Customer Satisfaction

In order to understand customer needs and provide better services, Asia Optical actively conducts a customer satisfaction survey every year, and grasps customer needs and market trends based on the customer survey results, which are used as the basis for improving service quality and adjusting the Company's business strategies and development directions. To pinpoint customer expectations, the "Customer Satisfaction Evaluation" is conducted for important customers every year. The survey items include delivery, technology, quality, R&D, and customer service. Customer satisfaction is rated on a 10-point scale. If the average score of a single item is below 6.5 points (the target value), the item must be reviewed.

Process Overview:

Process	Responsible Unit	Resources Input	Output
Customer Satisfaction Survey	Business units	Survey respondents Products and services concerned	Customer Satisfaction Survey Form Automotive Product Customer Satisfaction Evaluation Form
Analysis	Business/responsible units	Customer Satisfaction Survey Form Customer Satisfaction Survey Analysis Table Automotive Product Customer Satisfaction Evaluation Form	Contact letters/email/feedback solutions
Survey Result Archiving	Business units	Contact letters/email/feedback solutions	Customer Satisfaction Survey Form Customer Satisfaction Survey Analysis Table Automotive Product Customer Satisfaction Evaluation Form Customer satisfaction with solutions
Supervision and Review			

	Business units	Customer Satisfaction Survey Form Customer Satisfaction Survey Analysis Table Automotive Product Customer Satisfaction Evaluation Form Customer satisfaction with solutions	Management review reports Annual performance indicators
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In response to customer complaints, Asia Optical sets up a rectification team to find the root cause of the problem and current situation to determine permanent rectification measures. After verification of the effect, recurrence is prevented in order to achieve the promised quality and standard for customers.

In 2022, the Company received a total of seven customer complaints. All problems were found one by one in accordance with the standard operating procedure, and the production and shipping inspection methods were improved to meet the standards required by customers.

#### “Cause Analysis” Statistics for Customer Complaints in 2022

Analysis of Defect Causes	Engineering Management	Personnel Negligence	Education and Training	Equipment Error	Design-oriented
Incidence	40.00%	60.00%	0.00%	0.00%	0.00%

Rectification action:

1. Improve the production process
2. Establish an SOP for the packaging process
3. Increase the random inspection rate of projects
4. Strengthen education and training and the substitute system

There were no reports from customers related to the leak, stealing or loss of customer data in 2022.

## 6.3 Product Quality and Safety

### 6.3.1 Product Quality

Adhering to the quality policy of “Perfect Design, Quick Improvement, and Customer Satisfaction,” Asia Optical aims to achieve a quality level that satisfies customers with products and services. To achieve this goal, the Company has established and maintained a quality control system (QMS) in accordance with the ISO 9001 and IATF 16949 requirements. Through the QMS, we ensure the promotion of the PDCA (Plan, Do, Check, Act) management cycle and carry out process improvement in order to obtain better quality. The Company also continues to conduct self-improvement education and training to enhance the professional team’s ability and expedited service on a non-stop basis, thereby satisfying customers’ needs.

When providing products and services, we put ourselves in the shoes of customers. This is not only the main focus of the design review stage, but also a key point for review in each stage of the development and production process. During the development and production stages, we conduct product reviews by continuously confirming “whether customer needs and expectations are met.”

We value the voice of customers and make management improvements on a customer-oriented basis. To continuously understand customer requirements, we conduct customer satisfaction surveys regularly and initiate product and service improvements based on customer feedback, consistently enhancing the Company's structure and core competitiveness to design and manufacture products that meet customer expectations.

The Company is committed to building a good quality assurance system and implementing the following policies:



### 6.3.2 Product Safety

#### 416-1 Assessment of the health and safety impacts of product and service categories

#### 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

Adhering to the Chairman's business and environmental protection philosophy of "Working together to produce enjoyable and environmentally friendly high-tech electro-optical products," all our related products are compliant with international environmental protection regulations (RoHS, WEEE, etc.) and other requirements and directives in line with the development trends. For example, to actively promote green products, the EU promulgated RoHS (Restriction of Hazardous Substances in Electrical and Electronic Equipment) and WEEE (Waste from Electrical and Electronic Equipment) directives in 2003 to explicitly prohibit the use of six hazardous substances (lead, cadmium, mercury, hexavalent chromium, PBB's and PBDE's) and require the compliance of electronic and electrical products imported into Europe with RoHS and WEEE from July 2006. The promulgation of RoHS and WEEE led to a revolution of green products around the world. Many international manufacturers such as SONY and EPSON have actively promoted and enhanced their industrial green competitiveness ever since to achieve sustainable management.

There were no incidents of non-compliance of products and services with health and safety regulations in 2022.

<b>Year</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Number of samples tested	804	680	741
Number of nonconformities	0	0	0

Note: RoHS regulates hazardous elements such as Pb, Cd, Hg, Cr, Br, and Cl.

# 7. Environmental Sustainability

## 7.1 Climate Change and Energy Use

### 201-2 Financial implications and other risks and opportunities due to climate change

The serious impact of global warming caused by the greenhouse effect is well known to mankind. Extreme climate changes, abnormal water cycle, sea level rise, etc., have led to changes in agricultural ecology and significantly affected the global economy. Even though we are not a major energy user in Taiwan, facing global energy shortages and climate change issues, each enterprise has the responsibility to develop energy reduction plans, fulfill the responsibility as a global citizen, and do its part for the earth.

### 7.1 Climate Change and Energy Management

#### 7.1.1 Climate Change

In response to the operational impacts that may be brought about by global warming and extreme weather, Asia Optical has assessed and participated in the mitigation and adaptation of climate change with concrete actions on the “Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)” published by the Financial Stability Board (FSB) in June 2017.

In 2023, the Asia Optical ESG Sustainability Committee will launch a TCFD risk and opportunity inventory promotion plan, involving key personnel training and the discussions by departments including business units, to identify the most important risks based on climate change risk survey results and then map out the direction of climate change response strategies. It is hoped that comprehensive inventory and plan implementation can mitigate and adapt to the possible risks faced by the Company’s sustainable operations under climate change and that the information of the current year will be disclosed in the annual Sustainability Report.

### Climate Change Risk Management

<p><b>Governance</b></p>	<p><b>Board of Directors’ supervision of climate-related risks and opportunities</b></p> <ul style="list-style-type: none"> <li>Climate change-related issues were presented at the board meeting in May 2022. In the future, climate change results and related plans will be reported to the Board of Directors on a regular basis, including the Company’s carbon reduction strategies, measures and results.</li> </ul> <p><b>Management’ supervision of climate-related risks and opportunities</b></p> <ul style="list-style-type: none"> <li>Responsible units identify the risks and opportunities of climate change issues, take countermeasures, regularly report the implementation status and results to the General Manager and senior management, and publish them in the annual Sustainability Report.</li> <li>Supervised by the General Manager and senior management, the equipment department and production department are responsible for the assessment of energy, water resources, waste and other issues, as well as the planning and implementation of short-term, medium-term and long-term action goals and strategies.</li> <li>Climate change-related development plans and implementation measures are reported to the General Manager and senior management from time to time.</li> </ul>
<p><b>Strategy</b></p>	<p><b>Strategies for transformation risks</b></p>

	<ul style="list-style-type: none"> <li>• Collaborate with value chain partners to continue to research and develop innovative designs, and take green design and green procurement into consideration for the product life cycle.</li> <li>• Continue to monitor international trends and requirements on climate change and proactively disclose information on response to climate change.</li> </ul> <p><b>Strategies for physical risks</b></p> <ul style="list-style-type: none"> <li>• Continue to develop and promote water saving, energy conservation and carbon reduction projects, and improve the efficiency of resource use.</li> </ul> <p><b>Strategies for transformation opportunities</b></p> <ul style="list-style-type: none"> <li>• Develop innovative products with higher energy efficiency to meet customer demand for low-carbon products.</li> <li>• Optimize existing building equipment and energy management.</li> </ul>
<b>Risk Management</b>	<p><b>Climate change risk identification, assessment and management processes</b></p> <p>In 2023, the top managers and ESG members will hold a “TCFD Risk and Opportunity Identification” meeting to set up change issues according to the sources of TCFD risks and opportunities, identify Asia Optical’s main risks and opportunities, and develop response strategies and goals.</p>
<b>Indicators and Targets</b>	<p><b>Assessment and management of indicators and targets for climate-related issues</b></p> <ul style="list-style-type: none"> <li>• Asia Optical introduced the ISO 14064-1 greenhouse gas inventory and initiated the 2021 greenhouse gas inventory in 2022. The inventory was verified by the DNV in June 2023, a verification statement was obtained. We will set greenhouse gas reduction targets in the future.</li> <li>• Asia Optical Group is expected to complete the ISO 14064-1 greenhouse gas inventory by 2026.</li> <li>• An electricity saving target is set for all factories every year.</li> <li>• A water use reduction target is set annually.</li> <li>• A solvent waste reduction target is set every year.</li> </ul>

### 302-1 Energy consumption within the organization

### 302-3 Energy intensity

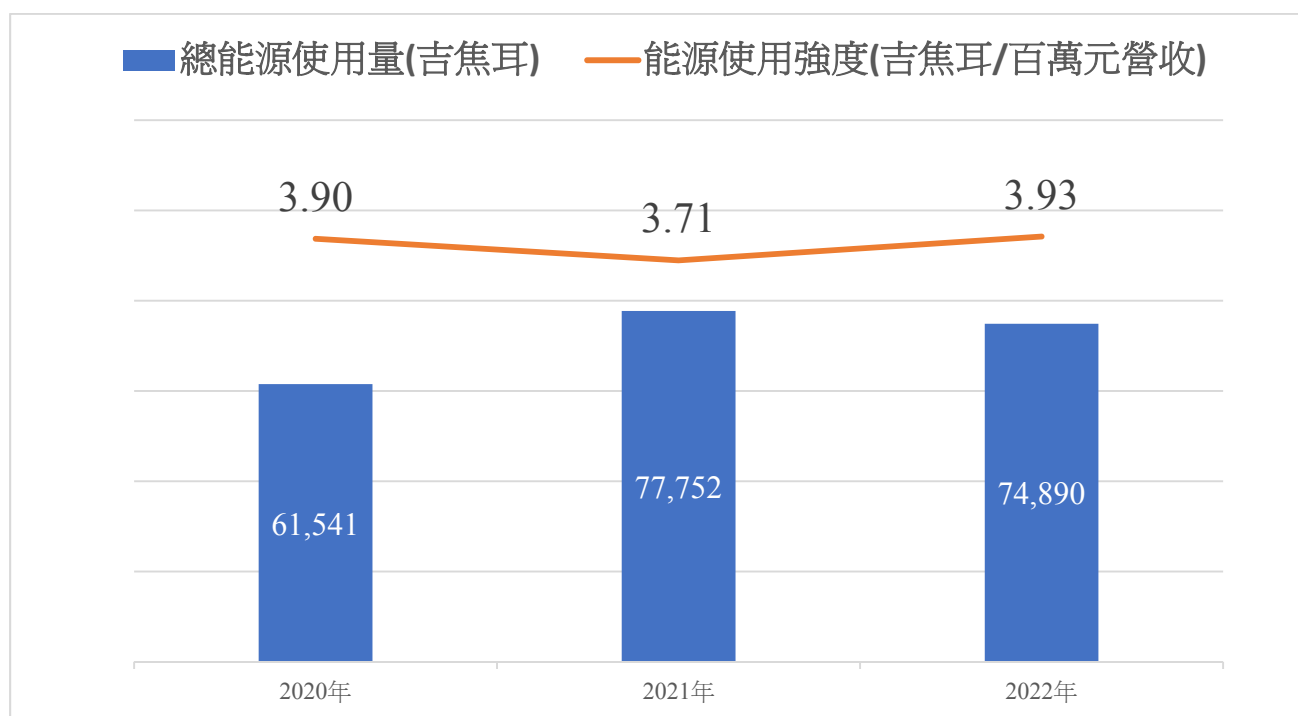
#### 7.1.2 Energy Use

Asia Optical's business locations throughout Taiwan mainly use externally purchased electricity and diesel fuel, and do not use renewable energy. In 2022, the total energy consumption was 74,890 MJ, and the energy use intensity was 3.93 MJ/NTD million of revenue.

Factory	Energy Type	Unit	2020	2021	2022
Headquarters	Electricity	Gigajoule (GJ)	6,915.60	7,162.56	7,267.32
	Diesel fuel	Gigajoule (GJ)	0.04	0.04	0.04
	Annual subtotal	Gigajoule (GJ)	6,915.64	7,162.60	7,267.36
An-He Branch	Electricity	Gigajoule (GJ)	54,496.80	70,428.96	67,367.52
	Diesel fuel	Gigajoule (GJ)	2.11	2.11	2.11
	Annual subtotal	Gigajoule (GJ)	54,498.91	70,431.07	67,369.63
Zhubei R&D Office	Electricity	Gigajoule (GJ)	123.14	155.13	250.39
Changhua R&D Office	Electricity	Gigajoule (GJ)	3.01	2.98	2.99
Total energy use		Gigajoule (GJ)	61,541	77,752	74,890
Energy intensity		GJ/NTD million of revenue	3.90	3.71	3.93

Note:

1. The electricity use of the headquarters, An-He Branch, and Zhubei Office are calculated based on their electricity bills. The electricity use of the Changhua Office is calculated by converting the total electricity bill for the year based on the average tariff announced by Taiwan Power for the year. The average tariff in 2020, 2021 and 2022 was NTD 2.5986, NTD 2.6253, and NTD 2.8458, respectively.
2. 1 kWh of electricity = 0.036 gigajoule (GJ); 1 liter of diesel fuel = 3.51691E-05 gigajoule (GJ)





### 302-4 Reduction of energy consumption

Asia Optical has promoted energy saving and carbon reduction every year, and the cumulative results have been outstanding. Since 2015, the annual electricity conservation rate has been uploaded to the online reporting system for energy verification every year. The average annual electricity saving rate from 2015 to 2022 was 3.73%. The electricity saving rate of the An-He Branch in 2022 reached 1.21%, saving 229,266 kWh of power and 116.696 tCO<sub>2</sub>e in the year.

Energy Conservation Measures in 2022	Electricity Saved (kWh)/Year	Energy Saved in Gigajoule (GJ)/Year	Carbon Reduction (metric tons of CO <sub>2</sub> e)
The pressure of the air compression system at the An-He Branch was reduced by 0.5kg/cm <sup>2</sup>	32,322	116	16.45171985
Energy conservation measures were taken for the maintenance of the air conditioning chiller at the An-He Branch	196,944	709	100.244496

Note:

- 1 kWh of electricity = 0.036 gigajoule (GJ)
- The electricity emission coefficient was calculated at 0.495 kg of CO<sub>2</sub>e/kWh in 2022 according to the electricity emission coefficient announced by the Ministry of Economic Affairs in 2022.

## 7.1.3 Greenhouse Gas Inventory

### 305-1 Direct (Scope 1) GHG emissions

### 305-2 Energy indirect (Scope 2) GHG emissions

### 305-4 GHG emissions intensity

Asia Optical has set 2021 as the base year for the greenhouse gas inventory. In 2022, a full-scale greenhouse gas inventory was initiated, covering the headquarters, An-He Branch, and Hsinchu R&D Office of Asia Optical Co., Inc. In 2022, the total greenhouse gas emissions were 10,779.1088 metric tons of CO<sub>2</sub>e, and the emission intensity was 0.57 tCO<sub>2</sub>e/NTD million.

Factory	Emission Source	2021	2022
Total annual emissions of all factories (tCO <sub>2</sub> e/year)	SCOP1	172.0253	168.4126
	SCOP2	11,036.1493	10,610.6962
	Total	11,208.1746	10,779.1088
Total annual emission intensity of all factories (tCO <sub>2</sub> e/total revenue (NTD million))		0.53	0.57

Note:

1. Calculations in the greenhouse gas inventory were made in accordance with ISO 14064:2018, with 2021 as the base year, and the operational control approach was adopted. The scope of the inventory includes the headquarters, An-He Branch, and Hsinchu R&D Office, but excludes the Changhua R&D Office.
2. The 2021 greenhouse gas inventory was verified in 2022. The 2022 emissions were self-disclosed and have not been verified.
3. The electricity coefficient in 2021 and 2022 was 0.509 kg of CO<sub>2</sub> e/kWh and 0.495 kg of CO<sub>2</sub> e/kWh, respectively. The AR6 version announced by the IPCC was used as the GWP.
4. The other coefficients are from the Greenhouse Gas Emission Coefficient Management Table Version 6.0.4 announced by the National Greenhouse Gas Registration Platform.

# Independent Assurance Opinion

Verification Opinion No.: C0505679-2022-AG-TWN-DNV

Issued date: 28 June, 2023

Page 1 of 2

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2021) of

## Asia Optical Co., Inc

### Scope of Verification

DNV Business Assurance (DNV) has been commissioned by Asia Optical Co., Inc (the Organization) to perform a verification of the greenhouse gas statements of Greenhouse Gas Inventory Management Report (2021) (hereafter the "Inventory Report") in Taiwan, ROC with respect to the sites listed in Appendix A.

The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization. The further descriptions for the Reporting Boundary listed in Appendix B.

### Verification Criteria and GHG Programme

The verification was performed on the basis of ISO 14064-1:2018 as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting.

The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2020, ISO 14064-3:2019.

### Verification Opinion

It is DNV's opinion that the Inventory Report (2021), which was published on 20 April, 2023 (ver. 1), is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches,

- For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2021) were verified with reasonable level of assurance.
- For the other indirect GHG emissions, the involved information was tested using agreed-upon procedures, AUP defined in Inventory Report.

Also, the GHG information as stated in Appendix B and C has been verified during the process.

Carlos, Yan De Lin  
DNV Verifier

*Yan De Carlos Lin*

Place and date:  
Taipei, 28 June, 2023

For the issuing officer:  
DNV Business Assurance Co., Ltd.  
2981, No. 293, Sec. 2, Wenhua Rd.,  
Banqiao District, New Taipei City 220,  
Taiwan

*Dilith*  
Management Representative

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid.  
This verification opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this verification opinion.  
DNV 2981-CP-F50, Rev. 10, 2022-2

Verification Opinion No.: C0505679-2022-AG-TWN-DNV  
Place and date: Taipei, 28 June, 2023

Page 2 of 2

## Supplement to Verification Opinion

### Process and Methodology

The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

### Quantification of Greenhouse Gas Emission

The Inventory Report covering the period 1<sup>st</sup> January, 2021 to 31<sup>st</sup> December, 2021, it is DNV's opinion that 100% GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable.

### Organizational Boundary of Verification

☒ Financial Management Control ☒ Operational Management Control ☐ Equity Share

### GHGs Verified

☒ CO<sub>2</sub> ☒ CH<sub>4</sub> ☒ N<sub>2</sub>O ☒ HFCs ☒ PFCs ☒ SF<sub>6</sub> ☒ NF<sub>3</sub>

The Quantification of GHG emissions and removals in Direct and Indirect Emission Source:

Category	Direct and indirect GHG emissions categorization*	Emissions and removals verified, tonnes CO <sub>2</sub> -e
1	Direct emissions and removals**	172.0253
2	Indirect GHG emissions from imported energy	11,036.1493
Total greenhouse gas emissions and removals in Category 1 & 2		11,208.1746
3	Indirect GHG emissions from transportation	-
4	Indirect GHG emissions from products used by the Organization	1912.3544
5	Indirect GHG emissions associated with the use of products from the Organization	-
Total greenhouse gas emissions and removals in Category 3, 4 & 5		1912.3544

\*: Unless other indicated, the Indirect Emissions was calculated based on 2021 electricity emission factor of 0.509 kg CO<sub>2</sub>-e/kWh, which was announced by Bureau of Energy, Ministry of Economic Affairs. The Global Warming Potential (GWP) defined in IPCC AR6 (2023) has been choose and correctly referred by the Organization.

\*\* the details subcategory of each category could be refer later in the Report.

### Verification Opinion

☒ unmodified  
☐ modified  
☐ adverse

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid.  
This verification opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this verification opinion.  
DNV 2981-CP-F50, Rev. 10, 2022-2

## 7.1.4 Air Pollution Control

To prevent air pollution, Asia Optical has set up pollution prevention and treatment facilities. The An-He Branch is required to conduct regular inspections for odor pollution sources every year in accordance with the Air Pollution Control Act. The results of regular inspections from 2019 to 2021 were in compliance with the regulations.

Emission Testing	Test Item	Testing Standards	2019	2020	2021~2022
An-He Branch	Hydrogen chloride emissions	0.138	0.03	0.03	(Only odor is tested, as approved by the EPA)
	Ethanol emissions	35.1	0.02	0.02	
	Isopropyl alcohol	18.4	2.31	1.87	
					Unit: kg/hour

## 7.2 Resource and Waste Management

### 7.2.1 Resource Input and Utilization

The main raw material used by Asia Optical is glass, with a consumption of 44.53 metric tons in 2022. The main packaging material used is clamshells, with a consumption of 13.56 metric tons in 2022. Currently, they are all disposable.

Type	Unit	2020	2021	2022
Spherical	PCS	1,866,819	2,847,638	2,231,430
	KG	9,895	13,566	14,407
Aspherical	PCS	5,589,640	10,265,961	9,103,046
	KG	12,876	21,743	16,952
Plate glass	PCS	166,701	190,822	151,231
	KG	11,180	8,877	16,174
Total	PCS	7,623,160	13,304,421	11,485,707
	KG	33,950	44,186	47,534

Type	Unit	2020	2021	2022
Clamshell	PCS	571,693	818,652	906,966
	KG	8,890	12,840	13,563

### 7.2.2 Waste Management

#### 306-1 Waste generation and significant waste-related impacts

#### 306-2 Management of significant waste-related impacts

Waste can be classified as hazardous business waste, general business waste, and recyclable waste at Asia Optical's headquarters and An-He Branch. The waste generated by the Hsinchu and Changhua R&D Offices is mainly domestic waste. We commission waste disposal companies to dispose of the waste legally. We also conduct on-site audits on the companies every year to ensure the proper disposal of waste.

- (a) General business waste: Waste glass, waste process sludge, wastewater sludge, waste cleaning agent, waste lubricant oil, wastewater-based carbon, etc.
- (b) Hazardous business waste: Waste sludge, waste solvents, etc.
- (c) Recyclable waste: Waste that can be recycled as announced by the EPA.

In the waste storage area, nameplates are set up according to the type for identification when employees are sorting and storing waste. When hazardous business waste is stored in containers, each container should be labeled with the type, date, serial number, and icons. Waste storage facilities should not have waste flying and escaping, seeping and polluting the ground, and at least one inspection should be conducted every month to keep the waste storage area clean and complete.

Headquarters:

Year	2020		2021		2022	
Item	General business waste	Hazardous business waste	General business waste	Hazardous business waste	General business waste	Hazardous business waste
Physical treatment	3.08	0	3.66	0	2.7	0.02
Chemical treatment	0.00	1.82	0	0	0	0.15
Announced as recyclable	0.4	0.00	1.71	0.00	0.24	0
Total for each item	3.48	1.82	5.37	0	2.94	0.17
Total	5.3		5.37		3.11	
Percentage	65.66%	34.34%	100%	0%	94.53%	5.47%

Unit: Metric tons

An-He Branch:

Year	2020		2021		2022	
Item	General business waste	Hazardous business waste	General business waste	Hazardous business waste	General business waste	Hazardous business waste
Physical treatment	15.50	15.28	18.24	12.99	21.73	15.39
Chemical treatment	0.00	0.60	0.00	2.65	0.00	0.80
Solidification	9.60	0.00	14.33	0.00	11.13	0.00
Announced as recyclable	11.54	0.00	21.62	0.00	13.49	0.00
Subtotal	36.64	15.88	54.19	15.64	46.35	16.19
Total for each item	73.27	31.76	108.38	31.28	92.69	32.38
Total	105.03		139.66		125.07	
Percentage	69.76%	30.24%	77.60%	22.40%	74.11%	25.89%

Unit: Metric tons

Note: The main waste of the Hsinchu and Changhua R&D Offices is domestic garbage, which is centrally processed by the buildings and are not included in the statistics.

#### ■ Waste Solvent Reduction Plan

The Company's An-He Branch has promoted a waste solvent reduction plan since 2019. A high-boiling-point solvent recycling machine was introduced into the process to recycle waste liquid. Isopropyl alcohol can be reused in the cleaning agent production process according to specific gravity to reduce the purchase of raw materials. The waste solvent generation in 2022 was reduced by 25% compared to 2019.

An-He Branch	Waste isopropyl alcohol	Waste acetone	Hazardous waste
2019 (base year)	20.37	0.28	20.65
2020	14.79	0.49	15.28
2021	12.36	0.63	12.99
2022	14.81	0.58	15.39
Total	62.33	1.98	64.31

## 7.3 Water Resource Management

The greenhouse effect on the global climate aggravates the crisis of water shortage. Scientists predict that global warming will make the land sandy and lead to serious droughts. Many countries now rely heavily on groundwater. However, groundwater is not inexhaustible.

Water resources have become one of the most important issues facing mankind in the 21st century. According to a research report published by the United Nations, more than 1 billion people in the world do not have access to safe drinking water, and an average of over 5 million people die from diseases caused by drinking water annually.

If human beings continue to consume water resources at the current rate, by 2025, the water crisis will spread to 48 countries, and at least 2.7 billion people in the world will be threatened by a severe lack of fresh water. There will be as many as 5 billion people in areas where it is difficult to access fresh water or unable to meet their freshwater needs, accounting for two-thirds of the world's population.

### 7.3.1 Water Source Management

Asia Optical mainly uses tap water. Currently, only the An-He Branch uses well water. The Liyutan Reservoir is the main water source for the headquarters and An-He Branch. The total water consumption in 2022 was 110,636.06 m<sup>3</sup>. In response to the impact of droughts, the Company has adopted the following measures:

Water Supply Monitoring Index	Government Measure	Asia Optical's Response Measure
● Water supply normal	Stable supply	Water consumption management in each factory
● Water supply preparedness	Enhance water allocation	Set up a response team to formulate an emergency water plan.
● Reduced water pressure	Reduce pipe pressure for water supply during off-peak and specific time periods	Process water conservation/water storage
● Reduced water supply	5–20% reduction in water supply to industrial customers	Process water conservation/water storage
● Zoned water supply or fixed-point water supply	Shut off water supply by zone in rotation or in the entire zone at regular intervals	Process water conservation/use of secondary water source (well water) for process operations

### 303-3 Water withdrawal

Factory	Water Source	2020	2021	2022
Headquarters	Tap water	5292.98	6029.87	6675.09
	Well water	10.00	719.00	60.00
An-He Branch	Tap water	82438.59	77015.55	86057.97
	Well water	11627.00	12259.00	8199.00
Zhubei R&D Office	Tap water	206.86	182.16	284.00
Changhua R&D Office	Tap water	1012.99	1012.99	1012.99
Total water consumption		100588.41	97218.56	102289.04

(Unit: m<sup>3</sup>)

Note:

1. The water consumption of the Changhua R&D Office was calculated based on the average water price in Taiwan (NTD 9.24/m<sup>3</sup>).

### 7.3.2 Wastewater Discharge Management

Among all kinds of pollutions, water pollution has the longest-lasting impact on the environment because polluted river or lake water will seep into the ground and cause groundwater pollution, or flow into farmland or wet land and cause soil pollution. Sewage from rivers or lakes continues to infiltrate and accumulate in groundwater or soil, which will eventually lead to unimaginable consequences.

All wastewater from Asia Optical's production processes is discharged after in-house treatment. The relevant treatment processes are as follows:

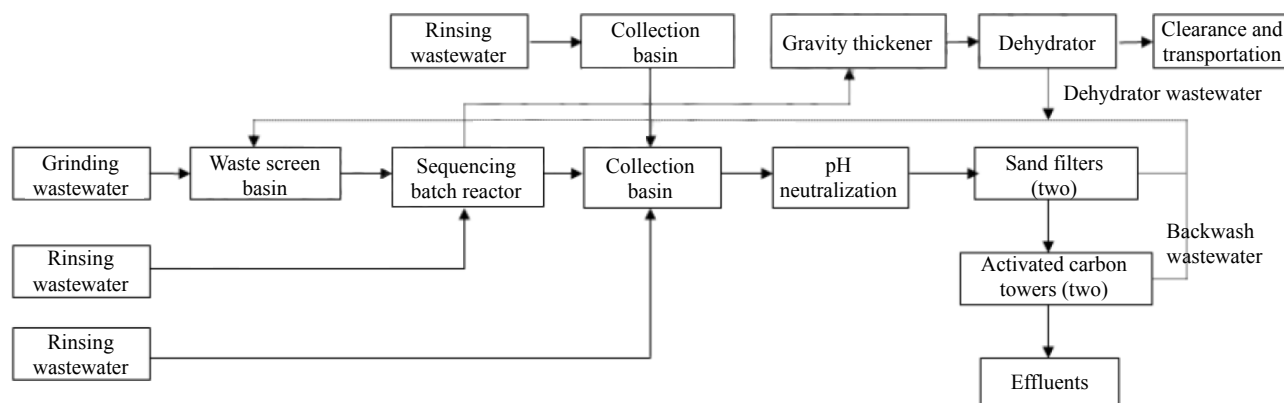


Figure: Wastewater Treatment Process at An-He Branch

In addition, according to environmental protection laws and regulations, Asia Optical's An-He Branch is required to have external testing for water volume, PH value, water temperature, chemical oxygen demand, suspended solids, and lead every six months. The wastewater test results in 2022 were in compliance with the regulations.

Factory	Emission Category	2020	2021	2022
An-He Branch	Effluent Volume	45745.12	43209.36	45822.53

(Unit: m<sup>3</sup>)



## 8. Sustainable Supply Chain

### 8.1 Supplier Management

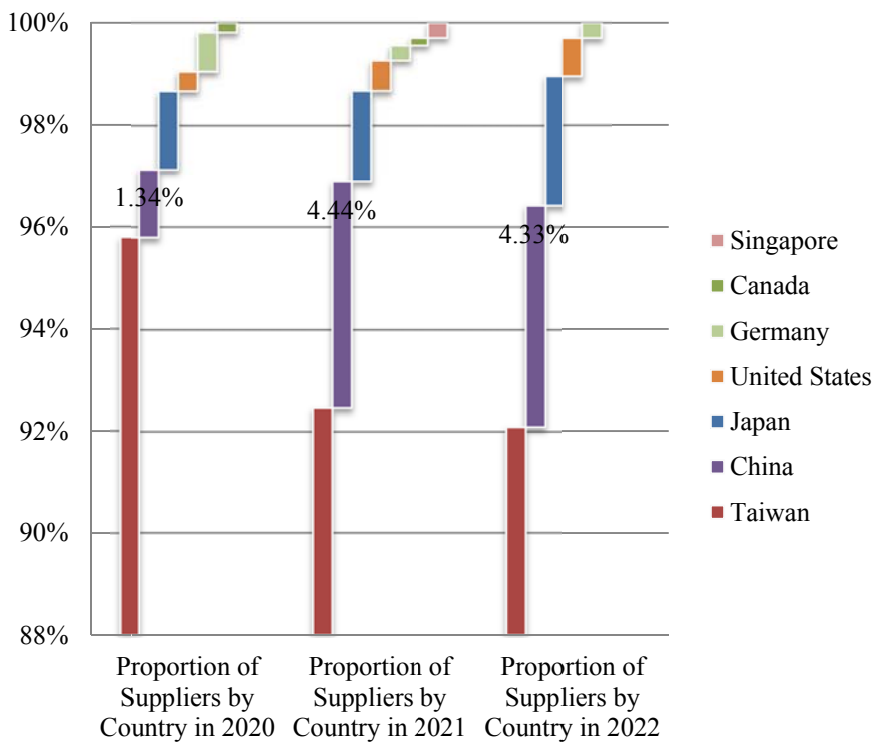
#### 8.1.1 Local Procurement Status

##### 204-1 Proportion of spending on local suppliers

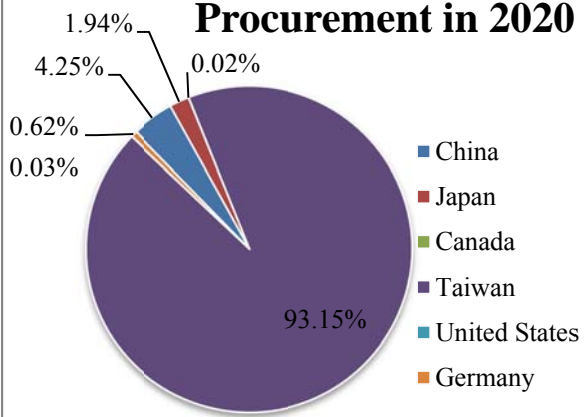
Adhering to the principles of corporate social responsibility and sustainability, Asia Optical hopes to drive the sustainable development of the entire supply chain. Therefore, in order to promote business activities and boost local economic development, we have actively implemented the localization of materials and supported the development of local suppliers. By doing so, the Company can reduce unnecessary air and sea freight and the carbon footprint generated during the material transportation process. The main business locations of Asia Optical are the Taichung Headquarters and An-He Branch. We are dedicated to local procurement by localizing general procurement and outsourced processing in Taiwan. In 2022, the local procurement ratio of Asia Optical in Taiwan was 83.73 %.

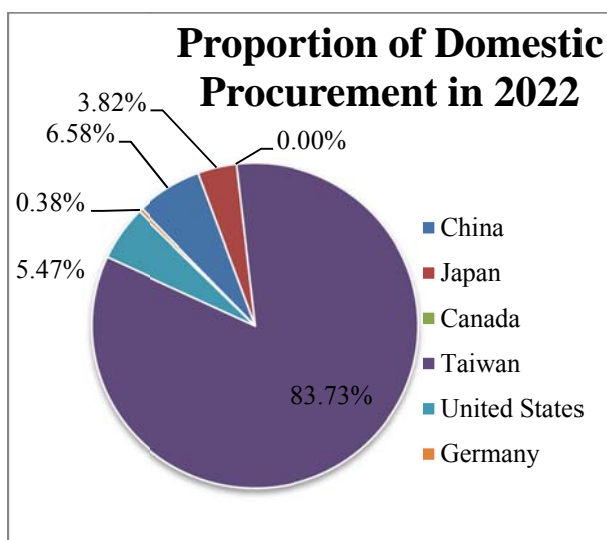
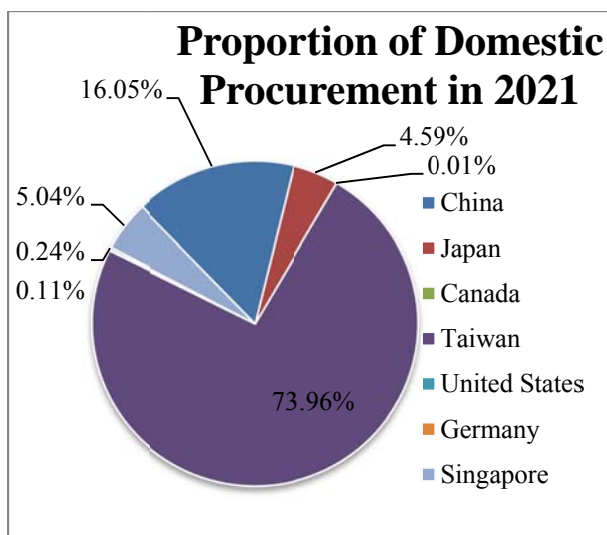
Region	Number of Suppliers by Country in 2020	Number of Suppliers by Country in 2021	Number of Suppliers by Country in 2022	Proportion of Suppliers by Country in 2020	Proportion of Suppliers by Country in 2021	Proportion of Suppliers by Country in 2022
China	7	30	29	1.34%	4.44%	4.33%
Japan	8	12	17	1.53%	1.78%	2.54%
Canada	1	1	0	0.19%	0.15%	0.00%
Taiwan	501	625	617	95.79%	92.46%	92.09%
United States	2	4	5	0.38%	0.59%	0.75%
Singapore	0	2	0	0.00%	0.30%	0.00%
Germany	4	2	2	0.76%	0.30%	0.30%
Total	523	676	670			

## Proportion of Suppliers by Country from 2020 to 2022



## Proportion of Domestic Procurement in 2020





### 8.1.2 Supplier Sustainability Risk Management

In the future, Asia Optical will strengthen the management of supply chain sustainability risks to gradually enhance the sustainability performance of the supply chain by reviewing and mitigating the sustainability risks faced by the supply chain through the four steps of “risk review,” “risk assessment,” “material risk identification,” and “risk mitigation.”

We have integrated risk control into our daily procurement operations, and established a PDCA cycle-based process to constantly review potential risks and control the sustainability risks of the supply chain.

#### ■ Supplier Sustainability Risk Assessment

**308-1 New suppliers that were screened using environmental criteria**

**414-1 New suppliers that were screened using social criteria**

**GRI 308 Supplier Environmental Assessment**

## GRI 414 Supplier Social Assessment

To enhance and expand the sustainable management of the supply chain, we have included CSR as one of the key supplier selection criteria and requested suppliers to complete a “Supplier Factory Management Audit Form” and sign an RBA letter of undertaking.

Process	Responsible Unit	Resources Input	Output
<pre> graph TD     A[Create New Suppliers] --&gt; B{Supplier Selection}     B -- NG --&gt; A     B --&gt; C{Supplier Evaluation}     C -- NG --&gt; B     C --&gt; D[Routine Management]           </pre>	Procurement/quality control/GP/technical unit	Supplier Profile Supplier Environmental Management Self-assessment Form Supplier Factory Management Audit Form Automotive product supplier development and management procedure Supplier GP Audit Checklist Environmentally Hazardous Substance Survey Form Contracts to be signed by suppliers Supplier Quality Agreement (automotive product suppliers)	1. Suppliers scoring 70 points or higher for supplier factory management audits 2. Suppliers scoring between 6–20 points for environmental management self-assessment 3. Suppliers’ audit score must reach 70 points or more; otherwise they must be directed to make rectification to meet the standards
	Procurement/quality control/GP/technical unit	Supplier Factory Management Audit Form	List of Qualified Suppliers
	Procurement/quality control/GP/technical unit	Annual Supplier Audit Schedule Summary of Inclusion of Suppliers Supplier Inclusion Evaluation Form	Supplier Factory Management Audit Form Summary of Inclusion of Suppliers Supplier Inclusion Evaluation Form
	Procurement unit	Summary of Inclusion of Suppliers Supplier Inclusion Evaluation Form	Summary of Inclusion of Suppliers Supplier Inclusion Evaluation Form

### ■ Sustainable Management Audits and Propaganda for Suppliers

Asia Optical is committed to establishing a supplier management system and related regulations, and regularly communicates with suppliers to build stable, sustainable and win-win strategic partnerships. We have included supply chain risks, continuous operations, finance, and conflict minerals as supply chain management issues to build a more resilient sustainable supply chain. We have also established a cross-departmental “Supply Chain Management Committee” to assist suppliers in improving and upgrading their quality systems, environmental protection, green procurement and factory safety, etc., through regular guidance and auditing, thereby developing the suppliers’ sustainability.

In an effort to promote sustainable supplier management, we have integrated our management system with the procurement process. Raw material suppliers are required to sign a “Supplier’s Letter of Undertaking” whose content is based on the RBA Code of Conduct, the International Labour Organization’s conventions, and the SA8000 Standard and includes terms covering ethics,

human rights, and environmental considerations. In response to the newly amended RBA Code of Conduct in 2021, the “Supplier’s Letter of Undertaking to Corporate Social Responsibility” will be reformulated, and we will continue to invite our supplier partners to make an undertaking and sign.

Number of Signing Suppliers	CSR Letter of Undertaking	RBA Letter of Undertaking
2020	13	-
2021	-	41
2022	-	208

Note: Before 2020, suppliers signed CSR letters of undertaking. After 2021, they sign RBA letters of undertaking instead.

#### LETTER OF UNDERTAKING OF COMPLIANCE WITH RBA CODE OF CONDUCT

##### 責任商業聯盟行為準則遵守承諾書

By signing below, Supplier undertakes that:

簽署本承諾書後，供應商保證以下事項：

1. Supplier agrees to thoroughly read, understand and continuously comply with RESPONSIBLE BUSINESS ALLIANCE CODE OF CONDUCT (“RBA Code of Conduct”) and its latest version.

供應商同意徹底地閱讀及理解，並持續遵守責任商業聯盟行為準則（“RBA 行為準則”）及其最新版本。

2. Supplier agrees to regularly inspect the latest version of RBA Code of Conduct published on the RBA website (<http://www.responsiblebusiness.org/code-of-conduct/>).

供應商同意定期檢視 RBA 網站上所公佈的最新版本 RBA 行為準則。

3. Supplier shall indemnify Asia Optical Co., Inc. and its Affiliates against any and all losses, damages, fees, or expenses arising out of Supplier’s breach of or non-compliance with RBA Code of Conduct. The “Affiliates” means any legal entity which, controls, is controlled by, or is under common control with, a Party. For this purpose, “control” shall mean (a) the ownership of more than fifty percent (50%) of the voting securities of the other entity, (b) the right to appoint the majority of the directors of the entity, or (c) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, as applicable.

供應商應賠償亞洲光學股份有限公司及其關係企業任何因供應商違反或未遵守 RBA 行為準則所引起所有損失、損害或費用。所謂關係企業，指任何法人或其他主體直接或間接控制本合約之任一方，或為本合約之任一方所控制，或與本合約之任一方為共同之法人或其他主體所控制。所謂控制係指，(a) 擁有超過百分之五十之有投票權之股票或股權，或 (b) 有資格選舉或指派過半數董事之權利，或 (c) 直接或間接擁有權力，可主導或促成主導該公司的管理或政策。

## ■ Continuous Improvement

Asia Optical will conduct on-site audits for important suppliers. The audits will cover ESH control and corporate social responsibility surveys. We also require the audited suppliers to formulate or submit an improvement plan by the improvement deadline. Asia Optical will provide considerable assistance to suppliers with relatively poor performance. The Company will continue to require suppliers to rectify deficiencies found in audits and provide them with guidance on compliance with the Supply Chain Code of Conduct in order to reduce supply chain risks and drive supply chain growth.

In 2022, six suppliers were audited, with an audit rate of 100%.

## 8.2 Supply Chain's Green Production

Asia Optical believes in the environmental protection philosophy of “Working together to produce enjoyable and environmentally friendly high-tech electro-optical products.” In order to enhance the competitiveness of green products, all parts/components supplied to Asia Optical and all chemicals and raw materials processed into parts for our products must comply with the Asia Optical Green Procurement Standards. All raw materials and parts/components delivered to Asia Optical must also meet the Standards in order to achieve the goal of promoting the green products of Asia Optical. This requires the cooperation and efforts of all supplier partners of Asia Optical to initiate the green development of the industry and improve competitiveness, thereby “producing enjoyable and environmentally friendly high-tech electro-optical products.”

We have organized activities such as the “Green Supply Chain Supplier Conference” and “Green Production Material Survey” to make sure that our supplier partners understand the “Asia Optical Green Product Strategy” and ensure the smooth development of our green products. Suppliers qualified as green suppliers must provide green production materials that are reviewed and approved by the Asia Optical Green Office before they can be listed as green suppliers prioritized for procurement. If suppliers are not clear about the “Asia Optical Green Product Strategy” or how their products and processes are tested and verified to meet the “Asia Optical Green Product Requirements,” they may consult and ask for assistance from the GP Office. Regular on-site inspections are planned for high-risk “products” and “processes.”

### ■ Green Procurement Amount NTD

Year	Total
2020	53,314,975
2021	114,991,072
2022	<b>284,562,935</b>

Note: Procurement that complies with the Asia Optical Green Procurement Standards is included in the green procurement amount. The suppliers covered are those who are included in Asia Optical's monthly supplier evaluation and whose products are used for items assembled through production lines in Taiwan.

### ■ Suppliers Signing a Letter of Undertaking for Non-use of Prohibited Substances

Year	Quantity
2020	141
2021	63
2022	57
Total	261

## 9. Employee Care

### 9.1 Talent Attraction and Retention

Talent management is an important strategic resource, a creator of corporate value, and a key cornerstone for the sustainable operation and growth of an enterprise. Viewing employees as our most important assets, we seek to develop individual and team potential and professional skills, cultivate key talent, master skills in key fields, create an open and innovative R&D culture and a creative environment, and pursue a high-performance organization with excellent talent. The Company has established comprehensive remuneration and welfare programs, and implemented a human resources development strategy of nurturing and developing diversified talent, creating shared value for the enterprise.

**2-7 Employees**

**2-8 Workers who are not employees**

**202-2 Proportion of senior management hired from the local community**

#### 9.1.1 Manpower Distribution

Upholding the principle of fairness and employment diversity, Asia Optical treats employees of different ages, genders, races, religions, political stances, marital status, and unions in recruitment, employment, evaluation, and promotion equally. No child labor is used. We take putting the right person at the right place as the main consideration to provide employment opportunities globally and promote economic growth.

In 2022, the total number of employees of Asia Optical was 1,012, and the senior management were all locals. The Company had 18 non-employee workers, including 2 security guards, 3 catering staff, 6 cleaning staff, 2 factory nurses, and 2 factory physicians.

In accordance with Article 38, Paragraph 2 of the “People with Disabilities Rights Protection Act,” the Company takes practical action to support disadvantaged people with disabilities by providing them with job opportunities. As of the end of 2022, the Company has hired a total of 8 employees with disabilities.

In line with the Company’s localization policy, we have extensively recruited local talent to provide job opportunities for local residents and enhance the Company’s competitiveness.

Type of Employment			2020					2021					2022				
			Locals		Foreign nationals		Subtotal	Locals		Foreign nationals		Subtotal	Locals		Foreign nationals		Subtotal
			Male	Female	Male	Female		Male	Female	Male	Female		Male	Female	Male	Female	
Full-time employees	Permanent employees	Under 30 years old	31	10		1	42	35	28		2	65	36	41		1	78
		30–50 years old	334	227		3	564	348	296		6	650	360	312		7	679
		Above 50 years old	50	26			76	59	31			90	74	41			115
	Temporary employees	Under 30 years old			6	31	37		1	6	21	28			7	28	35
		30–50 years old	1		8	38	47	1		9	45	55			19	61	80
		Above 50 years old	2	1			3	2	1			3	3	1			4
	Employees without guaranteed hours	Under 30 years old															
		30-50 years old															
		Above 50 years old															
Part-time employees	Permanent employees	Under 30 years old															
		30–50 years old															
		Above 50 years old															
	Temporary employees	Under 30 years old											10	4			14
		30–50 years old	4	1			5	3	1			4	3	1			4
		Above 50 years old	2	1			3	3				3	3				3
	Employees without guaranteed hours	Under 30 years old															
		30–50 years old															
		Above 50 years old															
Total			424	266	14	73	777	451	358	15	74	898	489	400	26	97	1012

Note: The senior management are the Company's managerial officers.



## 9.1.2 Talent Retention

### 401-1 New employee hires and employee turnover

Asia Optical recruits talent through diverse channels. In 2022, there were 221 new employees, with a new hire rate of 21.84%, and 169 separated employees, with an employee turnover rate of 16.7%. In 2021, the turnover rate was higher than that in the previous two years due to the pandemic.

According to interviews conducted by Asia Optical, most of the reasons for employment separation were career planning or unsuitability. In light of this, Asia Optical has further taken countermeasures such as increasing training courses, strengthening the communication and management skills of managers, and caring for new employees to reduce problems in adapting to the work environment.

Year-end Number of Employees by Gender/Age	2020			2021			2022		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Under 30 years old	37	42	79	41	52	93	53	74	127
30–50 years old	347	269	616	361	348	709	382	381	763
Above 50 years old	54	28	82	64	32	96	80	42	122
Total	438	339	777	466	432	898	515	497	1012

#### ● Statistics on New Employees

Type of New Employees	2020			2021			2022		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Under 30 years old	11	7	18	36	72	108	50	58	108
30–50 years old	14	11	25	39	148	187	36	72	108
Above 50 years old	0	1	1	5	3	8	3	2	5
Subtotal	25	19	44	80	223	303	89	132	221

#### ■ Statistics on New Hire Rates

Type of New Employees	2020			2021			2022		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Under 30 years old	29.73%	16.67%	22.78%	87.80%	138.46%	116.13%	94.34%	78.38%	85.04%
30–50 years old	4.03%	4.09%	4.06%	10.80%	42.53%	26.38%	9.42%	18.90%	14.15%
Above 50 years old	0.00%	3.57%	1.22%	7.81%	9.38%	8.33%	3.75%	4.76%	4.10%
Subtotal	5.71%	5.60%	5.66%	17.17%	51.62%	33.74%	17.28%	26.56%	21.84%

Note: Formula: New hire rate = Number of separated employees by gender and age / Year-end number of employees by gender and age × %

■ Statistics on Separated Employees

Type of Separated Employees	2020			2021			2022		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Under 30 years old	24	21	45	30	50	80	45	49	94
30–50 years old	15	9	24	24	74	98	28	44	72
Above 50 years old	3	0	3	1	2	3	1	2	3
Subtotal	42	30	72	55	126	181	74	95	169

■ Statistics on Employee Turnover

Type of Separated Employees	2020			2021			2022		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Under 30 years old	64.86%	50.00%	56.96%	73.17%	96.15%	86.02%	84.91%	66.22%	74.02%
30-50 years old	4.32%	3.35%	3.90%	6.65%	21.26%	13.82%	7.33%	11.55%	9.44%
Above 50 years old	5.56%	0.00%	3.66%	1.56%	6.25%	3.13%	1.25%	4.76%	2.46%
Subtotal	9.59%	8.85%	9.27%	11.80%	29.17%	20.16%	14.37%	19.11%	16.70%

Note: Formula: Turnover rate = Number of separated employees by gender and age / Year-end number of employees by gender and age × %

### 9.1.3 Salary and Benefits

We firmly believe that employees are our greatest assets. In order to attract and retain talent by providing them with competitive salaries, we make salary adjustments each year based on the market pay level of each job role and individual performance. Employee remuneration includes base salary, duty and profession allowances, various allowances, bonuses, and operational dividends. The level of remuneration is determined based on educational background, past experience, personal professional skills, and work performance. The remuneration standard will never vary due to factors such as gender, religion, race, nationality, and political affiliation. The remuneration and working conditions of each and every one of our employees are guaranteed in compliance with or even better than Taiwan's labor laws and regulations, ensuring remuneration competitiveness in the labor market.

#### 405-2 Ratio of basic salary and remuneration of women to men

##### ■ Male-to-Female Remuneration Ratio

Year	2020				2021				2022			
Job Level	*1. Basic salary = Base salary (Average)		*2. Full salary = Base salary + Bonus (Average)		*1. Basic salary = Base salary (Average)		*2. Full salary = Base salary + Bonus (Average)		*1. Basic salary = Base salary (Average)		*2. Full salary = Base salary + Bonus (Average)	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Managerial staff	1.41	1	1.30	1	1.45	1	1.22	1	1.40	1	1.17	1
Non-managerial staff	1.33	1	1.38	1	1.09	1	2.15	1	1.36	1	1.45	1

Note:

1. The basic salary is the recurring monthly salary (the amount on the withholding statement for the year - bonuses)
2. The full salary is the recurring monthly salary (the amount on the withholding statement for the year - bonuses) + recurring additions (food allowance for the year/salary voluntarily contributed for pension under the new labor pension system/monthly salary for this December) - recurring deductions (monthly salary for last December/tax-free meal allowance/salary voluntarily contributed for pension under the new labor pension system) + non-recurring additions (year-end bonus/dividends/non-leave bonus/general bonus/seniority bonus/patent bonus/performance bonus paid in the following year + tax-free overtime pay for the year + Dragon Boat Festival bonus/long-term retention bonus/patent bonus/Mid-Autumn Festival bonus/performance bonus/other bonuses paid in the current year)
3. Since there were more male R&D managers than female R&D managers, the salaries of the male R&D managers were higher.
4. Due to the fact that the work of non-managerial male staff is heavier than that of females and that the work of non-managerial female staff is more administrative in nature, the male staff's salaries were higher than those of the female staff.
5. Managerial staff are at section level or above

#### 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

##### ■ Basic Salary Ratio

Year	2020		2021		2022	
Job Level	*1. Basic salary = Base salary (Average)	*2. Full salary = Base salary + Bonus (Average)	*1. Basic salary = Base salary (Average)	*2. Full salary = Base salary + Bonus (Average)	*1. Basic salary = Base salary (Average)	*2. Full salary = Base salary + Bonus (Average)

	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
<b>Managerial staff</b>	3.75	2.66	6.25	4.83	3.71	2.56	8.77	7.18	3.59	2.56	6.76	5.77
<b>Non-managerial staff</b>	1.84	1.39	2.64	1.90	1.78	1.64	3.51	1.64	1.69	1.24	2.76	1.90

Note:

1. Calculation: Managerial staff/Basic salary of the year; non-managerial staff/Basic salary of the year
2. Managerial staff are at section level or above

## 9.1.4 Company Welfare Measures

### 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

The Company's welfare measures include national health insurance, labor insurance, contributions for labor retirement reserves, contributions for arrears of wages, contributions for occupational disaster insurance, contributions for labor pension, etc. We also have a sound salary structure and distribute employee dividends and performance bonus, annual festival bonuses, patent invention bonuses, and proposal bonuses.

#### ■ Thoughtful Welfare System

Asia Optical provides annual health checkups, regular health consultations with on-site physicians, regular health lectures by the medical center, free soothing massages, breastfeeding rooms, legal consultation services, group insurance for expatriates/staff on business trips (life insurance/accident insurance), wedding/funeral allowances, injury and sickness solatium, maternity allowances, meal allowances, employee recreational activities regularly organized by the Welfare Committee, club activity subsidies, discounts at contracted stores, product promotion displays held from time to time to meet employees' living needs, allowances for domestic/overseas company trips, emergency assistance, regular birthday parties, factory celebrations (Family Day), year-end parties, comfortable employee restaurants, convenient canteens, free indoor/outdoor parking lots, arts and cultural recreation space, employee sports facility borrowing.

#### ■ Quarterly Welfare Committee Meeting

Every year, we plan company trips and group activities, discounts at contracted stores and vendors' booths inside the Company, employee emergency assistance applications and fund-raising activities, birthdays, and gift vouchers for Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.

Allowances' Proportion of Expenditure	2020	2021	2022
<b>Birthday gift vouchers</b>	<b>12.60%</b>	<b>12.57%</b>	<b>14.99%</b>
<b>Festival gift vouchers</b>	<b>35.48%</b>	<b>40.79%</b>	<b>32.50%</b>
<b>Funeral allowances</b>	<b>2.56%</b>	<b>3.11%</b>	<b>2.54%</b>
<b>Maternity allowances</b>	<b>0.51%</b>	<b>1.03%</b>	<b>0.33%</b>
<b>Injury/sickness solatium</b>	<b>0.60%</b>	<b>0.39%</b>	<b>0.31%</b>
<b>Marriage allowances</b>	<b>0.36%</b>	<b>0.29%</b>	<b>0.43%</b>
<b>Group insurance</b>	<b>4.35%</b>	<b>4.23%</b>	<b>4.34%</b>
<b>Emergency assistance</b>	<b>0.32%</b>	<b>0.00%</b>	<b>0.23%</b>
<b>Others (including travel</b>	<b>43.23%</b>	<b>37.60%</b>	<b>44.34%</b>

and activities)			
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Note: The statistics cover the expenditure proportions of the Welfare Committee and the Company. The recipients of the allowances include temporary and part-time employees.

### 201-3 Defined benefit plan obligations and other retirement plans

#### ■ Comprehensive Retirement System

In accordance with the “Labor Standards Act” and the “Labor Pension Act,” Asia Optical provides stable pension contributions and payments with a sound financial system. In addition to the contributions required by law, the Company also make sure that full contributions are made to protect the rights and interests of employees in claiming pensions in the future. For employees whose years of service are calculated under the Labor Pension Act’s old pension system, the Company adopts a defined benefit plan. For employees under the new labor pension system, the Company contributes 6% of their wage to their personal pension account. In addition, employees may also voluntarily make a pension contribution of up to 6% of their monthly wage.

#### Employee Pension Contribution Amount

(Unit: NTD thousand)

Item	2020	2021	2022
Employee pension contribution amount	29,137	25,661	52,610

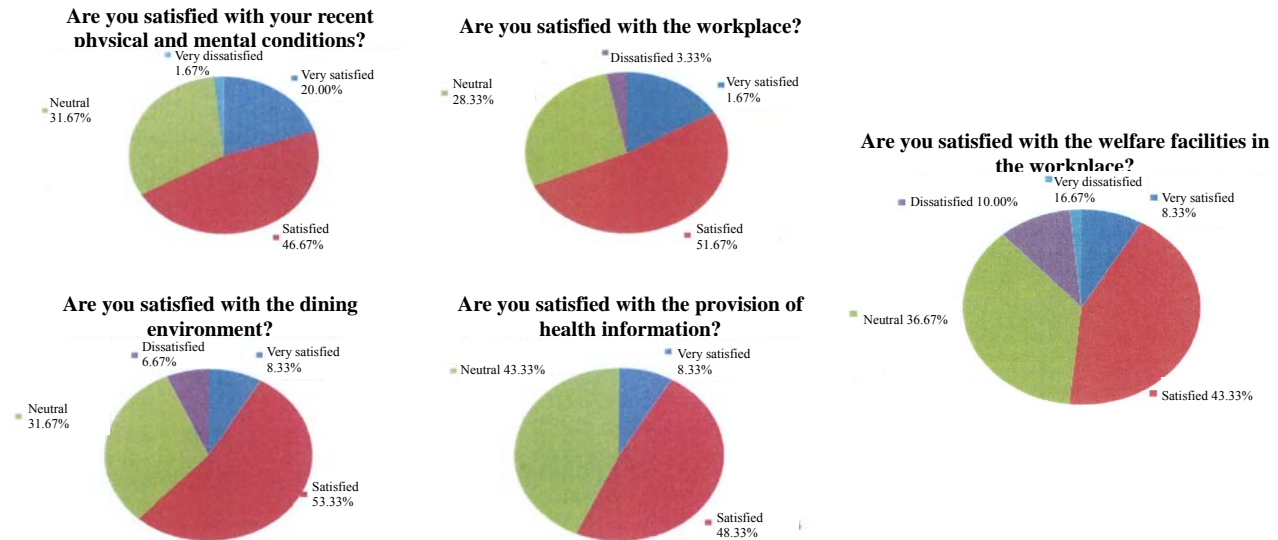
### 2-30 Collective bargaining agreements

#### ■ Labor–Management Meeting

Asia Optical has no union and therefore no collective bargaining agreements are concluded. However, we place great emphasis on communications with employees. In order to coordinate labor–management relations, promote labor–management collaboration, and improve work efficiency, the Company organizes labor–management meetings in accordance with the “Implementation Regulations for Labor–Management Meetings.” At least one labor–management meeting is held every three months. Extraordinary meetings may be called if necessary to exchange opinions. Both labor and management should discuss with each other to resolve problems with the principle of harmony and good faith. The Company has a complaint hotline and email address to receive employees’ suggestions, establishes systematic communication and complaint channels, and provides reasonable and appropriate responses to employees’ doubts, grievances and expectations. There were no reports or complaints in 2021.

## ■ Employee Care Interviews

We conduct regular one-on-one interviews with employees or provide phone care. The opinions from our employees provide the Company with the direction and focus of improvement, allowing the Company to move towards a friendly workplace and enhance employee benefits.



## ■ Asia Optical Group Family Day

Event Location: Lihpao Resort

Event Date: December 10, 2022 (Saturday), 10:00 AM

Eligibility: All employees and their family members.

Event Type: Interactive games + Lotteries + Amusement park exploration

Participants	Employees		Family Members	Total
	Locals	Foreign nationals		
Number of participants	507	88	966	1,561



Event Highlights:







## 9.2 Talent Cultivation and Development

### 9.2.1 Talent Cultivation

Asia Optical recruits outstanding talent and values talent cultivation. The “Education and Training Procedures” have been established to serve as the basis for employee education and training. Education and training are used to enrich employees’ knowledge and skills, improve work efficiency and quality, and combine employee growth with corporate development goals. From the time employees joined the Company, we have offered sufficient resources to employees with different positions and job levels in order to increase their value for mutual growth through knowledge transfer. Relevant training is organized for different employees and roles, and courses may be adjusted according to their needs and performance to maximize the effectiveness of the courses. External training courses can be assigned by unit managers or requested by employees according to their duties. After the courses are over, participants can share their learning experiences or obtain relevant certificates to convert them into internal training courses to share knowledge and experience. These training courses may be divided into:

- (1) Orientation training for new employees
- (2) Competency-based education and training
- (3) Level-based education and training
- (4) Self-development

Education and Training System

Level-based education and training				Top manager training
			Middle manager training	
		Entry-level manager training		
Competency-based education and training	Management functions, core functions, job functions			
Orientation training for new employees	Education and training on company profile, organizational rules and regulations, and work environment			
Self-development	Computer skills, language learning, continuing education (EMBA, junior college, etc.)			
	General employees	Directors	Section managers Deputy section managers	Managers Assistant managers

#### 404-1 Average hours of training per year per employee

In 2022, the total number of training participants reached 11,665, and the accumulated training hours reached 13,232.

Year		2020						2021						2022					
Item		Number of Participants		Total Training Hours/ Participant		Average Hours		Number of Participants		Total Training Hours/ Participant		Average Hours		Number of Participants		Total Training Hours/ Participant		Average Hours	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Job Level	Managerial staff	265	58	328	50	1.2	0.9	363	105	437	112	1.2	1.1	643	105	746	137	1.2	1.3
	Non-managerial staff	2880	2659	3493	2676	1.2	1.0	3306	3403	3961	3530	1.2	1.0	5705	5212	6692	5656	1.2	1.1
Total		4,277	3,145	2,717	3,822	2,726	2.4	1.9	3,669	3,507	4,398	3,642	2.4	2.1	6,348	5,317	7,438	5,794	2.4

Description:

1. Managerial staff are at section level or above
2. Including temporary workers; excluding expatriates

Year		2020						2021						2022					
Item		Number of Participants		Total Training Hours/ Participant		Average Hours		Number of Participants		Total Training Hours/ Participant		Average Hours		Number of Participants		Total Training Hours/ Participant		Average Hours	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Functions	Administrative staff	201	431	198	476	1.0	1.1	110	418	154	590	1.4	1.4	165	662	240	800	1.5	1.2
	Technical staff	2679	2228	3296	2200	1.2	1.0	3196	2985	3807	2940	1.2	1.0	5540	4550	6452	4857	1.2	1.1
	Managerial staff	265	58	328	50	1.2	0.9	363	105	437	112	1.2	1.1	643	105	746	137	1.2	1.3
Total		4,282	3,145	2,717	3,822	2,726	3.4	3.0	3,669	3,507	4,398	3,642	3.8	3.5	6,348	5,317	7,438	5,794	3.9

Description:

1. Managerial staff are at section level or above
2. Including temporary workers; excluding expatriates

## 9.2.2 Performance Management System

### 404-3 Percentage of employees receiving regular performance and career development reviews

In order to improve the work performance of employees, understand the ability and work adaptability of organization members, and truly implement work target management, the Company evaluates performance against monthly, quarterly, and yearly work targets by work accomplishments and contributions, and all bonuses and rewards are linked to the achievement of KPIs. We respect the diversity and differences among employees, and explicitly stipulate that the performance management system and evaluation procedures will never discriminate based on gender, race, nationality, religion, age, physical disability, political stance, marital status, and union membership. In 2022, the completion rate of employee performance evaluation was 99.7% (3 employees, including 1 full-time temporary employee and 2 part-time temporary employees were not evaluated).

## 9.2.3 Friendly Workplace

Employees are Asia Optical's most important assets. We always value, cherish, and try our best to retain each employee who comes to Asia Optical.

### ■ Unpaid Parental Leave

#### 401-3 Parental leave

Asia Optical values the work-life balance of employees and is devoted to providing a caring and respectful workplace. Employees with parental needs can apply for unpaid parental leave. The Company will also take the initiative to care for the employees and arrange reinstatement-related matters. In 2022, the reinstatement rate from unpaid leave was 77%, and the retention rate of employees who expected to and did return to work from unpaid parental leave and continued to work for more than 12 months thereafter was 100%.

Item	Gender	2020	2021	2022
Number of employees eligible for parental leave	Male	65	45	48
	Female	37	33	38
	Total	102	78	86
Number of employees applying for parental leave	Male	4	0	2
	Female	13	11	11
	Total	17	11	13
Number of employees expected to return to work in the current year (A)	Male	3	1	1
	Female	7	7	7
	Total	10	8	8
Number of employees returning to work in the current year (B)	Male	2	1	1
	Female	7	5	4
	Total	9	6	5
Reinstatement rate (B/A)	Male	67%	100%	100%
	Female	100%	71%	57%

Number of employees expected to and did return to work from unpaid parental leave in the previous year (C)	Male	0	2	1
	Female	7	7	5
	Total	7	9	6
Number of employees expected to and did return to work from unpaid parental leave and continued to work for more than 12 months thereafter (D)	Male	0	2	1
	Female	7	7	4
	Total	7	9	5
Retention rate (D/C)	Male	0%	100%	100%
	Female	100%	100%	80%

#### ■ Breastfeeding Rooms

1. The Company has set up breastfeeding rooms in compliance with the Gender Equality in Employment Act.
2. Opening hours: 00:00–24:00, Monday to Saturday.
3. Users: Employees with breastfeeding needs may log in to the “Breastfeeding Room User Register” to facilitate statistics gathering.
4. The chairs, sinks, refrigerators, and hot/cold water dispensers in the breastfeeding rooms are the Company’s properties. Please use them with care. Do not take them out, move or adjust them without authorization. If there is any damage, the compensation should be based on the price. Other equipment such as breast pumps, baby bottles, ice buckets, and baby products must be prepared by the users.

★ Breastfeeding rooms’ locations – 3F of the headquarters and 4F of the An-He Branch



★ Health information and education on the bulletin board



## **9.3 Occupational Health and Safety Management**

### **9.3.1 Occupational Health and Safety Management System**

#### **403-1 Occupational health and safety management system**

#### **403-4 Worker participation, consultation, and communication on occupational health and safety**

Providing employees with a safe and healthy work environment is one of the most basic obligations of Asia Optical as a happy enterprise. In line with the PDCA spirit of the ISO 45001 Occupational Health and Safety Management System to which the Company has been certified, occupational health and safety personnel are appointed to plan, promote, supervise, and inspect the Company's safety and health management. In accordance with legal requirements, each factory forms an Occupational Health and Safety Committee consisting of labor and management, which meets regularly and is responsible for reviewing, coordinating and providing advice on safety and health management affairs.

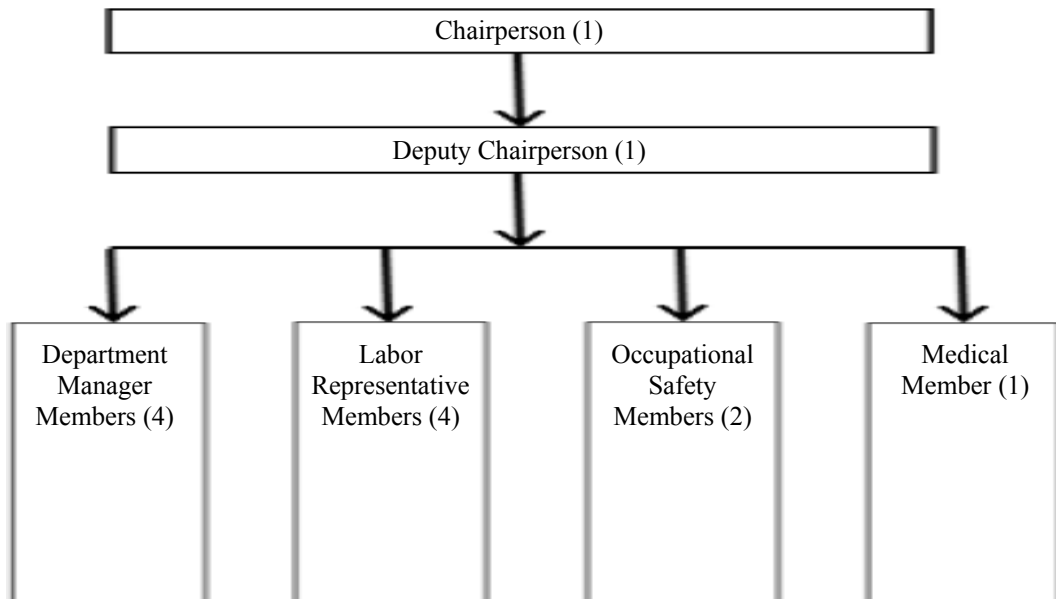
### **9.3.2 Risk Assessment and Management**

#### **403-2 Hazard identification, risk assessment, and incident investigation**

#### **403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**

In order to effectively prevent the occurrence of occupational disasters, the Company has formulated hazard identification and risk assessment management procedures to identify potential hazards and assess risks in the work environment, processes, activities, products and services, define unacceptable risk levels, and prioritize unacceptable risks for engineering control measures. With regard to the procurement of new equipment and process changes, the purchase of mechanical equipment is prioritized for occupational safety and health impact assessment and addition of safety protection measures, or the evaluation and selection of low-hazard chemicals instead of high-hazard chemicals and other source control measures to ensure the safety and health of personnel and factories. We also conduct hazard identification and risk assessment on operating procedures regularly to control unacceptable risks. In addition, for operations having operational hazard risks and more hazardous, the responsible unit should file an application before starting the operation, and the operation may be performed only after being approved by the relevant units.

## Organizational Chart of the Asia Optical Occupational Health and Safety Management Committee





■ Hazard Identification and Risk Assessment Process

Process	Responsible Unit	Resources Input	Output
<pre> graph TD     A[Risk Identification] --&gt; B[Hazard Identification]     B --&gt; C{Is it acceptable?}     C -- No --&gt; D[Implement]     C -- Yes --&gt; E[Acceptable]     D --&gt; F[Record Change]     E --&gt; G[Improvement]     G --&gt; H[Result checking]     H --&gt; F           </pre>	Unit managers and employees, employee representatives	Hazard identification and risk assessment education and training	Training records
	Units	Hazard factors with the potential to cause personal injury or death, severe property damage, injury to the surrounding residents, or environmental impact.	Hazard Factor Identification Register
	Units	Hazard Factor Identification Register	Risk assessment information
	Units	Hazard Factor Identification Register, Risk Assessment Form	Improvement records
	Equipment Safety and Health Management Department	Hazard Factor Identification Register, Risk Assessment Form, improvement records Regularly review and make corrections, and communicate the implementation results to employee representatives	ESH review reports

■ Assessment of Major Sources of Occupational Health and Safety Risks and Impacts in 2022

Hazard Category	Hazardous Status	Hazard Factor	Health Effect
Chemical hazards	Particulate matter (dust, fumes, mist)	Mineral dust, cotton dust, metal fumes	Pneumoconiosis
		Chemical substances	Acute and chronic intoxication, cancer, etc.
	Gas, liquid	Hazardous gases and vapors, acid and alkali	Acute and chronic intoxication, burns, cancer, etc.
Physical hazards	Noise	Audible range	Hearing loss
	Non-ionizing radiation	Infrared	Cataract
		Visible light (laser)	Retinal injury, blindness
	Ionizing radiation	$\alpha$ -rays, $\beta$ -rays, $\gamma$ -rays, proton rays, neutron rays	Radiation disorders such as leukemia, pernicious anemia, dermatitis, infertility and other symptoms
Biological hazards	Microorganisms	Bacteria, viruses, molds	Infection, allergy
Ergonomic hazards	Posture	Standing or sitting for long periods of time	Foot pain, venous aneurysm, low back pain
	Posture	Repetitive action	Carpal tunnel syndrome
	Load	Excessive weight	Hernia, spinal cord injury

### 9.3.3 Occupational Safety and Health Audits

To ensure the safety of workers and factories, in addition to complying with legal requirements and the Company's operating standards as well as conducting self-inspections and voluntary inspections, the factories' occupational safety and health personnel also perform routine work safety inspections and inspect contractors' operational safety from time to time, and organize occupational safety propaganda meetings on an irregular basis to encourage employees to participate in various safety and health management tasks.

■ Hazardous Chemical Management and Work Environment Monitoring

To prevent the use of hazardous substances from affecting the health of employees, all factories prioritize the use of low-risk chemicals and install local exhaust devices as needed to effectively remove volatilized harmful gases. If the factories need to purchase new chemicals or change the chemicals used in the process, they should conduct prior risk assessment for chemical use hazards in accordance with the Company's environmental, safety and health change management procedures. The chemicals may be used in the factories only after being approved by the relevant units. Personal respiratory protective equipment that meet regulatory requirements must be used according to the chemical use status, and for operations with higher respiratory hazard risks, tightness tests are

conducted to ensure the effectiveness of the equipment. If there are non-local employees in the factories, they are provided with the relevant information of corresponding hazardous chemicals, translated into the language used thereby so that they can understand the relevant hazard information. Each factory regularly commissions monitoring companies to implement work environment monitoring based on the actual operational hazards and regulatory requirements, thereby controlling the hazardous factors in the work environment and making improvements thereto based on the monitoring results to reduce the incidence of occupational diseases. Asia Optical's major chemical hazards are from organic solvents. The chemical factors monitored include methyl alcohol, acetone, isopropyl alcohol, and carbon dioxide; the physical factors monitored include noise and illumination. In order to prevent employees from being exposed to hazardous factors at work, resulting in health hazards, special health examinations for operations especially harmful to health are implemented for employees engaged in operations with special hazards in accordance with laws and regulations, and graded management is conducted according to the examination results.

Graded Management Table for Operations with Special Hazards in 2022

Hazardous Operation Category	Number of Employees	Level 1	Level 2	Level 3	Level 4
Ionizing radiation	8	2	6	0	0
Lead	37	25	12	0	0
Dust	38	32	6	0	0
Benzene	8	6	1	0	0
Noise	9	8	1	0	0

Total amount for purchasing personal protective equipment (gas masks, facemasks, protective gloves, protective clothing, protective glasses, helmets, etc.) between 2020 and 2022 in Asia Optical (headquarters and An-He Branch):

■ 2020–2022 Occupational Health and Safety Budget

Factory	Period	Total Amount for Purchasing Protective Equipment (NTD)
Asia Optical (headquarters)	2020	23,376
	2021	12,240
	2022	4,000
Asia Optical (An-He Branch)	2020	148,738
	2021	201,420
	2022	114,180

### 9.3.4 Education and Training, Communication, and Propaganda

#### 403-5 Worker training on occupational health and safety

#### 403-8 Workers covered by an occupational health and safety management system

In an effort to improve the occupational safety and health knowledge and emergency response capabilities of workers, Asia Optical organizes relevant safety and health education and training courses in accordance with laws and according to operational requirements to increase employees' ability to recognize hazards in the work environment and equip them with the safety and health knowledge required for disaster prevention so as to avoid occupational disasters.



CPR training



Chemical spill emergency response training



Fire safety training



Emergency evacuation drill

In 2022, Asia Optical organized safety and health education and training for new and existing employees (with courses including hazardous chemical operational safety training, workplace chemical safety education, leakage drills, and traffic safety education), training for certifications required by law (e.g. first-aiders, managers in charge of overseeing organic solvent operations, managers in charge of overseeing specified chemical substance operations, forklift operators, and fixed crane operators), as well as emergency response and fire safety training. The relevant in-house (external) education and training courses are given in Chinese or in the languages used by non-local employees.

In addition, in order to strengthen safety management for in-house operations by contractors, the Safety and Health Management Regulations for Contracted Operations have been formulated,

requiring contractors entering factories to comply with the occupational safety and health laws and regulations and Asia Optical's regulations. Contractor personnel should receive the necessary occupational safety and health training and attend a toolbox meeting (hazard notification) for in-house operations before entering the factories.

■ 2020–2022 Occupational Health and Safety Education and Training Hours

Occupational Safety Training Year		Orientation Training for New Employees	Occupational Safety Training for Existing Employees	Occupational Safety Certification Training	Occupational Safety Management Training	Fire Safety Training	Environmental Protection-related Training	Total
2020	Participants	30	774	23	0	120	50	997
	Hours	120	774	246	0	480	50	1670
2021	Participants	256	1604	21	89	66	41	2077
	Hours	768	1688	242	502	264	41	3505
2022	Participants	156	3245	29	155	297	29	3911
	Hours	474	3194.5	345	155	1188	29	5385.5

Workers Covered by the Occupational Health and Safety Management System in 2022:

Number of Workers in 2022

Factory	Asia Optical's Headquarters Employees		Asia Optical's An-He Branch employees		Contractors			
Male/ Female	Male	Female	Male	Female	Male (Number)	Male (Coverage)	Female (Number)	Female (Coverage)
Total	862	2,124	4,860	3,439	781	1,719	11	23

Note: Contractors refer to all workers who are not employees but whose work and/or workplace is controlled by the organization

### 9.3.5 Occupational Disaster Management

#### 403-9 Work-related injuries

To ensure that relevant units can respond quickly to occupational disasters, the Company has formulated the Accident Management Regulations that stipulate that in the event of a near miss or an occupational injury or occupational disease occurring to the Company's employees or any workers entering the Company's factories, measures such as first aid, notification, investigation and improvement should be adopted, and improvement countermeasures should be proposed based on the root cause of the accident. All improvement measures need to be implemented horizontally to prevent similar accidents from occurring again. If an employee who returns to work after an occupational injury or occupational disease still has a concern about the recurrence of the occupational injury or occupational disease in the workplace, they may report to the occupational health and safety personnel at any time. Putting the safety and health of our employees first, we take corresponding improvement measures to further ensure their safety and health.

In 2022, the numbers of occupational injury deaths, severe occupational injuries, deaths due to occupational diseases, and recordable occupational diseases were all 0. The number of occupational injuries for non-employees and contractors was 0.

The incidence of occupational injuries and occupational diseases in 2022 is shown in the table below:

#### ■ Statistics on Occupational Injuries

Factory/Category	An-He Branch		Headquarters		Contractors	
	Male	Female	Male	Female	Male	Female
Occupational injury deaths	0	0	0	0	0	0
Occupational injury death rate	0.00	0.00	0.00	0.00	0.00	0.00
Severe occupational injuries	0	0	0	0	0	0
Severe occupational injury rate	0.00	0.00	0.00	0.00	0.00	0.00
Disabling occupational injuries	0	2	1	2	0	0
Frequency of disabling occupational injuries	0.00	3.50	7.00	5.66	0.00	0.00
Total hours worked	807,912	570,976	142,928	353,248	10,314	138

Note:

1. Excluding traffic injuries
2. Total hours worked: Monthly number of workers in January-December \* Number of days worked \* 8hr
3. Occupational injury death rate = Number of occupational injury deaths/Total hours worked \* 1000000
4. Severe occupational injury rate = Number of severe occupational injuries/Total hours worked \* 1000000
5. Frequency of disabling occupational injuries = Number of disabling occupational injuries/Total hours worked \* 1000000

## 403-10 Work-related ill health

### ■ Statistics on Work-related Ill Health

Factory/Category	An-He Branch	Headquarters	Contractors
Number of recordable work-related ill health cases	0	0	0
Work-related ill health deaths	0	0	0
Death rate of work-related ill health	0	0	0
Major types of work-related ill health	No work-related ill health cases identified		

## 9.3.6 Health Promotion

### 403-3 Occupational health services

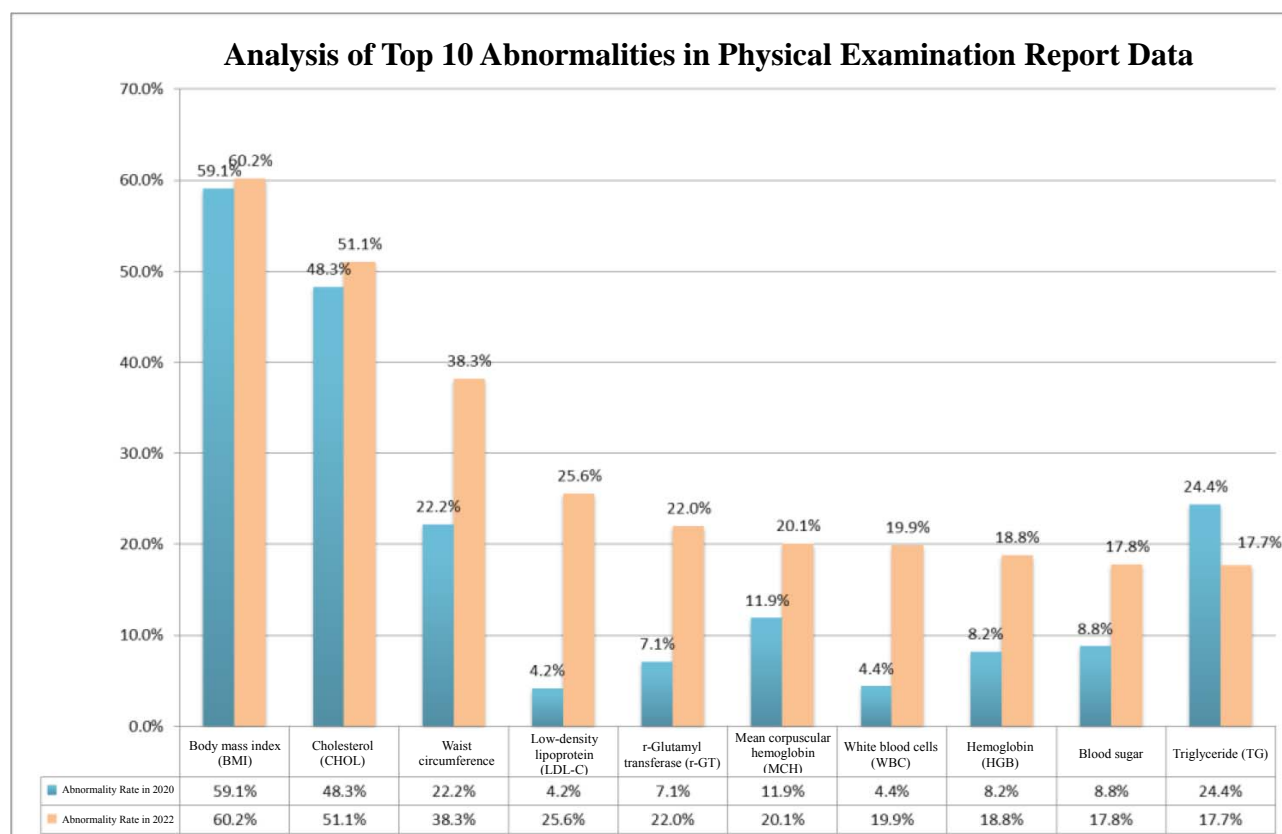
### 403-6 Promotion of worker health

According to Articles 6, 20, 21, 23, 29, 30 and 31 of the Occupational Safety and Health Act and Articles 10 to 12 of the Regulations Governing the Labor Health Protection, Asia Optical have formulated procedures, standards, management measures, and plans for the planning of labor health protection and the adoption of safety and health measures. The on-site occupational nurses have conducted health management according to the “Health Service Plan” published in 2022.

Plan Item	Implementation Time			
	Q1	Q2	Q3	Q4
1. List employees at high risk of overwork and with abnormal physical examination results and conduct individual health education interviews with them	●	●	●	●
Information provided by the Safety and Health Committee	●	●	●	●
CPR-related education/lectures			●	
1. Provide individual health education for employees with musculoskeletal disorders 2. Control and manage ergonomic hazards		●	●	●
1. Organize healthcare activities for women 2. Confirm the list of pregnant colleagues and arrange interviews	●	●	●	●
COVID-19 prevention propaganda	●	●	●	●
Health Education News	●	●	●	●
Illegal infringement prevention seminars		●		
1. Plan physical examinations for 2022 2. Analyze health promotion results 3. Draw out a health promotion plan for next year			●	●



## Analysis of Top 10 Abnormalities in Physical Examination Data in 2020 and 2022



### ■ Overview of the Four Major Management Plans:

	2022	2021	2020
Maternity protection classification	8 employees under Level 1 management 2 employees under Level 2 management 0 employee under Level 3 management	11 employees under Level 1 management 3 employees under Level 2 management 0 employee under Level 3 management	13 employees under Level 1 management 0 employee under Level 2 management 0 employee under Level 3 management
Risk of abnormal workload	4 high-risk employees; 3 medium-risk employees; 2 low-risk employees		6 low-risk employees
Ergonomic improvements	1. 722 people and 23 departments completed the musculoskeletal questionnaire 2. Ergonomics were improved for at least one employee getting 3 points for the musculoskeletal	1. 1 employee was identified as exposed to hazards: Health management was performed. 2. 1 employee was suspected to be exposed to hazards: Simple	1. 2 employees were suspected to be exposed to hazards: Simple ergonomic improvements were made. They were individually retrained on adjusting body postures and movements

	<p>questionnaire every quarter</p> <p>3. Simple ergonomic improvements were made for 3 cases. Adjustments and follow-ups were made for employees working in risky work areas to reduce the risk level.</p>	<p>ergonomic improvements were made.</p>	
Illegal infringement	<ol style="list-style-type: none"> <li>Are there any non-employee personnel (contractors, customers, service recipients, etc.) whose behavior is unpredictable and may cause workplace violence? Types of potential illegal infringement risks: Physical, mental, verbal, sexual harassment Risk level: Low</li> <li>Are there known work activities involving contact with customers with a history of violence? Types of potential illegal infringement risks: Physical, mental, physical Risk level: Moderate</li> <li>Have any managers or employees been treated inappropriately by colleagues? Types of potential illegal infringement risks: Physical, mental, verbal Risk level: High</li> <li>Are there any workers working overtime and complaining about great stress at work in the section? Types of potential illegal infringement risks: Physical, mental Risk level: High</li> <li>Employees whose job is to perform public safety duties in nature Types of potential illegal infringement risks: Physical, mental, verbal Risk level: Low</li> <li>Does the employee's job require him/her to directly face the public? Types of potential illegal infringement risks: Physical, mental, verbal Risk level: Low</li> <li>Does the employee work alone, late at night, in the early hours, or in unfamiliar environments? Types of potential illegal infringement risks: Mental Risk level: Low</li> </ol>		

## ■ Health Promotion Seminars

Topic	Date	Number of Participants
<b>3 seminars</b> (on tips for successful communication in the workplace)	<b>2 sessions on July 12, 2022</b> <b>1 session on July 13, 2022</b>	<b>89 participants</b> <b>48 participants</b>
Prevention of Musculoskeletal Hazards in the Office	December 22, 2021	21 participants
Hypertension Health Education	July 15, 2020	22 participants
Physical and Mental Balance and Health from the Perspective of Gender Relations	January 17, 2019	25 participants
Health Promotion Weight Loss Competition	2019	27 participants
AED+CPR First Aid Training	2020 2021	124 participants 32 participants
Aerobics Video	Twice/Day	All staff
Blood Donation	Once every four months	38 participants in March 23 participants in June 41 participants in September
Screening of Four Cancers	Once every 2 years	Pap smears: 6 employees Mammography: 1 employee Oral screening: 5 employees Stool screening: 2 employees
Low-calorie Diet Meal	Once every two weeks	All employees
Pregnancy Announcement Hotline	Daily	Female employees
Health Promotion Newsletter	Monthly	All employees
Breastfeeding Rooms	Daily	Female employees with breastfeeding needs
Travel History Survey for Epidemic Prevention	Weekly	All employees
COVID-19 Vaccination Statistics	Monthly	All employees
Healthy Workplace Walking Competition	Annually	18 participants
Soothing Massage	Three days a week	All employees
Mountain climbing	Annually	All employees

### ■ Statistics on the Effectiveness of On-site Services:

Physicians and nurses pay regular on-site visits to respective workplaces and provide employees having abnormal health check results or in need of assessment for return to work or maternal health protection with medical consultations and health education/care to take care of their health.

➤ Statistics on On-site Services by Medical Staff in 2022:

Item	Benefit
Number of occupational physicians	2
Number of nurses	2
Number of sessions	Physicians: 12 sessions at Asia Optical; 6 sessions at An-He Branch Nurses: Full-time work at Asia Optical; 72 sessions at An-He Branch
Total service hours	Physicians: 36 hours at Asia Optical; 12 hours at An-He Branch Nurses: Full-time work at Asia Optical; 144 hours at An-He Branch
Service	5 employees were assessed for return to work 105 employees were tracked for physical examination abnormalities 41 new employees received consultations for physical examination abnormalities 10 employees received maternal health protection education Improvements were made for 3 employees with a musculoskeletal soreness score of 3 or more On-site visits for the coring of aspherical lens 3 health lectures were held 1 online health lecture was organized Influenza vaccination was organized (10/20)

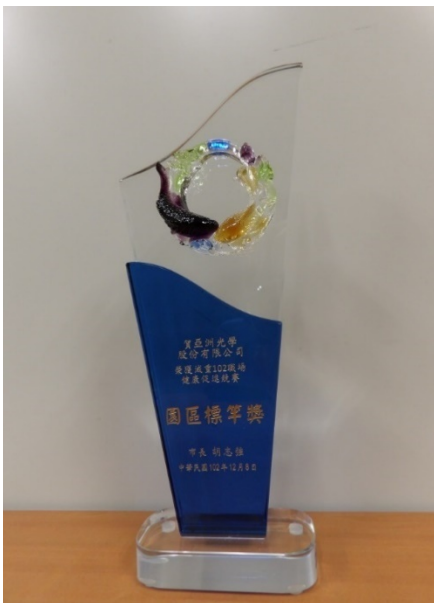
Item No.	Service	Description
1	Work environment hazard identification and health risk management	Assist occupational safety personnel in inspecting the work environment of employees and providing feasible improvements and suggestions.
2	Worker physical (health) examination results and analysis	Conduct four-level management according to examination results
3	Worker health checkups and health management for	Carry out general management, health consultations, and health interviews based on the level

	work-related abnormalities	
4	Individual assessment and management of high-risk employees	Give timely referrals to medical institutions during health interviews
5	Health education, hygiene guidance, and health promotion	Organize health lectures and health promotion activities
6	Prevention of diseases due to abnormal workload	Provide work overload questionnaires and conduct analysis of the 10-year risk of cardiovascular diseases, graded management, and Level 2 and 3 management interviews
7	Workplace Maternal Health Protection Plan	Assist in risk assessment, provide improvement suggestions, and help with the implementation of the maternity protection plan
8	Ergonomic hazard prevention	Provide musculoskeletal questionnaires, assess the work environment, and arrange interviews
9	Prevention of illegal infringement in the workplace	Provide suggestions for the deployment of workplaces according to internal and external risks of illegal infringement and assist in plan implementation.
10	Safety and Health Plan for Middle-aged and Older Workers	Implement health management for middle-aged and older workers based on their health risk assessment results, such as providing work fitness and work adjustment suggestions
11	Plan for Work Fitness and Workers' Return to Work from Occupational Injury or Disease	Conduct health checkup assessment for new employees, as well as occupational assessment and rehabilitation for workers returning to work
12	Occupational injury and disease prevention, case management, and record keeping	Create and maintain data case-by-case

## ■ AED Training Course



## Badge of Health Promotion



## ■ PASESA Measurement and Health Education at All Factories

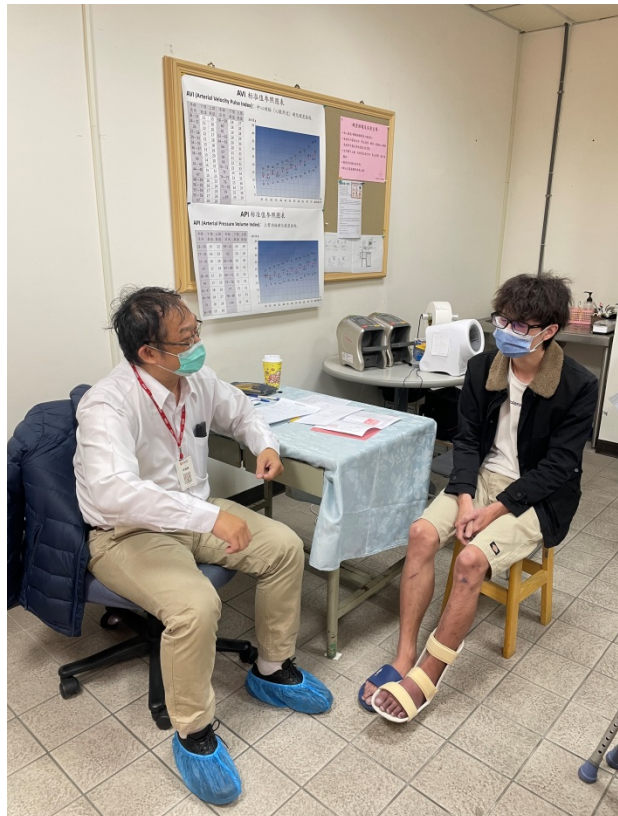
The portable cardiovascular measuring instrument patented in Japan is equipped with medical grade measuring functions. It can detect quickly, easy to operate, and accurately measure arterial stiffness to ensure the real-time warning and prevention of arteriosclerosis and diseases associated therewith, such as strokes, brain hemorrhages, myocardial infarction, and hypertension, thereby reducing the incidence of the diseases. In 2022, the total number of employees receiving PASESA measurements was 763.



	Number of Employees Receiving Measurements	Number of Employees with Abnormal Blood Pressure Data	Number of Employees Having No Abnormalities or Paying Regular Follow-up Visits
2021	879	102	50
2022	763	114	20



#### ■ On-site Physician Consultations



#### Aerobics Video Automatically Played on the Computer during Breaks





## ■ COVID-19 Prevention Practices:

### (1) Prevention practices:

1. Employees who have a fever or respiratory symptoms and who have family members who have returned from overseas and have tested positive should tell the Company (unit managers and epidemic prevention team) to seek medical attention immediately and stay and rest at home.
2. Partitions are set up in the restaurant, and there are three dining time slots available for dining. Facemasks must be worn when picking up food. Conversations are prohibited during meals.
3. Contractors: When applying for admission to factories, the approval of the General Manager is required for contractors in Northern Taiwan. The contractors approved for admission may enter the factory only after the Human Resources Section is informed.
4. All visitors must stay in the designated area
5. Pay attention to personal protection measures at all times (wearing a facemask + washing your hands frequently)
6. Reduce non-essential visits and make more use of online meetings

### (2) Related statistics

1. Online weekly COVID-19 travel history survey
2. Migrant workers: Provide a Health Declaration (weekly) (on-going)
3. COVID-19 vaccination status survey

## ■ Vaccination Willingness Survey

# 10. Social Care and Welfare

## 10.1 Social Welfare

As a corporate citizen, Asia Optical not only pays attention to social needs in a long-term manner, but is also committed to participating in society, engaging in public affairs and local care, exerting social influence and promoting participation in social welfare activities, and cultivating outstanding local talent for a long period of time. This equips Taiwan with international class community development when facing world-class challenges. To provide employees with peace of mind for their families, Asia Optical has signed contracts with excellent childcare institutions so that the employees can send their children to the institutions at preferential prices. With a focus on social needs, we extend a helping hand in a timely manner to social emergencies. Asia Optical also has active talent in response to emergencies. While supporting the disadvantaged and caring for employees through the three pillars of “Charity Sponsorship,” “Contracting with Institutions,” and “Education Promotion,” we continue to advance our professional field in Taiwan for co-existence and co-prosperity with society.



1



In order to promote the employment of industrial talent and bridge the gap between industrial practices and school courses, Asia Optical gives back to the society and supports Chairman Lai’s alma mater in implementing a program for cultivating outstanding young talent. In 2022, we actively participated in the Dual System of Vocational Training Project in Taiwan initiated by the Workforce Development Agency, Ministry of Labor and National Taichung University of Science and Technology to support schools in nurturing elites and encourage diversified learning policies for students, allowing them to develop workplace skills during their studies. We also provided our venues for industrial professional skill training to further link the students’ courses with

practical training, and gave course suggestions to the schools as a reference for their learning planning. This not only enabled the students to get a job right after graduation, but also helped Asia Optical recruit young elites, creating a win-win situation. In 2022, the number of student care sessions was 6, the number of participants was 23, and the number of final project participants was 15.

#### Social Welfare Achievements in 2022

Issue of Concern	Charity Sponsorship	Friendly Community	Education Promotion
Investment Amount (TWD)	282,143	100,000	100,000
Number of participants	213	5,517	37



## Social Welfare Achievements

Asia Optical's Social Welfare Activities in 2022					
Year	Issue of Concern	Partner	Development Plan	Number of Participants	Budget Utilization (TWD)
2022	Friendly Community	Community safety for Lilin Village	Sponsorship for Lilin Village's community safety events	5,517	100,000
	Charity Sponsorship	Friends of the Police Association of the R.O.C.	Sponsorship for the events of the Friends of the Police Association of the Second Special Police Corps	-	50,000
		Social Affairs Bureau, Taichung City	Donation of differential subsidies for the placement of disadvantaged people and social worker safety subsidies	-	50,000
		Taichung City Shin-Wang-Ai Mental Development Center	Indirect donation of invoices and change	3,826	2,092
		Taichung City Shin-Wang-Ai Mental Development Center	Donation – Project for Helping Children with Developmental Delays Become Independent	32	10,000
		Huashan Social Welfare Foundation	Indirect donation of invoices and change	578	1,904
		Huashan Social Welfare Foundation	Support for the Send Love and Care on Mid-autumn Festival Event	14	4,900
		Huashan Social Welfare Foundation	Support for the charity sale event (popcorn/leguminosae soap)	60	11,200
		Eden Social Welfare Foundation	Ordering lunch boxes from the sheltered workshops for people with disabilities for support	809	123,550

		Eden Social Welfare Foundation	Ordering Mid-Autumn Festival mooncakes for support	6	2,160
		Chensenmei Social Welfare Foundation	2022 Ordering Mid-Autumn Festival mooncakes to support the Send Love Event	3	1,200
		Taiwan Foundation for the Blind	Co-branded social welfare activities	28	25,137
	Industry-academia Collaboration	National Taichung University of Science and Technology	15 students were accepted to the Dual System of Vocational Training Project in Taiwan for the Department of Intelligent Production Engineering in Academic Year 2022	15	0
	Education Promotion	National Formosa University	Scholarship	22	100,000
	Industry Exchange	Taiwan Optics & Photonics Forum	Attendance in the events and a keynote speech in Taiwan Optics & Photonics Forum	1	-
		Taiwan External Trade Development Council	Participation in Electronica (Munich, Germany)	-	60,000
		Photonics Industry & Technology Development Association	Participation in PIDA membership activities	1	50,000
		Taiwan Photonics Society	Engagement in academic development as well as talent cultivation and development	1	10,000
		Industrial Development and Investment Promotion Committee of Taichung City	Participation in the provision of industrial and commercial development investment advice	1	
		Taiwan Optics Association	Participation in optics industry exchanges	3	36,000
		Taiwan Export Processing Zone Optical & Precision	Participation in optics industry exchanges	4	24,000

		Instrument Association			
		Optical Component Technology Development Advisory Committee	Participation in optics industry exchanges	1	30,000
		Taiwan Industry Association of Intelligent Security and Safety	Participation in intelligent security and safety industry exchanges	2	10,000
Total				10,924	702,143
<b>Asia Optical's Social Welfare Activities in 2021</b>					
Year	Issue of Concern	Partner	Development Plan	Number of Participants	Budget Utilization (TWD)
2021	Charity Sponsorship	Friends of the Police Association of the R.O.C.	Sponsorship for the events of the Friends of the Police Association of the Second Special Police Corps	-	50,000
		Huashan Social Welfare Foundation	Indirect donation of invoices and change	529	4,484
		Taichung City Shin-Wang-Ai Mental Development Center	Indirect donation of invoices and change	2,371	9,128
		Taichung Christian Herald Children's Home of Hsiang Shang Social Welfare Foundation	Donation of Christmas supplies	47	49,600
		Eden Social Welfare Foundation – Sheltered workshops for people with disabilities	Indirect donation of lunch boxes	816	126,000
	Friendly Community	Community safety for Lilin Village	Event sponsorship	5,438	100,000
	Education Promotion	Taiwan Optics & Photonics Forum	Forum events	300	-
		Nan Yang Elementary School, Fengyuan District, Taichung City	Sponsorship for badminton development activities	2,849	100,000
		National Formosa University	Scholarship	22	100,000
		National Chin-Yi University of Technology	Scholarship	1,554	100,000



		Taiwan Photonics Society	Sponsorship for academic development as well as talent cultivation and development	-	1,500,000
		PIDA	Membership activities	-	40,000
			Photonics Festival in Taiwan and relevant seminars	750	20,000
Total				14,676	2,199,212
Asia Optical’s Social Welfare Activities in 2020					
Year	Issue of Concern	Partner	Development Plan	Number of Participants	Budget Utilization (TWD)
2020	Charity Sponsorship	Friends of the Police Association of the R.O.C.	Sponsorship for the events of the Friends of the Police Association of the Second Special Police Corps	-	50,000
		Huashan Social Welfare Foundation	Elderly Care and Reunion Event	-	3820
		Eden Social Welfare Foundation – Sheltered workshops for people with disabilities	Indirect donation of lunch boxes	768	107650
		Taichung City Shin-Wang-Ai Mental Development Center	Donation of invoices and change to Shin-Wang-Ai Mental Development Center	0	5539
		Taichung City Shin-Wang-Ai Mental Development Center	Invoice Donation for Charity Event	1,021	1240
	Friendly Community	Community safety for Lilin Village	Event sponsorship	5,322	100,000
	Education Promotion	Taiwan Optics & Photonics Forum	Forum events	231	30,000
			Keynote speech at the forum – Swimming Upstream to Transform and Get Stronger	350	-
			Event sponsorship	0	30,000
		National Taiwan University of Science and	Signing a Memorandum of	12	15,000



		Technology Industry– Academia Alliance	Cooperation		
		National Formosa University	Scholarship	60	100,000
		National Taichung University of Science and Technology	Scholarship	169	100,000
		National Sun Yat-sen University	Giving a speech at the Department of Photonics’s industry forum	70	-
		National Central University	Donation for the construction of auditorium seating	11,938	60,000
		PIDA	Membership activities	84	40,000
			Photonics Festival in Taiwan and relevant seminars	754	200,000
	Contribution Awards	Taiwan Photonics Society	Chairman I-Jen Lai won the Photonics Engineering Award.	-	-
		Export Processing Zone Administration, Ministry of Economic Affairs	Enthusiastic Public Welfare Contribution Award	-	-
Total				20,779	855,009

# Appendix I. GRI Standards Index

GRI Standards Table of Contents

Statement of Use	Asia Optical Co., Inc. has reported in accordance with the GRI Standards for the period [2022/1/1–2022/12/31].			
GRI 1 Used	GRI 1: Foundation 2021			
<a href="#">GRI Standards Content Index</a>				
<a href="#">STANDARD DISCLOSURES PART I: Universal Standards</a>				
<a href="#">GRI 2: General Disclosures 2021</a>				
Indicator		Description	Chapter Name	Page Number
Governance	2-1	Organizational details	5. Corporate Governance	32
	2-2	Entities included in the organization’s sustainability reporting	5. Corporate Governance	32
	2-3	Reporting period, frequency, and contact point	About the Report	3
	2-4	Restatement of information	About the Report	3
	2-5	External assurance	About the Report	4
	2-6	Activities, value chains, and other business relationships	5. Corporate Governance	33
	2-7	Employees	9. Employee Care	82
	2-8	Workers who are not employees	9. Employee Care	82
	2-9	Governance structure and composition	5. Corporate Governance	39
	2-10	Nomination and selection of the highest governance body	5. Corporate Governance	35
	2-11	Chair of the highest governance body	5. Corporate Governance	35
	2-12	Delegation of responsibility for managing impacts	5. Corporate Governance	41
	2-13	Role of the highest governance body in overseeing the management of impacts	5. Corporate Governance	36
	2-14	Role of the highest governance body in sustainability reporting	5. Corporate Governance	41
	2-15	Conflicts of interest	5. Corporate Governance	39
	2-16	Communication of critical concerns	5. Corporate Governance	42
	2-17	Collective knowledge of the highest governance body	5. Corporate Governance	35
	2-18	Evaluation of the performance of the highest governance body	5. Corporate Governance	39
	2-19	Remuneration policies	5. Corporate Governance	39
	2-20	Process to determine remuneration	5. Corporate Governance	39
	2-21	Annual total remuneration ratio	-	Not disclosed
	2-22	Statement on sustainable development strategy	5. Corporate Governance	44
Strategies, Policies, and Practices	2-23	Policy commitments	5. Corporate Governance	44
	2-24	Embedding policy commitments	5. Corporate Governance	41, 44

	2-25	Processes to remediate negative impacts	5. Corporate Governance	43
	2-26	Mechanisms for seeking advice and raising concerns	5. Corporate Governance	44
	2-27	Compliance with laws and regulations	5. Corporate Governance	43
	2-28	Membership associations	5. Corporate Governance	53
Stakeholder Communication	2-29	Approach to stakeholder engagement	4. Stakeholder Identification and Communication	17
	2-30	Collective bargaining agreements	9. Employee Care	88
<b>GRI 3: Material Topics 2021</b>				
Material Topics	3-1	Process to determine material topics	4. Stakeholder Identification and Communication	19
	3-2	List of material topics	4. Stakeholder Identification and Communication	19
	3-3	Management of material topics	4. Stakeholder Identification and Communication	23
<b>Topic Standards</b>				
<b>GRI 200: Economic Series</b>				
Series	Indicator	Description	Chapter Name	Page Number
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	5. Corporate Governance	35
	201-2	Financial implications and other risks and opportunities due to climate change	7. Environmental Sustainability	60
	201-3	Defined benefit plan obligations and other retirement plans	9. Employee Care	88
	201-4	Financial assistance received from government	5. Corporate Governance	35
GRI 202 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	9. Employee Care	86
	202-2	Proportion of senior management hired from the local community	9. Employee Care	82
GRI 204 Procurement Practices	204-1	Proportion of spending on local suppliers	8. Sustainable Supply Chain	76
GRI 205 Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	5. Corporate Governance	43
	205-3	Confirmed incidents of corruption and actions taken	5. Corporate Governance	43
GRI 206 Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5. Corporate Governance	43
<b>GRI 300: Environmental Series</b>				
Series	Indicator	Description	Chapter Name	Page Number
GRI 302 Energy	302-1	Energy consumption within the organization	7. Environmental Sustainability	68
	302-3	Energy intensity	7. Environmental Sustainability	68
	302-4	Reduction of energy consumption	7. Environmental Sustainability	69

GRI 303 Water and Effluents (Non-material issue; voluntary disclosure)	303-3	Water withdrawal	7. Environmental Sustainability	74
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	7. Environmental Sustainability	69
	305-2	Energy indirect (Scope 2) GHG emissions	7. Environmental Sustainability	69
	305-4	GHG emissions intensity	7. Environmental Sustainability	69
GRI 306 Waste: 2020	306-1	Waste generation and significant waste-related impacts	7. Environmental Sustainability	71
	306-2	Management of significant waste-related impacts	7. Environmental Sustainability	71
GRI 308 Supplier Environmental Assessment (Non-material issue; voluntary disclosure)	308-1	New suppliers that were screened using environmental criteria	8. Sustainable Supply Chain	78
<b>GRI 400: Social Series</b>				
<b>Series</b>	<b>Indicator</b>	<b>Description</b>	<b>Chapter Name</b>	<b>Page Number</b>
GRI 401 Employment	401-1	New employee hires and employee turnover	9. Employee Care	84
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	9. Employee Care	87
	401-3	Parental leave	9. Employee Care	94
GRI 402 Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	-	When there are operational changes, announcements are made in accordance with the Labor Standards Act
GRI 403 Occupational Health and Safety	403-1	Occupational health and safety management system	9. Employee Care	96
	403-2	Hazard identification, risk assessment, and incident investigation	9. Employee Care	96
	403-3	Occupational health services	9. Employee Care	104
	403-4	Worker participation, consultation, and communication on occupational health and safety	9. Employee Care	96
	403-5	Worker training on occupational health and safety	9. Employee Care	101
	403-6	Promotion of worker health	9. Employee Care	104
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	9. Employee Care	96
	403-8	Workers covered by an occupational health and safety management system	9. Employee Care	101
	403-9	Work-related injuries	9. Employee Care	103

	403-10	Work-related ill health	9. Employee Care	104
GRI 404 Training and Education	404-1	Average hours of training per year per employee	9. Employee Care	93
	404-3	Percentage of employees receiving regular performance and career development reviews	9. Employee Care	94
GRI 405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5. Corporate Governance	36
	405-2	Ratio of basic salary and remuneration of women to men	9. Employee Care	86
GRI 406 Non-discrimination	406-1	Incidents of discrimination and corrective actions	-	44 There were no discrimination incidents in 2022
GRI 408 Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	5. Corporate Governance	44
GRI 409 Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5. Corporate Governance	44
GRI 414 Supplier Social Assessment (Non-material issue; voluntary disclosure)	414-1	New suppliers that were screened using social criteria	8. Sustainable Supply Chain	78
GRI 416: Customer Health and Safety (Non-material issue; voluntary disclosure)	416-1	Assessment of the health and safety impacts of product and service categories	6. Partnership	64
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6. Partnership	64

## Appendix II. SASB Standards Index

Appendix II. SASB Standards Index				
Disclosure Topic	Metrics Code	Disclosure Metrics	Description	Page Number
Product Safety	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	6.3.2 Product Safety	64
Recruiting & Managing a Global & Skilled Workforce	TC-HW-330a.1	(1) Percentage of employees who are foreign nationals %	9.1.1 Manpower Distribution	82
		(2) Percentage of employees who are located offshore %		
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	None	-
	TC-HW-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	No such products	-
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR®	No such products	-
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	7.2.2 Waste Management	71
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	At present, the Company only invites suppliers to sign a Letter of Undertaking to Sustainability	79
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	At present, the Company only invites suppliers to sign a Letter of Undertaking to Sustainability	79
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	6.3.2 Product Safety	64

## Appendix III. “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” Sustainability Disclosure Indicators – Optoelectronic Industry

No.	Indicator	Indicator Type	Annual Disclosure	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy)	Quantitative	7.1.2 Energy Use P. 68	Gigajoules (GJ), percentage (%)	
2	Total water withdrawn, total water consumption	Quantitative	7.3.1 Water Source Management P. 74	Thousand cubic meters (m <sup>3</sup> )	
3	Total hazardous waste generated and percentage recycled	Quantitative	7.2.2 Waste Management P. 71	Metric tons (t), percentage (%)	
4	Types of, number of employees in and rate of occupational accidents	Quantitative	9.3.5 Occupational Disaster Management P. 103	Percentage (%), quantity	
5	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled (Note 1)	Quantitative	7.2.2 Waste Management P. 71	Metric tons (t), percentage (%)	
6	Description of the management of risks associated with the use of critical materials	Qualitative description	6.3.2 Product Safety P. 63	Not applicable	
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	5.8.1 Professional Code of Ethics P. 43 (No anti-competitive behavior litigation occurred in 2022)	Reporting currency	
8	Production by product category	Quantitative	Please refer to the financial statements	Varies by product category	

Note 1: Descriptions including the sale of scraps and the recycling and processing of waste shall be provided.





# ASSURANCE STATEMENT

## SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ASIA OPTICAL CO., INC.'s SUSTAINABILITY REPORT FOR 2022

### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ASIA OPTICAL CO., INC. (hereinafter referred to as ASIA) to conduct an independent assurance of the Sustainability Report for 2022 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/08/02~2023/09/12) in ASIA headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and Sustainability Accounting Standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all ASIA's Stakeholders.

### RESPONSIBILITIES

The information in the ASIA's Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of ASIA. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all ASIA's stakeholders.

### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards .

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate (AA1000AP Evaluation only)

## SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

### Reporting Criteria Options

1	GRI Universal Standard (2021) (Reference)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.

## ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

## LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Total Impact Measurement and Management, and Social Return on Investment assessments (SROI), Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

## STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from ASIA, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

## FINDINGS AND CONCLUSIONS

### ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

## **ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)**

### **INCLUSIVITY**

ASIA has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ASIA may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

### **MATERIALITY**

ASIA has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

### **RESPONSIVENESS**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

### **IMPACT**

ASIA has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

## **GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, ASIA's Sustainability Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to ASIA's contributions to sustainability development. For future reporting, ASIA is encouraged to disclose more of its approach on the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights in the materiality assessment, and the actions to prevent or mitigate potential negative impacts and action to address actual negative impacts, including actions to provide remediation are to be described in the future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.



**Stephen Pao**  
Knowledge Deputy General Manager  
Taipei, Taiwan  
30 October , 2023  
[WWW.SGS.COM](http://WWW.SGS.COM)



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ENVIRONMENTAL  
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**2022**