

2023

企業永續報告書

Environmental
Social Governance
Sustainability Report

Table of Contents

1.	About the Report	2
2.	Message from the Chairman.....	4
3.	Asia Optical's Milestones.....	5
4.	Stakeholder Identification and Communication.....	17
4.1	Stakeholder Communication	17
4.2	Material Issue Analysis Process	20
4.3	Material Topic Boundary.....	24
4.4	ESG Sustainable Development Goals	28
5.	Corporate Governance.....	35
5.1	Company Profile.....	35
5.2	Financial Revenue	38
5.3	Subsidy Application	38
5.4	Governance Body's Operations.....	39
5.5	Audit and Remuneration Committees	42
5.6	ESG Management System Implementation Committee.....	43
5.7	Legal Compliance.....	44
5.8	Values, Principles, Standards, and Code of Conduct.....	45
5.9	Information security management.....	52
5.10	Supervisory Mechanisms (Internal Control, Internal Audits, and Early Warning Mechanism).....	54
5.11	Participation in External Organizations.....	55
6.	Partnership.....	56
6.1	Product and Service Innovation.....	56
6.2	Product/Service Violations and Customer Satisfaction.....	64
6.3	Product Quality and Safety.....	65
7.	Environmental Sustainability	68
7.1	Climate Change and Energy Use.....	68
7.2	Resource and Waste Management.....	73
7.3	Water Resource Management.....	75
8.	Sustainable Supply Chain.....	77
8.1	Supplier Management.....	77
8.2	Supply Chain's Green Production.....	81
9.	Employee Care	83
9.1	Talent Attraction and Retention.....	83
9.2	Talent Cultivation and Development.....	92
9.3	Occupational Health and Safety Management	96
10.	Social Care and Welfare	111
10.1	Social Welfare.....	111
	Appendix I. GRI Standards Index.....	120
	Appendix II. SASB Standards Index	125
	Appendix III. "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" Sustainability Disclosure Indicators - Optoelectronic Industry	126
	Appendix IV. Assurance Statement.....	127

1. About the Report

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
- Responsible Business Alliance Code of Conduct (RBA Code of Conduct - Responsible Business Alliance)
- ISO 26000 Social Responsibility Guidelines (Guidance for Social Responsibility)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)

■ Boundary and Data

The information disclosed in the Report covers the period from January 1 to December 31, 2023. Except for the financial information disclosure that covers the domestic and overseas affiliates and subsidiaries of Asia Optical, disclosures in the Report cover 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

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 is 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 August 2025. 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

In order to enhance the accuracy and credibility of data in the Report, the Company will engage a third party to provide assurance. Some data from 2023 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 in every March, and the Company's annual report for the previous year is released in every May.
- For the greenhouse gas inventory completed in accordance with ISO 14064:2018, DNV completed the 2023 annual verification and issued a verification statement in July 2024.

■ 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

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

2. Message from the Chairman

The natural resources are limited but human intelligence is infinite. Working together to produce enjoyable and environmental 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 “The natural resources are limited but human intelligence is infinite. Working together to produce enjoyable and environmental 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.

The 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	The Company was recognized in the National Invention and Creation Award of the Ministry of Economic Affairs
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

Year	Milestone
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, which is used as an instrument for blood match 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 Lactation 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

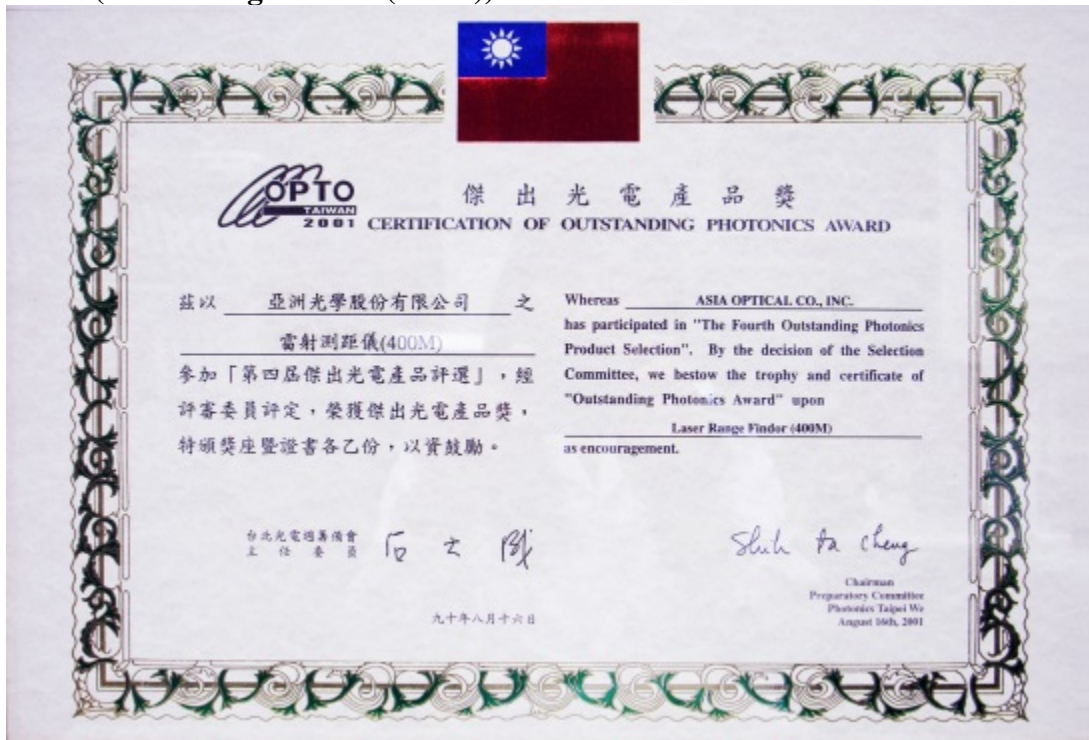
Awards Won by Asia Optical

Award-winning Year	Award Name	Product	Award Name
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	The Company was recognized in the National Invention and Creation Award of the Ministry of Economic Affairs	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
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

Award-winning Year	Award Name	Product	Award Name
2016	KILO 2000 Laser Rangefinder won the 19th Outstanding Photonics Product Award	KILO 2000 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

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



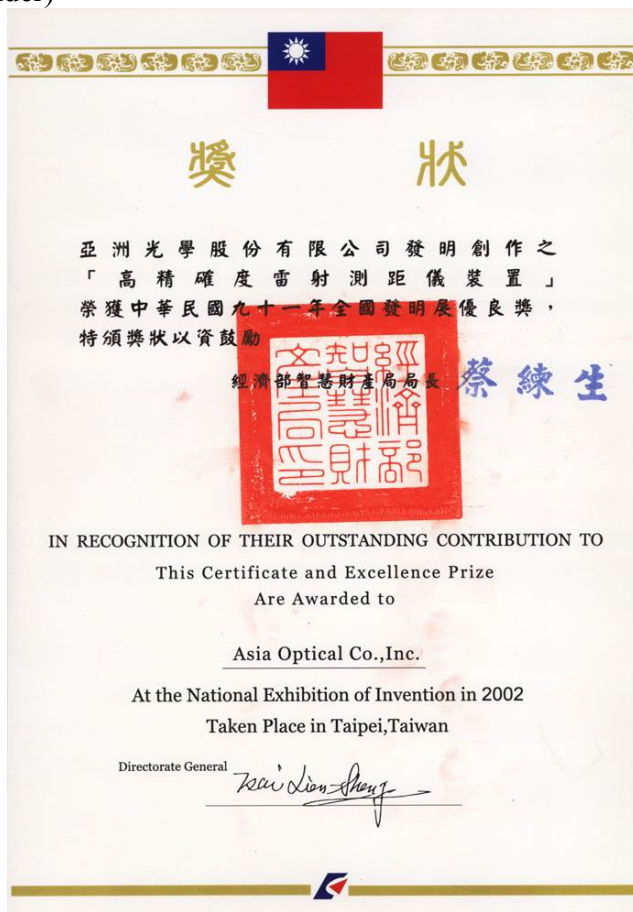
2002 MOEA - Award for Industrial Technology Advancement, Outstanding Award



2002 MOEA - National Invention and Creation Award



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



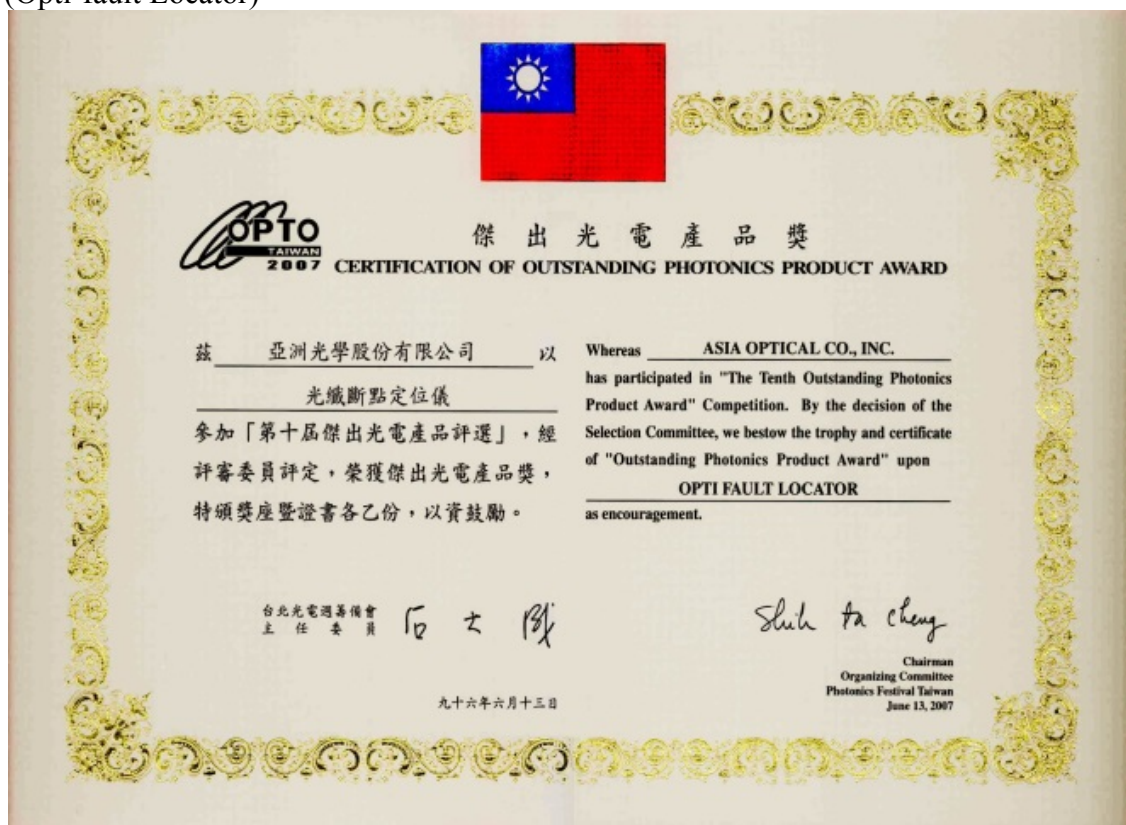
2004 MOEA - National Invention and Creation Award, Creation Award (Binocular with an Image Capture Device)



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 (KILO 2000 Laser Rangefinder)



2016 SP3604K 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

[Twitter](#) [Facebook](#) [LinkedIn](#) [Pinterest](#) [Email](#)



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**

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



4. Stakeholder Identification and Communication

4.1 Stakeholder Communication

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 openly communicate with the nine types of identified stakeholders, i.e., employees, suppliers, neighboring communities, social groups, shareholders, customers, government agencies, academic institutions, and affiliates by adding and analyzing any further sustainability issues they bring to our attention. 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

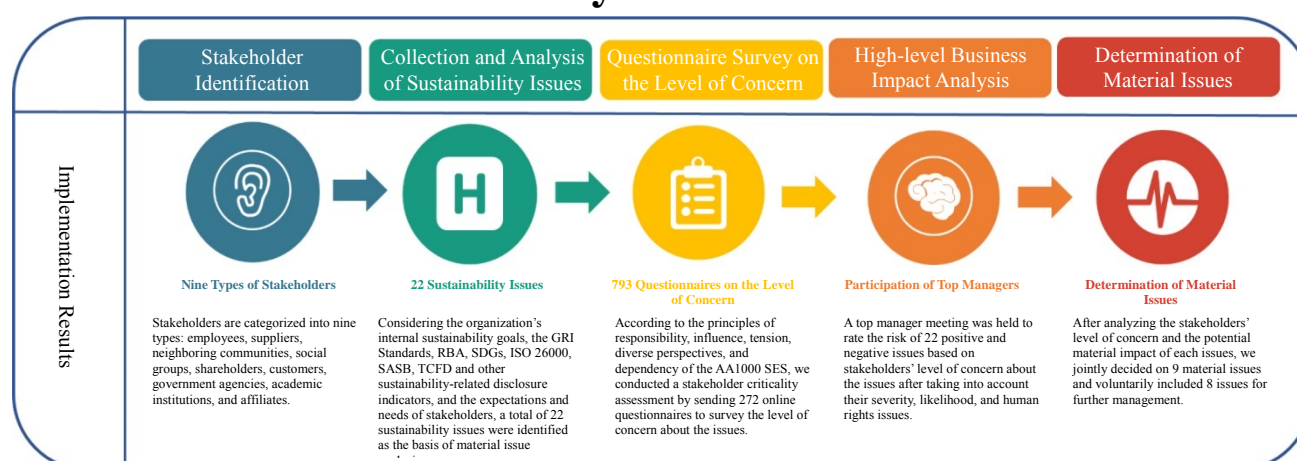
Stakeholder	Major Issues of Concern	Countermeasures and Communication Channels	Communication Performance in 2023	Corresponding Sections in the Report
Employees	Occupational safety and health, respect for human rights, employment and labor-management relations, employee diversity and equality, training and education, patents and intellectual property	<ul style="list-style-type: none"> ■ 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. ■ Implement performance management and employee development systems. ■ Organize employee health checkups, employee family days, and employee care events. ■ Contact: services@aoci.com.tw 	<ol style="list-style-type: none"> 1. Hold 4 Occupational Safety and Health Committee meetings each year 2. Handled 15 cases relating to employee feedback 3. The number of participants in the Family Day event held on November 25, 2023 was 933. 4. One health promotion activity was held on October 26. 5. 2 seminars on prevention of illegal infringement in the workplace were held 	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"> ■ Conduct investigations, audits and evaluations on the supply chain and require suppliers to comply with the EU's RoHS. ■ Continue to require all suppliers to fulfill social responsibilities for the supply chain, including environmental protection, labor rights 	<ol style="list-style-type: none"> 1. Signed 212 different RBA Code of Conduct Statements 2. Signed 29 different Anti-bribery Statements 	07 - Products and Technology 09 - Sustainable Supply Chain

		<p>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.</p> <p>■ Contact: maggic.chen@aoci.com.tw</p>	<p>3. 6 factory maintenance surveys are completed each year</p>	
Neighboring communities	Legal compliance, risk management, waste and resource utilization, social contribution and participation	<p>■ Care for neighboring communities and communicating with them about environmental issues on a regular basis.</p> <p>■ Contact: services@aoci.com.tw</p>	<p>2023</p> <ol style="list-style-type: none"> 1. Support for community development and safety maintenance 2. Support for development of two neighboring communities 3. Promote community care activities: Four open events in which disadvantaged and elderly members of the community were invited to use the Company’s cardiovascular arteriosclerosis product, PASESA, providing comprehensive health care services. 4. Sponsorship for community safety maintenance: 2 communities/NTD 150,000/year 5. Donations to social welfare organizations: 7 organizations/year 	<p>06 - Corporate Governance 11 - Social Care and Welfare</p>
Social groups	Legal compliance, market presence, risk management, product and service innovation,	<p>■ Regularly update ESG-related performance on the website.</p> <p>■ Contact: esg@aoci.com.tw</p>	<ol style="list-style-type: none"> 1. 296 employees completed confidentiality training 2. A 100% response rate was achieved for internal legal consulting cases 3. There were no major violations of the law in 2023 	<p>06 - Corporate Governance 07 - Products and Technology</p>

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"> ■ 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. ■ Provide shareholders with a reasonable return on investment with a long-term stable dividend policy. ■ 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. ■ Contact: ir@aoci.com.tw 	Held an online investor conference on November 2. Dividends were distributed within one month after the ex-dividend date, and dividends of NTD 1.9 were distributed on July 25.	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"> ■ 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. ■ 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. ■ Contact: cmo@aoci.com.tw 	Customer satisfaction 100% Establishment of anonymous mailbox to receive whistle-blowing accusations or evidence and subsequent mechanisms to deal with such cases.	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"> ■ Make regular reports in accordance with the law. ■ Contact: services@aoci.com.tw 	Employees take one session per year of a course on the ethical management and protection of whistleblowers Ethical management concepts - 2023: 905 people, totaling 638 hours/year	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"> ■ Provide industry-academia collaboration and share related technologies and experience on campus. ■ Regularly update ESG-related performance on the website. ■ Contact: services@aoci.com.tw 	*Social contribution and participation 1. One partner school (National Taichung University of Science and Technology) 2. Industrial Department: 1 Department 3. Industry-academia visits and exchanges: 6 times/year 4. Sponsored	07 - Products and Technology 08 - Green Sustainability 11 - Social Care and Welfare

			scholarship: 1 school/NTD 100,000 5. Sponsored club activities to encourage the promotion of health: NTD 110,000 at school	
Affiliates	Risk management, product and service innovation, product responsibility, supply chain management	<ul style="list-style-type: none"> Cooperate with affiliates to continuously serve customers with high-quality, high-efficiency, and high-tech professional services. Contact: cmo@aoci.com.tw 	Presentation on the achievements of the comprehensive task delivery robot and collaborative platform services	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 assessments 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. 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

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, and there are 22 in total.

In order to analyze these issues of concern, the Company chose as the survey subjects stakeholders which clearly belonged to one of the nine aforementioned stakeholder types. 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 at the top manager meeting. The meeting then analyzed each issue, taking into account the severity, likelihood, and human rights impact, according to the ESG Issue Business Impact Analysis and Risk Assessment Sheet, and prepared a matrix for analysis to then rank each issue by priority to the Company. 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. The 2023 Sustainable Development Committee did not add any further issues to the list, ratifying the identification of 9 material risks, with a further 8 to be monitored, and decided that appropriate evaluation of such risks must be undertaken once every three years, at minimum. At such time, the performance, as well as any new issues needing management, shall be transparently disclosed via proper channels.

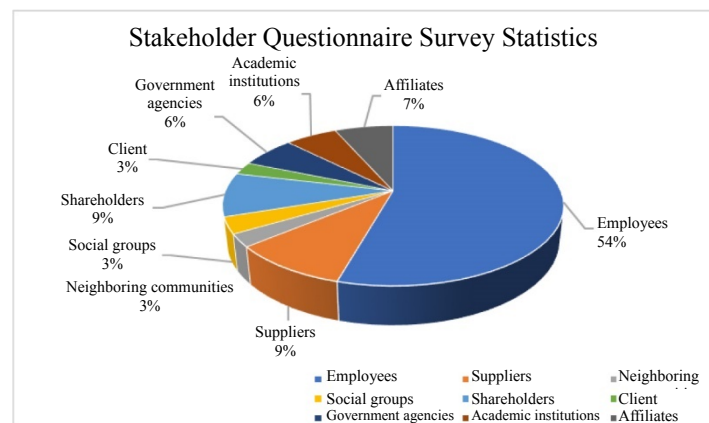
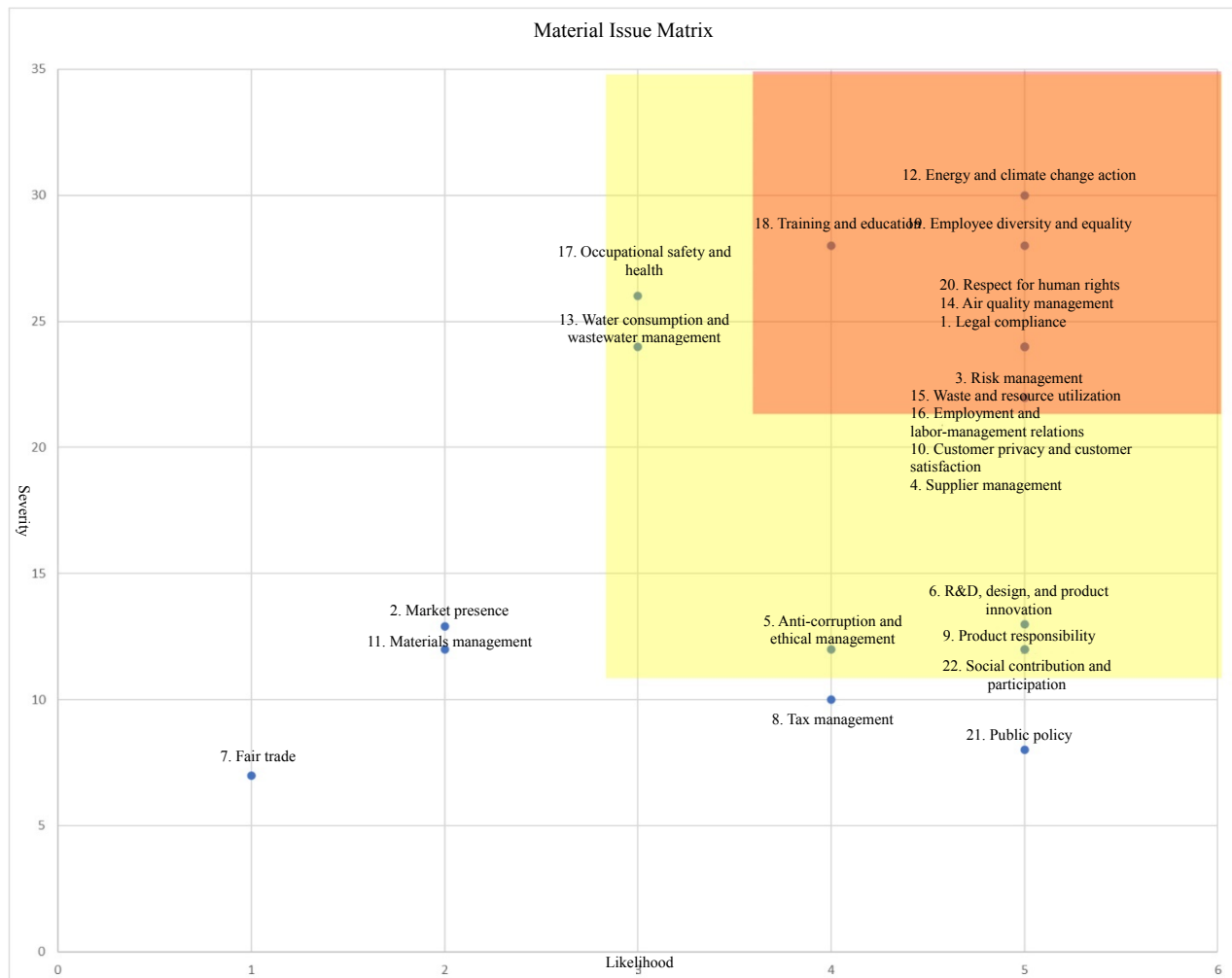


Figure 3. Material Issue Analysis Matrix





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





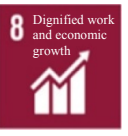
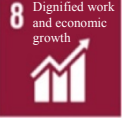
			management of the supply chain, and conducts regular audits.
	Social Issue	18. Training and education	[Potential opportunity] Positive impact We provide a comprehensive training and development system and offer integrated and diversified training resources to strengthen employees' professional skills 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 relatively 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

In order to reflect the overall value chain of Asia Optical, the 9 material issues and 8 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.

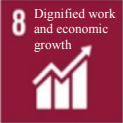


Material Issue	Issue's Impact and Significance on Asia Optical	Corresponding Sustainability Standards and Topics	Impact Boundary								
			Internal		External						
			Managers and employees	Affiliates	Shareholders	Customers	Government agencies	Suppliers	Social groups	Academic institutions	Neighboring 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 201-2 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 corporate social responsibilities.	2-27	V			V	V				V
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			
				V		V		V			
		SASB: Materials Sourcing TC-HW-440a.1		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	GRI 303 Water and Effluents	V				V				


	efficiency of energy and water resources.										
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


Sustainability Issue	Issue's Impact on Asia Optical	Management Approach	KPI in 2023	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"> 296 employees completed confidentiality training A 100% response rate was achieved for internal legal consulting cases There were no major violations of the law in 2023 446 contracts were reviewed 	<ol style="list-style-type: none"> Establish a process for evaluating departments where confidentiality is key Provide regular education and training for the said departments Check and update regulations every six months Ensure there are no major violations of the law 	<ol style="list-style-type: none"> Review the effectiveness of education and training annually Achieve a 100% completion rate for confidentiality training Ensure there are no major violations of the law
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"> Each employee is required to take the Ethical Management Course once per year 2023: 1,320 course participants, with 1,178 hours Educational programs were prepared for external promotion of ethical management philosophies 	<ol style="list-style-type: none"> Establish a process for evaluating departments at high risk of corruption Provide regular education and training for the high-risk departments 	For the high-risk departments: <ol style="list-style-type: none"> Review the effectiveness of education and training annually Achieve a 100% completion rate for integrity education and training for the high-risk departments
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.	The Company also complies with labor laws and regulations and formulates 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 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.	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	Regularly enhance employees' awareness of information security Encrypt documents Introduce SWG (Secure Web Gateway), an intrusion detection system Establish an EDR endpoint security protection mechanism Carry out remote backup and have a disaster recovery plan in place	Ensure there are no major information security incidents Adopt a secure access service edge (SASE) Make early warnings of information security threats and ensure quick inventory and response Establish a zero trust network access policy

Customer privacy	<p>Customers are our partners. Therefore, we are customer-focused and strive to become our customers' most reliable and trusted partner.</p>	<p>Endeavor to establish meaningful partnerships with global customers to develop sustainable and better environment-friendly products</p>	<p>The customer satisfaction target in 2023 was achieved</p>	<p>Implement NDA signing and conduct customer satisfaction surveys</p>	<p>Strictly adhere to customer confidentiality, stick to the principle of integrity, and establish a customer information protection mechanism</p>
Product and service innovation 	<p>We respect intellectual property rights; innovation is the source of our growth.</p>	<p>Put words into action, work tenaciously, and make changes; do not just think about them</p>	<p>The number of patents obtained has increased every year</p>	<p>Create an open and innovative R&D environment, stimulate the potential of employees, create maximum value, and achieve the goal of sustainable corporate management.</p>	<p>Provide high-quality sustainable products through innovative technology and advanced manufacturing processes to meet customer needs and promote well-being and health around the world.</p>
Product responsibility 	<p>Only with the recognition and support of our customers, combined with our high standards in quality, can we ensure the sustainable management of the Company.</p>	<p>Regularly maintain and renew ISO certification</p>	<p>The annual ISO certification process was completed</p>	<p>Reduce customer complaints and improve customer satisfaction</p>	<p>Continue to improve and optimize the quality management system to achieve the corporate goal of sustainable management.</p>
Supplier management 	<p>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."</p>	<p>Strengthen supply chain management and establish a sustainable procurement system</p>	<ol style="list-style-type: none"> 1. Signed RBA letters of undertaking totaled 212 (signing rate) 2. Signed Anti-bribery Statements totaled 29 (signing rate) 3. 6 factory maintenance surveys are completed each year 	<ol style="list-style-type: none"> 1. Require important suppliers to sign an Anti-bribery Statement and a Letter of Undertaking of Compliance with RBA Code of Conduct 2. Provide risk assessment questionnaires for important suppliers 3. Sign a Sustainability Policy Statement 	<ol style="list-style-type: none"> 1. Have important counterparties complete a Supplier Factory Management Audit Form 2. Maintain a sound supply chain management system
Water consumption and wastewater management 	<p>Water shortage results in stopped production.</p>	<p>Continuously control process water use Recycle pure water and wastewater</p>	<p>It was necessary to reduce at least 2,448 metric tons of wastewater in 2023, which was equal to 5% of the wastewater discharged (48,944 metric tons) in 2019. In 2023, the actual reduction was 7,743.24 metric tons, or 316% of the target.</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"> 1. Recycle the pure water for rinsing from processes 2. Achieve the process water conservation target 3. Control water use in each process through water meters 	<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"> 1. Evaluate the feasibility of installing a water recycling system for the final effluent for process use 2. Evaluate the feasibility of introducing the ISO 46001 water resource efficiency management system

<div>Waste and resource utilization</div> <div>12 Responsible consumption</div> <div></div>	<div>The use of raw materials and waste disposal cause rising costs</div>	<div>Reduce and control process solvent use</div> <div>Improve the waste recycling rate</div>	<div>Goals for 2023:</div> <div>To reduce process solvent usage by 2% from the base year</div> <div>Actual achievement:</div> <div>The goal in 2023 was to reduce solvent use by 2,582 kg. The actual solvent reduction in 2023 was 6,523 kg, surpassing the goal and achieving a total reduction of 12.63%.</div>	<div>Reduce solvent use in the An-He Branch by 3% (based on the solvent use in 2019)</div> <div>1. Recycle isopropyl alcohol (according to the required purity of the cleaning tank)</div> <div>2. Install a high-boiling-point solvent recycling system</div>	<div>Evaluate the feasibility of reducing solvent use in the An-He Branch by 5% (based on the solvent use in 2019)</div> <div>1. Evaluate the feasibility of introducing a recycling machine for isopropyl alcohol which is a process raw material</div> <div>2. Evaluate the feasibility of purchasing and using recycled isopropyl alcohol from waste liquid treatment companies</div> <div>3. Evaluate the feasibility of purchasing and using acid-washed carbon regenerated from spent activated carbon</div>
<div>Energy and climate change action</div> <div>13 Climate action</div> <div></div>	<div>Energy</div> <div>1. Lack of electricity</div> <div>2. Rising energy costs</div>	<div>Reach the electricity saving target each year in accordance with the calculation criteria of the Bureau of Energy, Ministry of Economic Affairs</div>	<div>Goals for 2023:</div> <div>Reduce electricity by average of 1% every 10 years</div> <div>Actual achievement:</div> <div>The electricity savings rate in 2023 reached 3.45% on average</div> <div>10-year energy savings</div>	<div>1: Reduce electricity use by 1% every year, 3% for 3 years, as required by the Bureau of Energy, Ministry of Economic Affairs</div> <div>2: Continuously promote of energy saving activities</div>	<div>1: Evaluate the feasibility of replacing utility systems, air compressors, and air conditioners with new ones</div> <div>2: Evaluate the feasibility of promoting the ISO 50001 energy management system</div> <div>3: Evaluate the feasibility of setting renewable energy utilization goals</div>
	<div>Greenhouse gas emissions</div> <div>1. International and customer carbon reduction requirements</div> <div>2. Government’s net zero carbon emissions target by 2050</div>	<div>Carbon reduction goals</div> <div>Progressively assess the Company’s carbon neutrality target by 2050</div>	<div>Goals for 2023:</div> <div>Acquiring ISO 14064 certification</div> <div>Actual achievement:</div> <div>The calculation of greenhouse gas emissions from 2021 to 2023 was completed, and the verification statement for 2021 to 2023 was obtained</div>	<div>Introduce the TCFD and plan carbon reduction paths</div>	<div>1. Evaluate the feasibility of setting a carbon neutrality target</div> <div>2. Evaluate the feasibility of including subsidiaries in ISO 14064 inventory certification</div>

<p>Occupational safety and health</p> 	<p>Occupational disasters are prevented to ensure the occupational safety and health of all employees</p>	<p>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 awareness</p>	<ol style="list-style-type: none"> 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 statutory occupational safety and health audits: Goal: 1 audit/quarter; achievement rate: 100% 4. Number of safety and health inspections: Goal: 1 inspection/month; achievement rate: 100% 5. Disabling injury frequency rate (FR): Goal < 4, (actual: 2.7); achievement rate: 100% 6. Disabling injury severity rate (SR): Goal < 10, (actual: 80); achievement rate: 0% 7. Number of violations related to occupational safety and health (with penalties imposed): Goal: 0 violation/year; achievement rate: 100% 8. Ergonomic Hazard Prevention Plan: 722 employees and 23 departments completed the musculoskeletal questionnaire. 9. Unlawful Workplace Infringement Prevention Plan: 23 departments completed the assessment of potential workplace violence risks. 10. Abnormal workload prevention: Completed tracking of 5 people. 11. Health checkup: 642 employees received a health checkup, with a participation rate of 95%. 	<ol style="list-style-type: none"> 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 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 4. Improve metabolic syndrome and hold health improvement seminars 5. Organize seminars on special hazardous operations and provide health education 6. Carry out health checkups superior to regulations 7. Maintain accreditation as a Healthy Workplace 8. Organize health checkups and suitability assessments for employees aged 45-65 	<ol style="list-style-type: none"> 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 evaluation form under the ISO Standards) accounting for more than 90% of the total number of contractors evaluated 4. Reduce cases of metabolic syndrome by 10% 5. Reduce the risk of special hazardous operations 6. Optimize employee health management and promote employees' physical and mental health. 7. Improve or optimize the work environment, protect the health of employees, and extend their working years
---	---	--	---	--	---

<p>Employment and labor-management relations</p> 	<p>Employees are important partners. Competitive remuneration and benefit strategies and a statutory retirement system are provided to build employee cohesion</p>	<ol style="list-style-type: none"> 1. Provide competitive remuneration and a benefit system that is better than the industry standard 2. Actively care for employees, build employee cohesion and enhance labor-management interactions to enhance their recognition towards the Company through effective communications and coordination 	<ol style="list-style-type: none"> 1. Ranking in the top 50% of the median salary of the optoelectronic industry (source: The information on the salary of full-time employees who are not in managerial positions is published by the Securities and Futures Institute) 2. The Company provides employees with multiple channels in which they may file a complaint and has proper mechanisms in place to deal with all types of employee complaints. Any case opened during the reporting period has since been effectively managed and closed. 3. 97.5% employee satisfaction with the Company was achieved 4. 81.17% of employees used travel subsidies 	<ol style="list-style-type: none"> 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 2. Achieve a complaint resolution rate of 100% 3. Achieve 95% or higher employee satisfaction with the Company 4. Have 80% of employees using travel subsidies 	<ol style="list-style-type: none"> 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 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
<p>Employee diversity and equality</p> 	<p>Building harmonious labor-management relations and a diversified and equal relationship with employees is the foundation for the Company's sustainable management.</p>	<ol style="list-style-type: none"> 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 holidays and 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 	<ol style="list-style-type: none"> 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. In 2023, the Company held 3 events, the Animal Protection Act/Fraud Prevention Awareness Seminar for All Countries/Emergency Contacting for Migrant Worker Accidents, general occupational safety and health education and training, and the health and well-being exercise program, for migrant workers, 	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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

			<p>with a total of 571 attendees across the three events</p> <p>4. A total of 933 people (including employees and their family members) participated in the factory celebration</p>		
<p>Training and education</p> 	<p>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.</p>	<p>Put the Company's business philosophies - integrity and integrity into practice and adopt a performance management system to strengthen the corporate governance mechanism</p>	<p>The training program execution rate reached 85%</p>	<p>1. Strengthen the management competency of managers and the awareness of employees about occupational safety</p>	<p>Provide employees with learning resources for self-growth, including digital learning, to create an organizational learning and sharing atmosphere</p>
<p>Social contribution and participation</p>	<p>“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, creating a sustainable future.</p>	<p>Talent cultivation</p>	<p>1. One partner school (National Taichung University of Science and Technology)</p> <p>2. Industrial Department: 1 Department</p> <p>3. Industry-academia visits and exchanges: 6 times/year (National Central University, National Chin-Yi University of Technology)</p>	<p>Promote industry-academia collaboration for higher education with 2 schools</p> <p>1 industry-academia collaboration class</p> <p>Industry-academia visits and exchanges: 1 time/year</p>	<p>Promote industry-academia collaboration for higher education with 2 schools</p> <p>1 industry-academia collaboration class</p> <p>Industry-academia visits and exchanges: 2 time/year</p>
		<p>Technology on campus</p>	<p>1. Provide 1 school with industrial scholarships for students from low-income families</p> <p>Donation amount: NTD 100,000/school</p> <p>2. Sponsorship of badminton club to promote health of students: 1</p> <p>Donation amount: NTD 110,000/school</p>	<p>Provide 1 school with industrial scholarships for students from low-income families</p> <p>Donation amount: NTD 100,000/school</p>	<p>Provide a total of 2 schools with industrial scholarships for students from low-income families</p> <p>Donation amount: NTD 100,000/school</p>
		<p>Social innovation</p>	<p>Participation in industry forums: 1 (Taiwan Optical Valley Seminar)</p> <p>Industrial Application Cognition Proposals in 2023: None</p>	<p>Promote the advancement of optical technology to increase public cognition of its use</p> <p>1. Participation in industrial innovation-related activities: 3 times in total</p> <p>2. Popular optical science exhibitions: 1 time</p>	<p>Promote the advancement of optical technology to increase public cognition of its use</p> <p>1. Participation in industrial innovation-related activities: 5 times in total</p> <p>2. Popular optical science exhibitions: 3 times</p>
		<p>Care for the disadvantaged & community stability</p>	<p>2023</p> <ul style="list-style-type: none"> Support for community development and safety: 2 communities/year, with a total of NTD 670,000 Implementation of community care activities: 3 	<p>Support local communities and promote campaigns to deliver care to the disadvantaged</p> <p>1. Support for community safety and local development: 2 communities/year</p> <p>2. Implementation of community care</p>	<p>Support local communities and promote campaigns to deliver care to the disadvantaged</p> <p>1. Support for community safety and local development: 3 communities/year</p> <p>2. Implementation of community care</p>

			<p>communities/year, with a total of NTD 15,000</p> <ul style="list-style-type: none"> • Sponsorship for community safety maintenance: 2 communities/NTD 150,000/year • Donations to social welfare organizations: 7 organizations/year <ul style="list-style-type: none"> A. Uniform donations: 3,454 in 2023 B. Charity lunch box: NTD 389 thousand (Eden) C. Case-based disability allowance: NTD 50,000 (Taichung City Government) 	<p>activities: 1 community/year</p> <p>3. Active donations to social welfare organizations: 6 organizations/year</p> <p>4. Sponsorship for community safety maintenance: NTD 150,000/year</p>	<p>activities: 2 communities/year</p> <p>3. Donations to social welfare organizations: 7 organizations/year</p> <p>4. Sponsorship for community safety maintenance: NTD 200,000/year</p>
--	--	--	--	---	--

5. Corporate Governance

5.1 Company Profile



Company name: Asia Optical Co., Inc.
Date of establishment: October 9, 1980
Address: No. 22-3, South 2nd Rd., Tanzi Dist., Taichung City
Tel: (04)2533-5175
An-He Branch: No.158, Fengli Rd., Lilin Vil., Tanzi Dist., Taichung City
Tel: (04)2534-2550
Capital: 2,792,439,010
Number of employees: 985
Major industry: Optoelectronics

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

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
		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.

Upstream, Midstream and Downstream Sectors		Main Products	Major Suppliers
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

Financial Performance Over the Years

Unit: NTD million

	The Group in 2021	The Group in 2022	The Group in 2023
Operating revenue	20,977	19,077	17,830
Operating cost	16,316	15,316	14,645
Operating expenses	2,291	2,425	2,271
Income tax expense	214	372	232
Employee benefit expense	4,561	4,433	4,404
Bonus (dividends) Unit: NTD	1.00	3.70	1.90
Social investment/donation expenses	1.98	0.37	1.13

5.3 Subsidy Application

List of Government Financial Subsidies Received in 2023

Unit: NTD

Item	2023
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)	6,595,478
Subsidy under the Ministry of Economic Affairs' Taiwan Industry Innovation Platform Program (Electric flash system and array laser module development project for electric bus)	6,140,000

Total subsidy amount	12,735,478
----------------------	------------

5.4 Governance Body's Operations

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

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. 35–37 of the Company's 2023 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. Directors who are concurrently serving as employees account for 43% of all directors, and female directors account for 14%. Three directors are aged between 71 and 80, three directors are aged between 61 and 70, and one director is 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 61–70	✓	✓	✓	✓	✓	✓	✓	✓	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 71–80	✓	✓	✓	✓	✓	✓	✓	✓	Finance/ accounting
Teng-Ko Chung	Male 51–60	✓		✓	✓		✓	✓	✓	Law
Chyan-Long Jan	Male 61–70	✓	✓	✓	✓		✓	✓	✓	Finance/ accounting

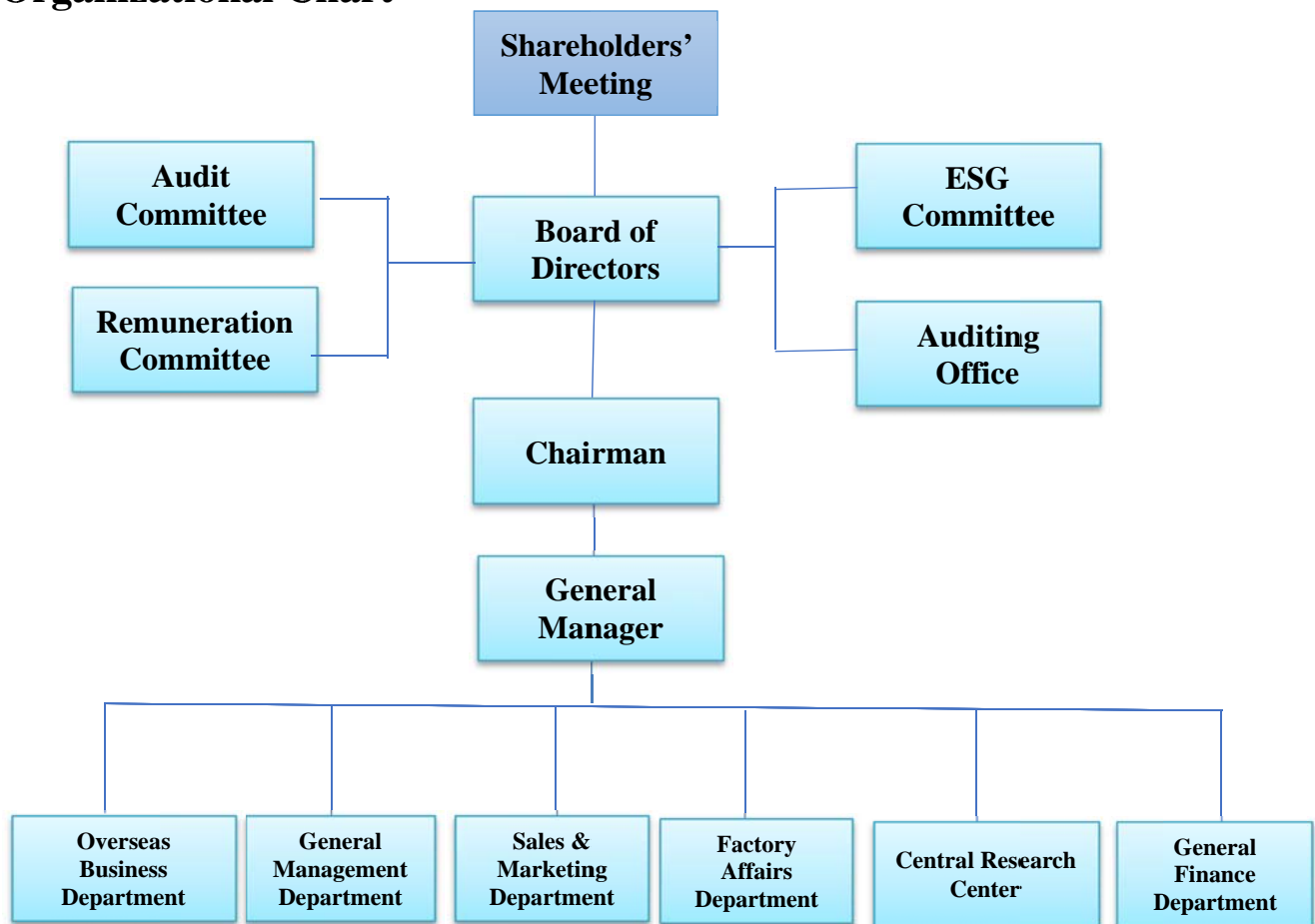
5.4.3 Achievement of Specific Management Objectives in the Board Member Diversity Policy:

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 3 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. 5 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. In August 2023, the Board of Directors promoted 5 Deputy General Managers and tasked them with achieving KPIs, hitting operational targets, and implementing and tracking ESG-related performance.,
(Please refer to pp. 20–21 and p. 26 of the Company's 2023 Annual Report for the appointment and duties of the managers designated by the Board of Directors)

Organizational Chart



5.5 Audit and Remuneration Committees

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 3 independent directors. In 2023, the Audit Committee was convened four times, with an average member attendance rate of 100%.

(Please refer to p. 31 of the Company's 2023 Annual Report for the Board of Directors' supervision and evaluation of the Audit Committee's performance)

5.5.2 Remuneration Committee

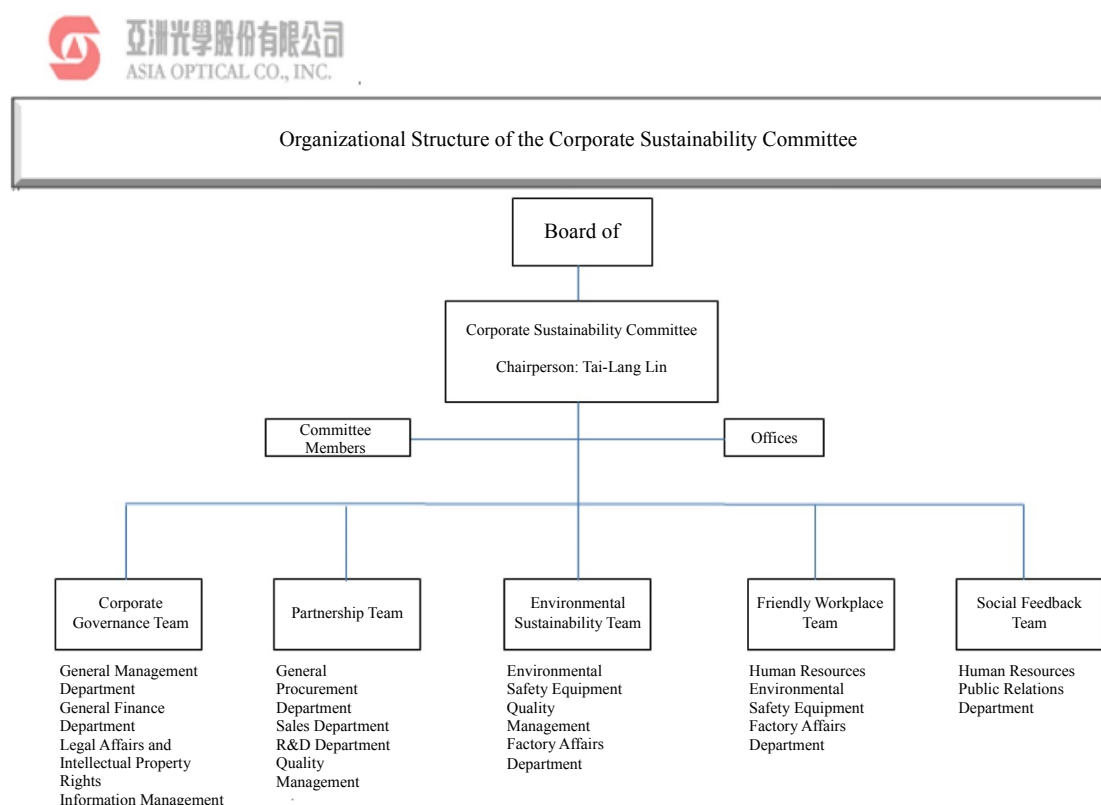
The Remuneration Committee consists of three directors. The Remuneration Committee aims at establishing and regularly reviewing the policies, systems, standards and structures for the performance evaluation and remuneration of directors, supervisors (Audit Committee members), and managerial officers. The remuneration of the directors, supervisors (Audit Committee members), and managers 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 addition to fixed amounts of remuneration for independent directors, the remuneration to

the directors is reasonable, as the results of the Company's operations and the extent of their performance and involvement are considered. In 2023, the Remuneration Committee was convened two times, with an average member attendance rate of 100%.

(Please refer to p. 40 of the Company's 2023 Annual Report for information on the performance of the Board of Directors and the Remuneration Committee, and pp. 22–23 and p. 26 for the overview of the remuneration to the Board of Directors)

5.6 ESG Management System Implementation Committee

ESG Implementation Organization Chart



5.6.1 Organizational Responsibility

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

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 2023, 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 2023.

No violation of the Labor Standards Act in 2023.

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 2023, the Company's ESG promotion team and ethical management unit (Ethics Management

Committee) implemented “Ethical Management” and “Whistleblower Protection” training for 189 managers, totaling 174 hours, and 2,035 employees, totaling 1,838 hours. The training was offered to a total of 2,224 people for 2,012 hours. A total of 887 people participated in propaganda about laws and regulations governing insider trading, with 804 hours in total, including 56 managers for 51.5 hours and 831 employees for 752.5 hours.

	Number of Managers	Hours/Manager	Number of Employees	Hours/Employee
Ethical Management	132	116.5	1,188	1,061.5
Whistleblower Protection	57	57.5	847	776.5
Insider Trading Propaganda	56	51.5	831	752.5

5.8 Values, Principles, Standards, and Code of Conduct

5.8.1 Professional Code of Ethics

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 cooperate with the audit department’s audits to ensure that the legal requirements are fully implemented. Due to its rigorous management, Asia Optical was not subject to any large fines (over NTD 1 million) by competent authorities for violating laws and regulations in 2023. There were also no corruptive and anti-competitive behaviors in 2023.

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 executives sign a “Letter of Undertaking to Compliance with the Code of Integrity for Employees” every year. The signing rate in 2023 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 2023.

Statistics on Asia Optical’s Anti-corruption Education and Training in 2023

Year		2023					
Item		Number of Participants		Total Training Hours/Participant		Average Hours	
		Male	Female	Male	Female	Male	Female
Functions	Administrative staff	63	209	69	215.5	1.1	1.0
	Technical staff	1,425	1,169	1,368	938	1.0	0.8

Managerial staff	211	34	194.5	31	0.9	0.9
Total	1,699	1,412	1,632	1,185	3.0	2.7

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

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 2023, no integrity-related reports were received, and there were no related corruption and bribery cases.

5.8.2 Human Rights Policy

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 2023, no human rights-related reports were received.

Human Rights Policy’s Implementation Results

Item	Goals in 2023	Implementation Results in 2023
Provide a safe and healthy work environment	<ol style="list-style-type: none"> 1. Track and manage 10 employees with abnormal workload and at low risk of overwork annually 2. Organize 2 training sessions in accordance with the Unlawful Workplace Infringement Prevention Plan 3. Assess hazards and risks and conduct assessment for 4 employees/year in accordance with the Ergonomic Hazard Prevention Plan annually 4. Health education in accordance with the Workplace Maternal Health Protection Plan 5. Organize an annual physical 	<ol style="list-style-type: none"> 1. The Company continued to be 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. 2. In accordance with the Abnormal Workload Prevention Plan, health education was provided to 23 employees at low, medium and

	<p>examination for employees engaging in special hazardous operations</p> <ol style="list-style-type: none"> 6. Carry out PASESA measurements and blood pressure high risk tracking health services implementation health education 7. Work resumption assessment after injury or illness 	<p>high risk of overwork</p> <ol style="list-style-type: none"> 3. Organized 2 training sessions for supervisors in accordance with the Unlawful Workplace Infringement Prevention Plan (107 participants). 4. In accordance with the Ergonomic Hazard Prevention Plan, the Company assessed hazards and risks, evaluated and selected improvement methods, and conducted assessment for 5 departments/year. 5. Health education was provided for 13 employees in accordance with the Workplace Maternal Health Protection Plan. 6. The Company provided a physical examination for a total of 98 employees engaging in special hazardous operations. 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. 8. A total of 167 employees received PASESA measurements and health education and blood pressure high risk tracking. 9. 3 employees were assessed for reinstatement after an injury or illness
Eliminate illegal discrimination to reasonably ensure equal job opportunities.	<ol style="list-style-type: none"> 1. Employment of 9 employees with disabilities as specified by law 2. Employment of 9 indigenous persons 3. Increase job opportunities for local residents (in Tanzi District) 	<ol style="list-style-type: none"> 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.

		<ol style="list-style-type: none"> 2. The Company takes concrete actions to support disadvantaged groups by providing them with job opportunities. We employ 11 people from groups recognized as disadvantaged (the minimum statutory requirement is 9; 1 of them was hired in 2023). 3. 12 indigenous employees (4 of them hired in 2023). 4. Job opportunities were provided to local residents (in Tanzi District). A total of 158 local residents were employed (an increase of 16 people in 2023).
Prohibit child labor	<ol style="list-style-type: none"> 1. Prohibit the employment of child labor as required by law 	<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 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.</p>
Prohibit forced labor	<ol style="list-style-type: none"> 1. Comply with laws and regulations 2. Monthly review and control working hours 	<ol style="list-style-type: none"> 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. 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.
Help employees maintain physical	<ol style="list-style-type: none"> 1. Engage physicians and nurses to provide 120 employees with 	<ol style="list-style-type: none"> 1. In order to encourage employees to exercise voluntarily and

and mental health and work-life balance	<p>regular medical consultations and health education/care</p> <p>2. Conduct 168 employee care interviews</p>	<p>manage their health, health education and health promotion activities are held from time to time to provide information about physical and mental health.</p> <p>2. Physicians and nurses paid regular on-site visits to respective workplaces and provided a total of 172 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.</p> <p>3. 197 employee care interviews were conducted (29 new employees; 120 domestic employees; 12 expatriate employees; and 36 migrant workers).</p> <p>4. A Family Day was organized for employees to achieve health and life balance outside of work.</p> <p>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.</p>
Compliance with laws and regulations	<p>1. Comply with labor laws and regulations without violating them</p>	<p>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.</p> <p>2. Asia Optical has complied with labor laws and regulations.</p>
Education and training	<p>1. Implement occupational safety and health education and training</p> <p>2. Conduct human rights propaganda</p>	<p>1. 4,008 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).</p>

		2. Human rights-related information was distributed and displayed, reaching 8,436 employees, relating to company regulations; workplace sexual harassment prevention, complaints, and disciplinary measures; and corporate social responsibilities, etc.
--	--	--

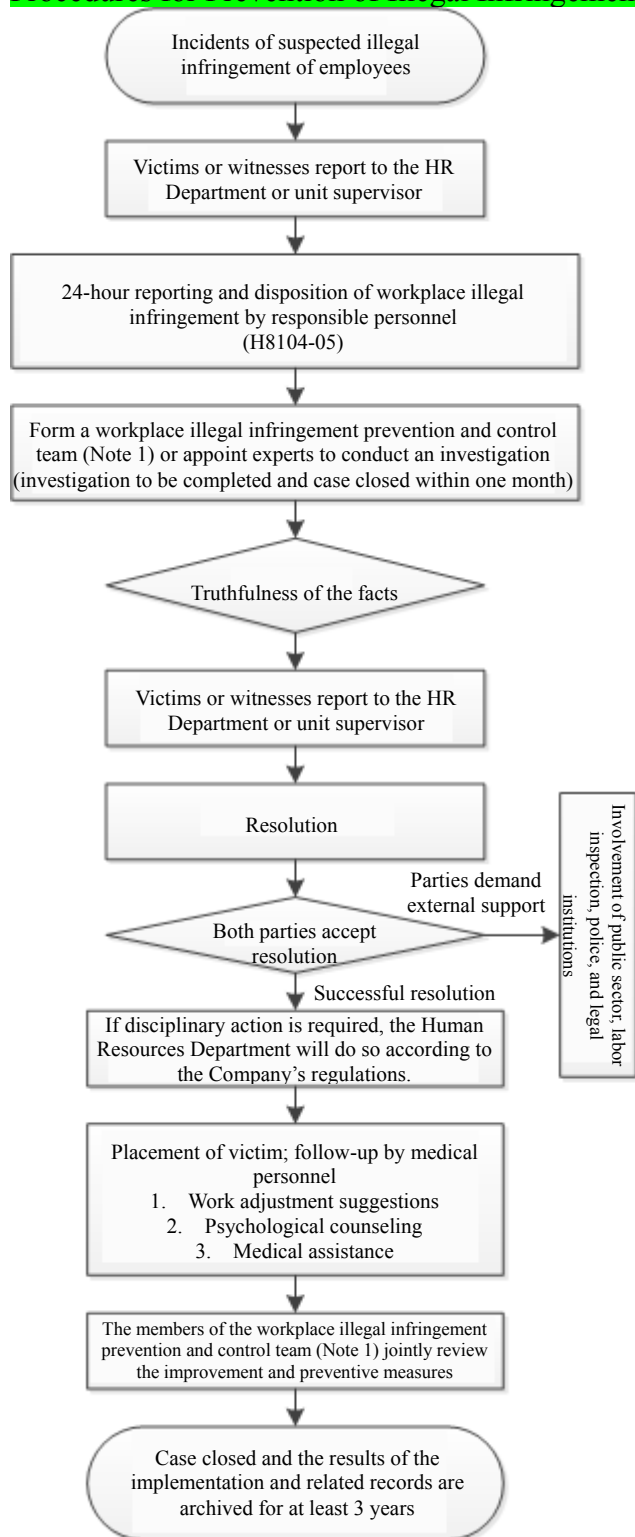
Statistics on Asia Optical's Human Rights Education and Training in 2023

Year		2023					
Item		Number of Participants		Total Training Hours/Participant		Average Hours	
		Male	Female	Male	Female	Male	Female
Functions	Administrative staff	144	493	219.85	664.2	1.5	1.3
	Technical staff	3,535	3,636	4,460.2	3,429.8	1.3	0.9
	Managerial staff	524	104	697.35	144	1.3	0.0
Total		4,203	4,233	5,377.4	4,238.0	4.1	2.3

Note:

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

Procedures for Prevention of Illegal Infringement in the Workplace



Note 1: Members of the workplace illegal infringement prevention and control team: The highest-ranking executive of the General Management Department, the Human Resources Department, the Medical Center, and other relevant personnel

5.9 Information security management

Asia Optical's risk management analysis in 2023 emphasized the importance of information security risk. Currently, the Information Security Management Department carries out risk management targeting the uncertain risk factors that may cause operational uncertainty to the business of the Company, and strengthens the Company's preventive measures, systematic strategies and management measures in the face of risks. In the future, we will improve risk management measures, appoint the Board of Directors as the highest advisory body for risk management, and have an 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 possibility of an incident occurring.

Risk Type	Risk Source	Management Strategy	Performance in 2023
Information Security Risk	Email account takeover	<ol style="list-style-type: none"> 1. Users are required to use complex combinations of characters, letters, and numbers when setting passwords. 2. The server will voluntarily suspend accounts that send large amounts of emails, and notify the administrator. 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. 4. The server automatically filters out marketing emails and emails with attachments. 5. Plan: Update the mail server to add security policies and anti-virus mechanisms (NTD 2.75 million) 	<ol style="list-style-type: none"> 1. The IT Section will monitor the server usage and check whether there are any abnormal email sending/receiving patterns from time to time. 2. Regularly send information security messages to enhance employees' information security knowledge.
	Hacker invasion	<ol style="list-style-type: none"> 1. Produce host detection and scanning reports regularly for important servers 2. Perform server backup regularly 3. Update backup software and server equipment to improve backup and recovery performance (NTD 1 million) 	<ol style="list-style-type: none"> 1. Vulnerability scanning is conducted for important servers on a quarterly basis. 2. Server backup is performed daily, weekly, and monthly. 3. Disaster recovery drills are organized annually.

Information Security Resource Input:

The Company established the Information Security Team in November 2023 to continue to promote its information security management measures and enhance information security protection capabilities. The resources invested in 2023 are as follows:

1. The Information Security Team was established, with one dedicated information security officer and one information security supervisor.
2. The Company regularly reports to the Board of Directors in the fourth quarter of each year (2023/11/1), and reviews and improves the information security policy weekly.
3. Formulated a disaster recovery plan, and completed one drill this year.
4. Joined the TWCERT Alliance and participated in external seminars to obtain updated intelligence on external threats and new prevention measures.
5. Signed the "National Information and Communication Security Joint Defense, Trade Secret Protection and Information Sharing and Memorandum of Cooperation" with the Ministry of Justice Investigation Bureau to jointly enhance the depth and scope of the Company's information security defenses.

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

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

Asia Optical's Role in Associations					
N O	Association	Members hip Period	Role	Term	Member Representa tive
1	Taiwan Optics Association	Before 2018–2024	Chairman/Director/Supervisor	2015-2020: Chairman 2021-2024 Supervisor/Director	3
2	Taiwan Industry Association of Intelligent Security and Safety	2019–2024	Director/Member	2019–2021 Director 2021–2023 Member	2
3	Friends of the Police Association of the Second Special Police Corps., Friends of the Police Association of the R.O.C.	2018–2024	Member	2018–2024	1
4	Taiwan Export Processing Zone Optical & Precision Instrument Association	Before 2018–2024	Director/Supervisor/Member	Before 2018–2024	4
5	Taiwan Photonics Society	2019–2024	Director	2019–2024	1
6	Industrial Development and Investment Promotion Committee of Taichung City	Before 2021–2024	Committee Member	2021–2024	1
7	National Taichung University of Science and Technology - Career and Counseling Committee	2022–2024	Committee Member	2022–2024	1
8	Photonics Industry & Technology Development Association: Member	Before 2018–2024	Member	Before 2018–2024	22

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 cross-hair lines, which are equipped with a zoom function, and the focus can be adjusted. Such products are now widely used in recreational sports.



▶ Optical Lens

PGM (precision glass molding) aspherical lenses, glass spherical lenses, plastic lenses, prisms, precision coating components.



▶ Laser Products

Hand-held monocular and binocular laser rangefinders and important sensing components in laser rangefinder products.



▶ Digital cameras

We provide high-quality digital cameras that are characterized by high precision, high magnification, high zooming, and 4K ultra-HD action shooting.



▶ Lens

Compact lenses, DSC lenses, projector lenses.



▶ Fiber Optics

Global ODM/OEM integration capability to meet different requirements from customers.



▶ Pico Projector Engine

Currently, our thinnest optical projector is 5.5mm, which is the thinnest projector module in the world.

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:

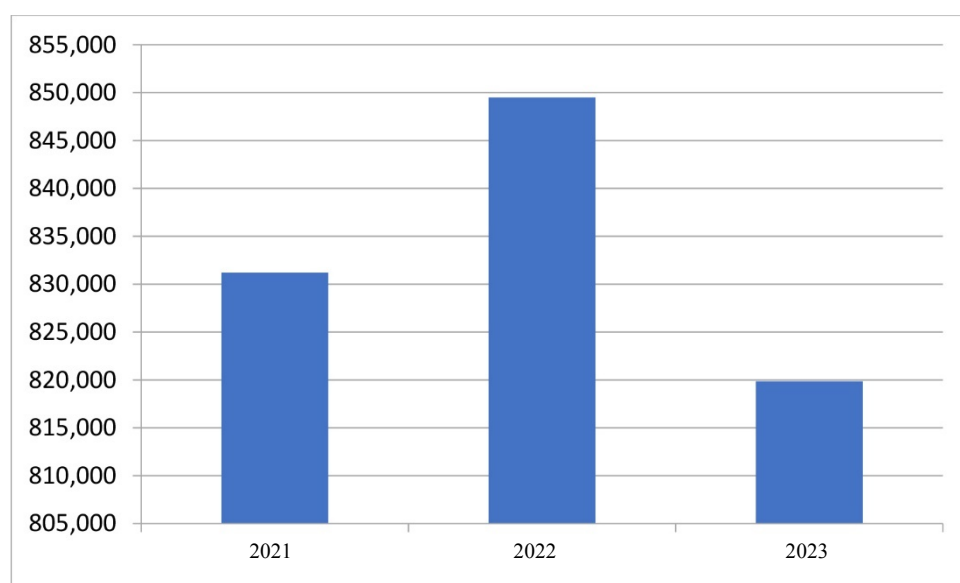
- Optical lens: Plastic injection lenses, PGM aspherical lenses, precision coating components, glass spherical lenses, prisms, flat glass lenses.
- Lens: Compact lenses, DSC lenses, projector lenses, mobile phone lenses.
- VR & AR: AR, VR projectors
- Fiber optics: Lens Array, CWDM/Lan WDM Z-Block, Compact CWDM, DWDM
- Compact LiDAR Module
- Sports optics: Laser rangefinders, sights, and laser modules for household robot vacuums.
- Automotive optronics: Automotive lenses.
- Precision 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 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 819 million was invested in R&D in 2023. Asia Optical’s R&D expenses in the past three years are shown below:

R&D Investment Amount in 2021-2023



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, 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, micro, high-precision 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	2021	2022	2023
Net operating revenue	20,976,807	19,077,048	17,830,192
R&D expenditure	831,225	849,500	819,860
R&D ratio	3.96%	4.45%	4.60%

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 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 in 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.

Results of the autonomous mobility platform:

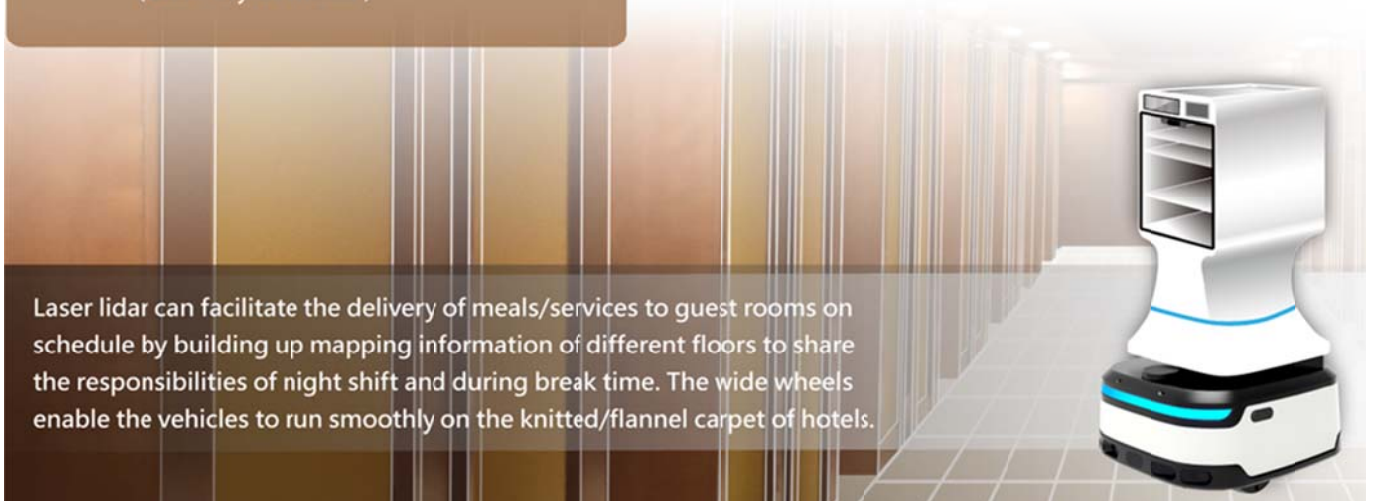


AGV Application (Automated Guided Vehicles Application)

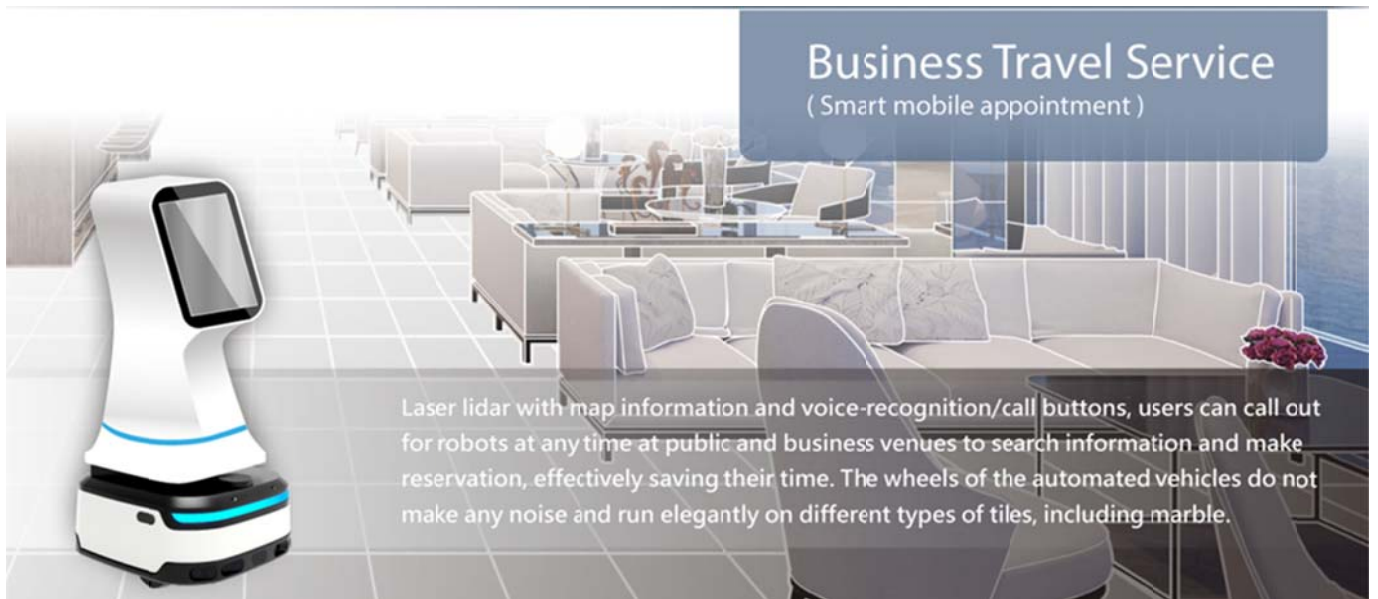


Industrial Application 1

Floor room service (Delivery of meals)



Industrial Application 2



Industrial Application 3



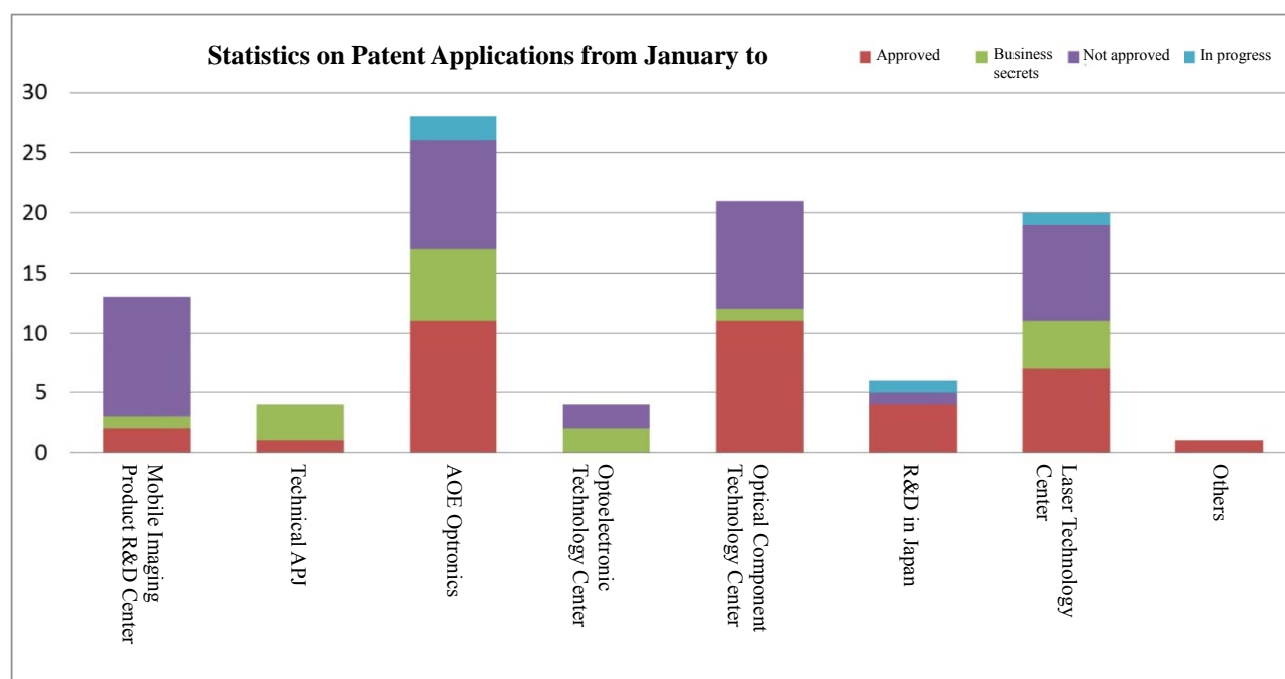
Industrial Application 4

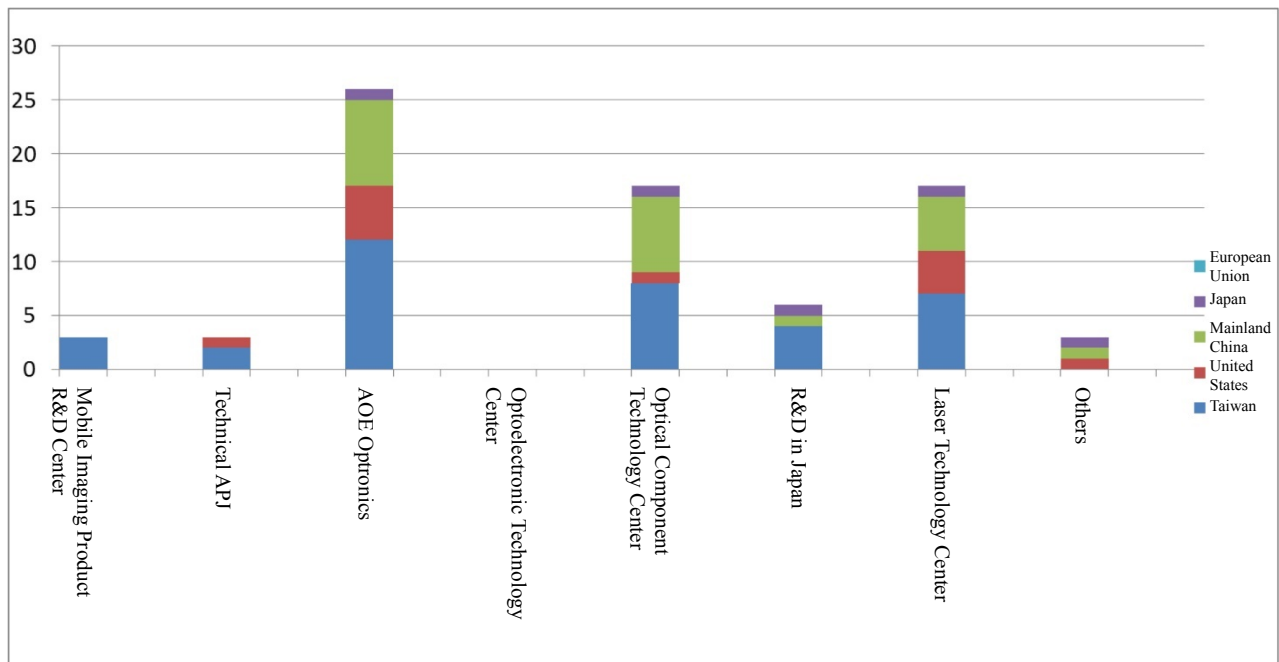


Industrial Application 5

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 2023 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
<pre> graph TD Customer[Customer] --> Analysis{Analysis} Analysis --> SurveyResult[Survey Result] SurveyResult --> Supervision[Supervision and] Supervision --> Analysis </pre>	Business units	Survey respondents Products and services concerned	Customer Satisfaction Survey Form Automotive Product Customer Satisfaction Evaluation Form
	Business/responsible units	Customer Satisfaction Survey Form Customer Satisfaction Survey Analysis Table Automotive Product Customer Satisfaction Evaluation Form	Contact letters/e-mail/solution feedback
	Business units	Contact letters/e-mail/solution feedback	Customer Satisfaction Survey Form Customer Satisfaction Survey Analysis Table Automotive Product Customer Satisfaction Evaluation Form Customer satisfaction with solutions
	Business units	Customer Satisfaction Survey	Management review reports

		Form Customer Satisfaction Survey Analysis Table Automotive Product Customer Satisfaction Evaluation Form Customer satisfaction with solutions	Annual performance indicators
--	--	--	-------------------------------

In response to customer complaints, Asia Optical sets up a rectification team to find the root cause of the problem and current situation to find out permanent rectification measures. After verification of the effect, recurrence is prevented in order to achieve the promised quality and standard for customers.

In 2023, the Company received a total of four 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 2023

Analysis of Defect Causes	Engineering Management	Personnel Negligence	Education and Training	Equipment Error	Design-oriented
Incidence	100.00%	0.00%	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 2023.

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 quality of the professional team’s 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:



Quality Policy

Perfect Design, Quick Improvement, Customer Satisfaction



ISO 9001 Certificate



Quality Policy

Quick Improvement, Cost Reduction



IATF 16949 Certificate (A)



Quality Policy

Provide customers with the right products, at the right time, and the right quality.



IATF 16949 Certificate (B)

6.3.2 Product Safety

Adhering to the Chairman's business and environmental protection philosophy of "Working together to produce enjoyable and environmental friendly high-tech electro-optical products," all of our related products are compliant with international environmental protection regulations (RoHS, WEEE, etc.) and other requirements and directives in line with 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 2023.

Year	2021	2022	2023
Number of samples tested	680	741	658
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

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>Governance</p>	<p>Board of Directors’ supervision of climate-related risks and opportunities</p> <ul style="list-style-type: none"> Climate change-related issues were presented at the board meeting in May 2023. 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. <p>Management’ supervision of climate-related risks and opportunities</p> <ul style="list-style-type: none"> 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. 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. Climate change-related development plans and implementation measures are reported to the General Manager and senior management from time to time.
<p>Strategy</p>	<p>Strategies for transformation risks</p> <ul style="list-style-type: none"> 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. Continue to monitor international trends and requirements on climate change and proactively disclose information on response to climate change. <p>Strategies for physical risks</p> <ul style="list-style-type: none"> Continue to develop and promote water saving, energy conservation and

	<p>carbon reduction projects, and improve the efficiency of resource use.</p> <p>Strategies for transformation opportunities</p> <ul style="list-style-type: none"> • Develop innovative products with higher energy efficiency to meet customer demand for low-carbon products. • Optimize existing building equipment and energy management.
Risk Management	<p>Climate change risk identification, assessment and management processes</p> <p>In 2024, 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>
Indicators and Targets	<p>Assessment and management of indicators and targets for climate-related issues</p> <ul style="list-style-type: none"> • 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. • Asia Optical Group is expected to complete the ISO 14064-1 greenhouse gas inventory by 2026. • An electricity savings target is set for all factories every year, with a 1% reduction in electricity consumption compared to the previous year being the current target (as calculated by the Energy Administration). • A water use reduction target is set annually, with a 5% reduction compared to the statistics from 2019 being the current target set. • A solvent waste reduction target is set every year, with a 5% reduction compared to the 2021 solvent waste data being the current the target

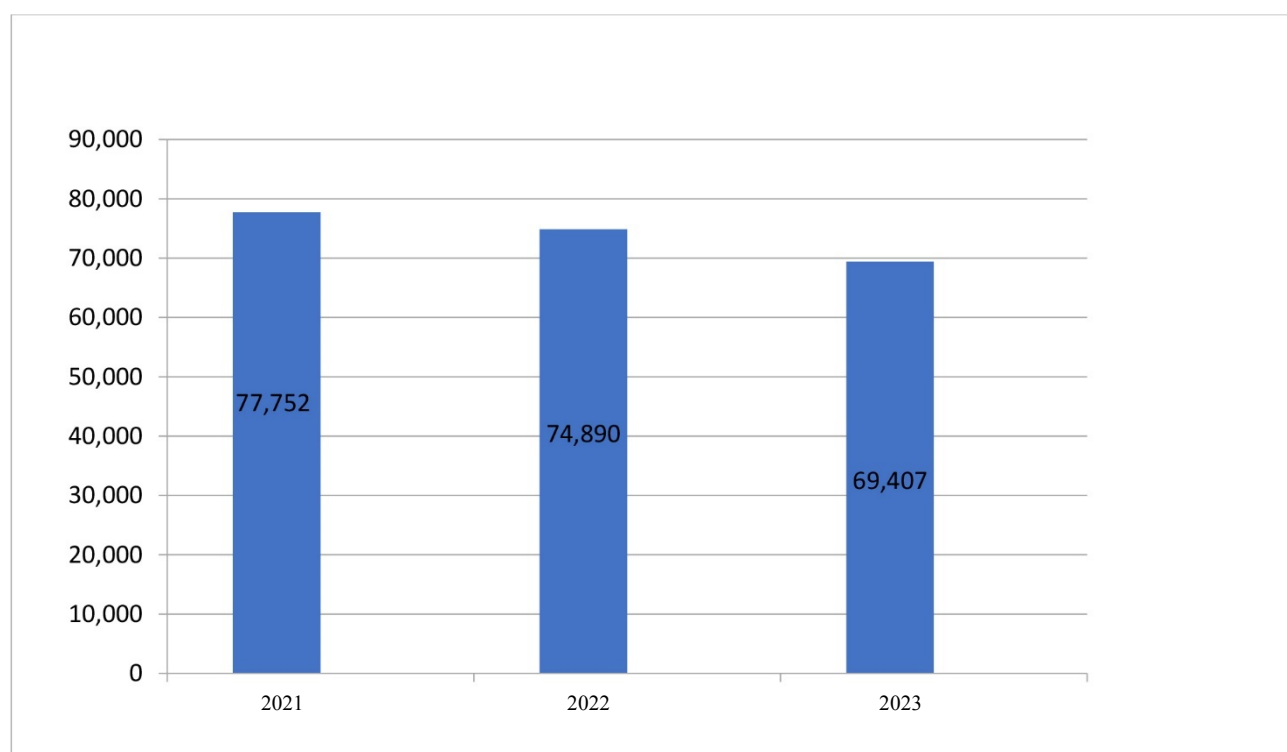
7.1.2 Company or Internal Energy Use

Asia Optical's business locations throughout Taiwan mainly use externally purchased electricity and diesel fuel, and do not use renewable energy. In 2023, total energy consumption was 69,407 MJ, and the energy use intensity was 3.89 MJ/NTD million of consolidated revenue.

Factory	Energy Type	Unit	2021	2022	2023
Headquarters	Electricity	Gigajoule (GJ)	7,162.56	7,267.32	7,090.92
	Diesel fuel	Gigajoule (GJ)	0.04	0.04	0.00
	Annual subtotal	Gigajoule (GJ)	7,162.60	7,267.36	7,090.92
An-He Branch	Electricity	Gigajoule (GJ)	70,428.96	67,367.52	61,052.75
	Diesel fuel	Gigajoule (GJ)	2.11	2.11	1.06
	Annual subtotal	Gigajoule (GJ)	70,431.07	67,369.63	61,053.81
Zhubei R&D Office	Electricity	Gigajoule (GJ)	155.13	250.39	440.88
Changhua R&D Office	Electricity	Gigajoule (GJ)	2.98	2.99	821.64
Total energy use		Gigajoule (GJ)	77,752	74,890	69,407
Energy intensity		GJ/NTD million consolidated revenues	3.71	3.93	3.89

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 2021, 2022 and, 2023 was NTD 2.6253, NTD 2.8458, and NTD 3.0727, respectively.
2. 1 kWh of electricity = 0.0036 gigajoule (GJ); 1 liter of diesel fuel = 3.51691E-05 gigajoule (GJ)



Asia Optical aims to reduce carbon emissions and energy consumption 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 An-He Branch effectively reduced its energy consumption by 3.45% between 2015 and 2023, the reduction rate is growing and reached 0.94% in 2023, saving 161,435.6 kWh of power and 79.749 tCO₂e in the year.

Energy Conservation Measures in 2023	Type of energy saving	Electricity Saved (kWh)/Year	Energy Saved in Gigajoule (GJ)/Year	Carbon Reduction (tCO ₂ e)
Connection pipes of the 120RT ice water machine condenser cleaned to improve heat exchange and efficiency	Electricity	33,801.6	122	16.698
200RT air conditioner replaced with a one compressor unit to improve efficiency	Electricity	85,162	307	42.070
100hp air compressor maintenance to improve operational efficiency	Electricity	32,824	118	16.215
The “timer-type” automatic drainage used wasted a large amount of compressed air during drainage, and was replaced with a ball valve automatic drainage system to save energy	Electricity	9,648	35	4.766
Note: 1.1 kWh of electricity = 0.0036 gigajoule (GJ) 2. The electricity emission coefficient was calculated at 0.494 kg of CO ₂ e/kWh in 2023 according to the electricity emission coefficient announced by the Ministry of Economic Affairs in 2023.				

7.1.3 Greenhouse Gas Inventory


Asia Optical has set 2021 as the base year for the greenhouse gas inventory. In 2023, a greenhouse gas inventory was initiated, covering the headquarters, An-He Branch, and Hsinchu R&D Office of Asia Optical Co., Inc. In 2023, the total greenhouse gas emissions were 9,588.377 tCO₂e, and the emission intensity was 0.54 tCO₂e/NTD million of consolidated revenues; the scope of GHG emissions is:

Factory	Emission Source	2022	2023
Total annual emissions of all factories (tCO ₂ e/year)	Scope 1	168.413	177.052
	Scope 2	10,610.696	9,411.325
	Total	10,779.109	9,588.377
Total annual emission intensity of all factories (tCO ₂ e/total revenue (NTD million))		0.57	0.54

Note:

1. The GHG inventory was carried out using ISO14064:2018 with 2021 as the base year and the GHG emissions were 13,120.529 tCO₂e. Management of the Company is aware that the greenhouse gas emissions will cause global climate change, which will in turn affect the environment and impact the environment and communities in which the Company operates. The Company has a planned carbon inventory and carbon reduction, and disclosed relevant reports in accordance with the "Greenhouse Gas Inventory and Reduction". The headquarters, An-He Branch, and Hsinchu R&D Office (excluding the Changhua R&D Office) were all inventoried.
2. The inventory covers CO₂, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.
3. The 2022 emissions were self-disclosed. The 2023 greenhouse gas inventory was verified in 2024.
4. The electricity coefficient in 2022 and 2023 was 0.495 kg of CO₂e/kWh and 0.494 kg of CO₂e/kWh, respectively.
5. GWP refers to IPCC's AR6 announcement.

6. 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 Verification Opinion

Verification Opinion No. 1
C387029-2023-AG-TWN-DNV

Second Place:
Taipei

Issued Date:
18 July, 2024

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2023) 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 (2023) (hereafter the "Inventory Report") in Taiwan, R.O.C. with respect to the area: No. 22-3, South Second Road, T.E.P.Z. Taichung City 427058 Taiwan

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 A.

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, ISO14064-3:2019

Verification Opinion
It is DNV's opinion that the Inventory Report (2023), which was published on Jun 2024 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 (2023) were verified with reasonable level of assurance.
- For the other indirect GHG emissions, the involved information was verified and 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.

Euse Huang
GHG Verifier


Euse Huang

Place and date:
Taipei, 18 July, 2024

For the issuing office:
DNV Business Assurance Co., Ltd.
29th, No. 293, Sec. 2, Wenhua Rd.,
Bangjiao District, New Taipei City
220, Taiwan

Euse Huang

Management Representative



Verification Opinion No. 1
C387029-2023-AG-TWN-DNV

Issued Place:
Taipei

Issued Date:
18 July, 2024

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 January, 2023 to 31 December, 2023, it is DNV's opinion that 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 Control Operational Control Equity Share

GHGs Verified
SCO, BCO, BNO, BHF, BPF, BRF, BNF

The Quantification of GHG emissions:

Category	Emission (ton CO ₂ e)
Category 1 Direct GHG emissions and removals	1,77,0820
1.1 Stationary combustion emissions	0.0784
1.2 Mobile emissions	15.9412
1.3 Industry process	-
1.4 Fugitive emissions	161.0323
Category 2 Indirect GHG emissions from imported energy	9,411,3251
2.1 Indirect emissions from imported electricity	9,411,3251
Category 4 Indirect GHG emissions from products used by an organization	1,853,6881
4.1 Emissions from purchased Fuel and Energy	1,853,6881
Total	11,442,065

(The Imported Energy Indirect Emissions was calculated based on 2023 electricity emission factor of 0.494 kg CO₂e/kWh, which was announced by Energy Administration, Ministry of Economic Affairs, The Global Warming Potential (GWP) defined as IPCC AR6 (2013) has been chosen and correctly reflected by the Organization.)

Verification Opinion
☒ unmodified ☐ modified ☐ adverse

and all relevant conditions as set forth in the Verification Agreement may apply. The Verification Opinion is based on the information made available to and the engagement conditions, disclosed above. DNV cannot guarantee the accuracy or completeness of the information. DNV cannot be held liable by any party relying or acting upon this verification opinion.
 DNV Business Assurance Co., Ltd. (DNV) 29th, No. 293, Sec. 2, Wenhua Rd., Bangjiao District, New Taipei City 220, Taiwan
 DNV is a member of the DNV Group. The DNV Group is a global leader in providing assurance and advisory services.
 DNV is a member of the DNV Group. The DNV Group is a global leader in providing assurance and advisory services.

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 emission pipelines and environmental perimeter VOCs in accordance with the Air Pollution Control Act. This is due to the fact that the inspection data over the years has been far below the regulatory emission standards, so Taichung City Environmental Protection Bureau made subsequent revisions to carry out an inspection of the yearly sources of pollution. The inspection results are in line with the emission standards.

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 32.48 metric tons in 2023. The main packaging material used is clamshells, with a consumption of 10.37 metric tons in 2023. Currently, they are all disposable.

Type	Unit	2021	2022	2023
Spherical	PCS	2,847,638	2,231,430	875,296
	KG	13,566	14,407	8,233
Aspherical	PCS	10,265,961	9,103,046	5,657,873
	KG	21,743	16,952	16,465
Plate glass	PCS	190,822	151,231	155,394
	KG	8,877	16,174	7,786
Total	PCS	13,304,421	11,485,707	6,688,563
	KG	44,186	47,534	32,484

Type	Unit	2021	2022	2023
Clamshell	PCS	818,652	906,966	541,397
	KG	12,840	13,563	10,374

7.2.2 Waste Management

Waste at the Headquarters and An-He Branch can be divided into hazardous business waste from the production process, general business waste, and domestic and resource waste from employee activities. Waste generated by the Hsinchu and Changhua R&D Office is domestic and general resource waste. We commission legitimate waste disposal companies to dispose of waste generated in the Branches and waste is reported according to the law. At the same time, the commissioned vendors are audited on an unscheduled basis every year on items relating to on-site environmental cleanliness, disposal permits and personnel, ensuring proper disposal of waste.

- General business waste: Waste glass, waste process sludge, sewage sludge, waste cleaning agent, waste lubricant oil, and wastewater activated carbon.
- Hazardous waste: Waste solvents such as waste isopropyl alcohol and waste acetone.
- Resource waste: Recyclable waste as announced by Ministry of Environment.
- General waste from employee activities: General waste generated from employee activities.

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 necessary icons. Waste storage facilities should not have waste flying and escaping, seeping and polluting the ground, and at least an inspections should be conducted every month to keep the waste storage area clean and complete.

Headquarters:

Year	2021		2022		2023	
Item	General business waste	Hazardous business waste	General business waste	Hazardous business waste	General business waste	Hazardous business waste
Physical treatment	3.66	0	2.7	0.02	3.06	0
Chemical treatment	0	0	0	0.15	0	0
Announced as recyclable	1.71	0	0.24	0	1.06	0
Total for each item	5.37	0	2.94	0.17	4.12	0
Total	5.37		3.11		4.12	
Percentage	100%	0%	94.53%	5.47%	100%	0

Unit: Metric tons

An-He Branch:

Year	2021		2022		2023	
Item	General business waste	Hazardous business waste	General business waste	Hazardous business waste	General business waste	Hazardous business waste
Physical treatment	18.24	12.99	21.73	15.39	30.02	14.49
Chemical treatment	0.00	2.65	0.00	0.80	0.00	1.32
Solidification	14.33	0.00	11.13	0.00	8.675	0
Announced as recyclable	21.62	0.00	13.49	0.00	11.78	0
Total for each item	54.19	15.64	46.35	16.19	50.475	15.81
Total	69.83		62.54		66.285	
Percentage	77.60%	22.40%	74.11%	25.89%	76.15%	23.85%

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 2023 was reduced by 30% compared to 2019.

An-He Branch	Waste isopropyl alcohol	Waste acetone	Hazardous waste liquid
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
2023	13.98	0.51	14.49
Total	76.31	2.49	78.80

Unit: Metric tons (waste disposed of)

Remark: The waste weight is based on the reporting system form, which is the value of weighing and measuring by the waste removal or treatment operators.

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 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 Headquarters and 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 2023 was of 97,213.18 M³. 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

Factory	Water Source	2021	2022	2023
Headquarters	Tap water	6,029.87	6,675.09	8,035.49
	Well water	719.00	60.00	29.00
An-He Branch	Tap water	77,015.55	86,057.97	77,525.53
	Well water	12,259.00	8,199.00	9,854
Zhubei R&D Office	Tap water	182.16	284.00	756.17
Changhua R&D Office	Tap water	1,012.99	1,012.99	1,012.99
Total water consumption		97,218.56	102,289.04	97,213.18

(Unit: M³)

Note:

1. The water consumption of the Changhua R&D Office was calculated based on the average water price in Taiwan (NTD 9.24/m³).

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:

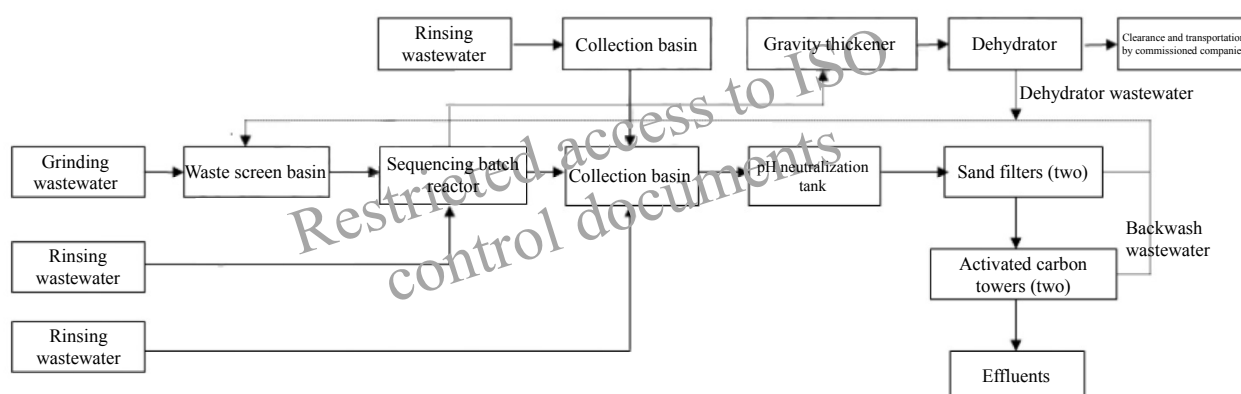


Figure: Wastewater Treatment Process at An-He Branch

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 2023 were in compliance with the regulations.

Factory	Emission Category	2021	2022	2023
An-He Branch	Effluent Volume	43,209.36	45,822.53	41,200.38

(Unit: M³)

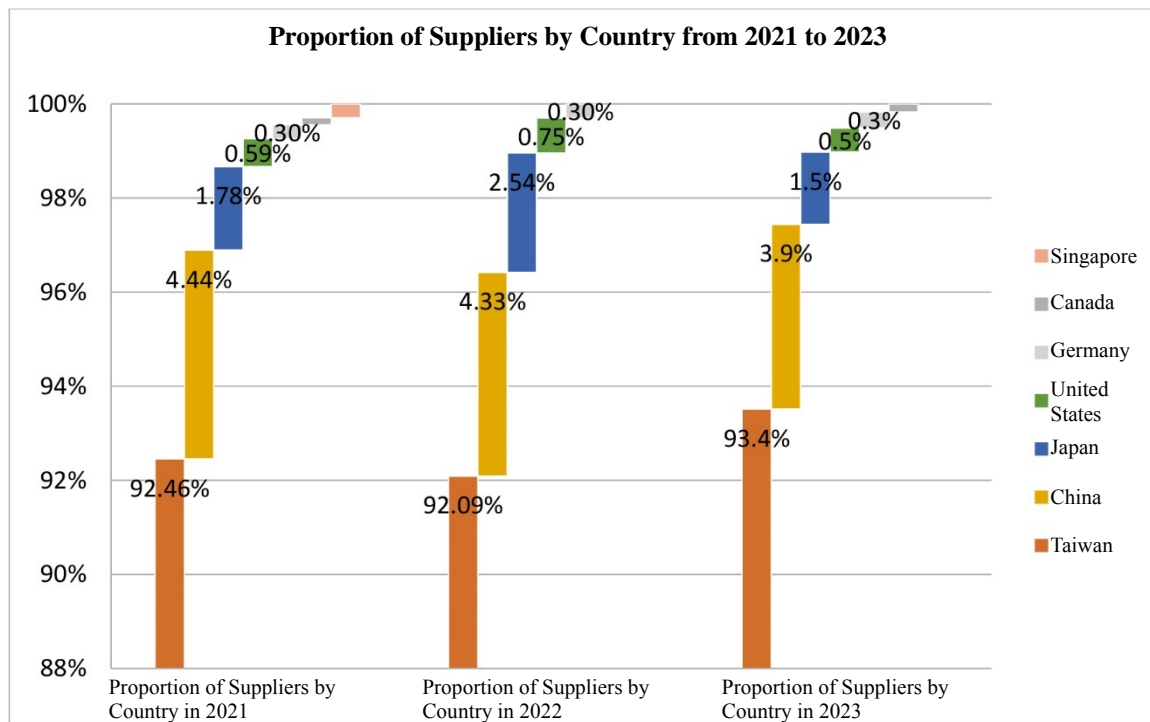
8. Sustainable Supply Chain

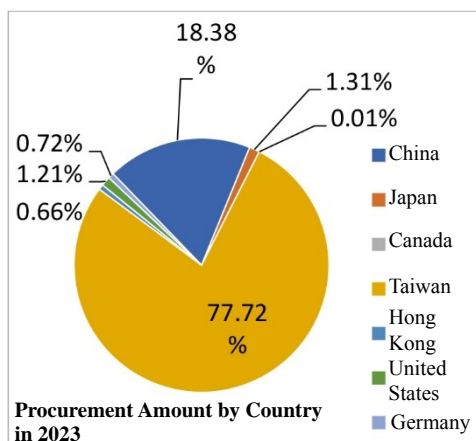
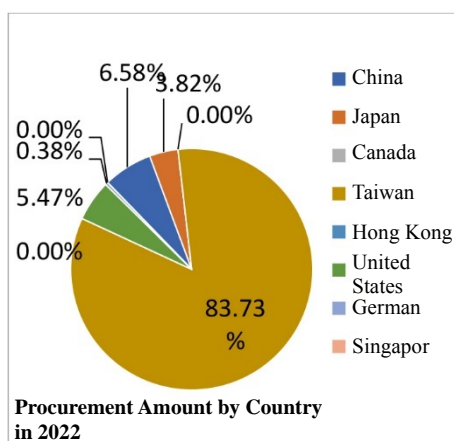
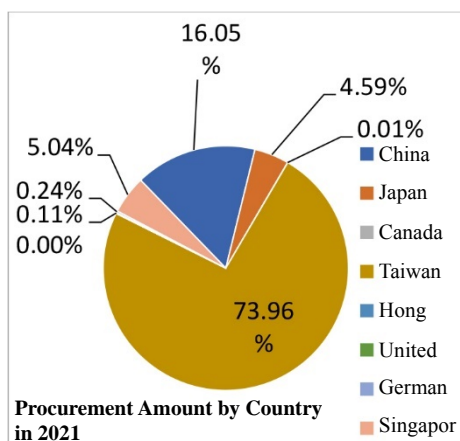
8.1 Supplier Management

8.1.1 Local Procurement Status

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 2023, the local procurement ratio of Asia Optical in Taiwan was 77.72 %.

Region	Number of Suppliers by Country in 2021	Number of Suppliers by Country in 2022	Number of Suppliers by Country in 2023	Proportion of Suppliers by Country in 2021	Proportion of Suppliers by Country in 2022	Proportion of Suppliers by Country in 2023
China	30	29	23	4.44%	4.33%	3.9%
Japan	12	17	9	1.78%	2.54%	1.5%
Canada	1	0	1	0.15%	0.00%	0.2%
Taiwan	625	617	548	92.46%	92.09%	93.4%
Hong Kong	0	0	1	0.0%	0.0%	0.2%
United States	4	5	3	0.59%	0.75%	0.5%
Germany	2	0	0	0.30%	0.00%	0.0%
Singapore	2	2	2	0.30%	0.30%	0.3%
Total	676	670	587			





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

To enhance and expand the sustainable management of the supply chain, we have included CSR as one of the key supplier selection criteria and demand suppliers 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] --> B{ } B -- NG --> A B -- OK --> C{ } C -- NG --> B C -- OK --> 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 will be forced to make improvements and undergo a further evaluation before passing the assessment.
	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”, the content of which is based on the RBA Code of Conduct, the International Labour Organization’s conventions, and the SA 8000 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	RBA Letter of Undertaking
2021	41
2022	208
2023	212

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.
The supplier agrees to thoroughly read and understand the principles and continue to comply with the 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 2023, 6 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 environmental 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 environmental 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
2021	538,690,279
2022	339,839,048
2023	227,738,264

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
2023	24
Total	285

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.

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 when providing employment opportunities globally and promoting economic growth.

In 2023, the total number of employees of Asia Optical was 977; senior management was made up solely of Taiwanese nationals. The Company had 61 non-employee workers, including 2 security guards, 3 catering members of staff, 6 cleaning members of staff, 2 factory nurses, 2 factory doctors, and 43 dispatched workers.

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 2023, 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			At the end of 2021					At the end of 2022					At the end of 2023				
			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	≤ 29 years old	35	28		2	65	36	41		1	78	33	29		1	63
		30-50 years old	348	296		6	650	360	312		7	679	346	296		8	650
		≥ 50 years old	59	31			90	74	41			115	87	47			134
	Temporary employees	≤ 29 years old		1	6	21	28			7	28	35			7	25	32
		30-50 years old	1		9	45	55			19	61	80			18	57	75
		≥ 50 years old	2	1			3	3	1			4	2	1			3
	Employees without guaranteed hours	≤ 29 years old															
		30-50 years old															
		≥ 50 years old															
Part-time employees	Permanent employees	≤ 29 years old															
		30-50 years old															
		≥ 50 years old															
	Temporary employees	≤ 29 years old						10	4			14	8	4			12
		30-50 years old	3	1			4	3	1			4	3	1			4
		≥ 50 years old	3				3	3				3	4				4
	Employees without guaranteed hours	≤ 29 years old															
		30-50 years old															
		≥ 50 years old															
Total			451	358	15	74	898	489	400	26	97	1,012	483	378	25	91	977

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

9.1.2 Talent Retention

Asia Optical recruits talent through diverse channels. In 2023, there were 52 new employees, with a new hire rate of 5.32%, and 87 separated employees, with an employee turn over rate of 8.9%. According to interviews on turnover conducted by Asia Optical, most of the reasons for employment separation were career planning or unsuitability. As such, 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.

Gender/Age Number of Employees at the End of Year	At the end of 2021			At the end of 2022			At the end of 2023		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
≤29 years old	41	52	93	53	74	127	48	59	107
30-50 years old	361	348	709	382	381	763	367	362	729
≥50 years old	64	32	96	80	42	122	93	48	141
Total	466	432	898	515	497	1012	508	469	977

● Statistics on New Employees

Type of New Employees	2021			2022			2023		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
≤29 years old	36	72	108	50	58	108	13	12	25
30-50 years old	39	148	187	36	72	108	12	13	25
≥50 years old	5	3	8	3	2	5	2	0	2
Subtotal	80	223	303	89	132	221	27	25	52

■ Statistics on New Hire Rates

Type of New Employees	2021			2022			2023		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
≤29 years old	87.80%	138.46%	116.13%	94.34%	78.38%	85.04%	27.08%	20.34%	23.36%
30-50 years old	10.80%	42.53%	26.38%	9.42%	18.90%	14.15%	3.27%	3.59%	3.43%
≥50 years old	7.81%	9.38%	8.33%	3.75%	4.76%	4.10%	2.15%	0.00%	1.42%
Subtotal	17.17%	51.62%	33.74%	17.28%	26.56%	21.84%	5.31%	5.33%	5.32%

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	2021			2022			2023		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
≤29 years old	19	41	60	25	35	60	6	14	20
30-50 years old	32	82	114	45	57	102	24	37	61
≥50 years old	4	3	7	4	3	7	5	1	6
Subtotal	55	126	181	74	95	169	35	52	87

■ **Statistics on Employee Turnover**

Type of Separated Employees	2021			2022			2023		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
≤29 years old	46.34%	78.85%	64.52%	47.17%	47.30%	47.24%	12.50%	23.73%	18.69%
30-50 years old	8.86%	23.56%	16.08%	11.78%	14.96%	13.37%	6.54.%	10.22%	8.37%
≥50 years old	6.25%	9.38%	7.29%	5.00%	7.14%	5.74%	5.38%	2.08%	4.26%
Subtotal	11.80%	29.17%	20.16%	14.37%	19.11%	16.70%	6.89%	11.09%	8.90%

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.

■ Male-to-Female Remuneration Ratio

Year	2021				2022				2023			
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	1.45	1	1.22	1	1.40	1	1.17	1	1.3	1	1.24	1
Non-managerial staff	1.09	1	2.15	1	1.36	1	1.45	1	1.35	1	1.42	1

1. Managerial staff are at section level or above

■ Basic Salary Ratio

Year	2021				2022				2023			
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	3.71	2.56	8.77	7.18	3.59	2.56	6.76	5.77	3.53	2.71	6.52	5.26
Non-managerial staff	1.78	1.64	3.51	1.64	1.69	1.24	2.76	1.90	1.69	1.26	2.68	1.89

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

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, lactation 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	2021	2022	2023
Birthday gift vouchers	12.57%	14.99%	14.65%
Festival gift vouchers	40.79%	32.50%	39.25%
Funeral allowances	3.11%	2.54%	2.37%
Maternity allowances	1.03%	0.33%	0.60%
Injury/sickness solatium	0.39%	0.31%	0.45%
Marriage allowances	0.29%	0.43%	0.18%
Group insurance	4.23%	4.34%	6.38%
Emergency assistance	0.00%	0.23%	0.21%
Others (including travel and activities)	37.60%	44.34%	35.91%

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.

■ 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. The consolidated net defined benefit liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 292,824	\$ 292,892
Fair value of planned assets	(174,045)	(170,248)
Net defined benefit liabilities	<u>\$ 118,779</u>	<u>\$ 122,644</u>

In addition, the Company calculates the number of employees who are qualified for retirement in March each year and makes up for the difference to meet the withdrawal schedule, which is about 9.2–11.8 years. (Please refer to pp. 204–207 of the Company's 2023 Annual Report for the benefits after retirement)

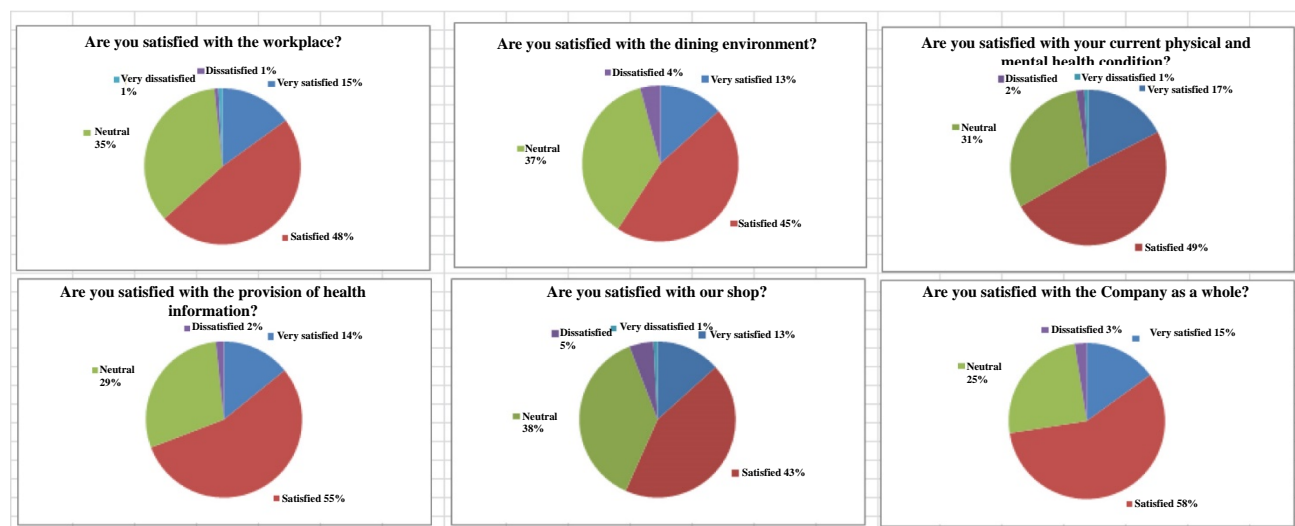
■ Labor-Management Meeting

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 e-mail 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 2023.

■ Employee Care Interviews

We conduct regular one-on-one interviews with employees in-person or over the phone. The opinions from our employees provide the Company with direction and focus on improvement, allowing the Company to improve work-life balance for employees and enhance employee benefits. We also perform an analysis on statistics and feedback data every six months and the results are posted on the bulletin board for employees.



■ Asia Optical Group Family Day

Venue: 921 Earthquake Memorial Park, Heping Village, Beitun

Date: November 25, 2023 (Saturday), 9:00 AM

Participants: All employees and their family members.

Fun events: Fun games, parent-child games, challenge games, raffles, and shopping

Participants	Employees		Family Members	Total
	Locals	Foreign nationals		
Number of participants	267	69	597	933

Highlights:





- Festival events for migrant workers
 1. Asia Optical (Headquarters' cafeteria)
Date: December 25, 2023 (Saturday)

Highlights:



2. Venue: Dormitory (jointly organized by migrant workers in the industrial park)
Date: December 24, 2023 (Friday)

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

In 2023, the total number of employees participating in training was 12,735, and the accumulated training hours reached was 17,588.

Year		2021						2022						2023					
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	431	119	497	128	5.4	7.5	732	120	850	157	8.4	9.2	754	155	1,280	242	13.3	12.1
	Non-managerial staff	3,758	3,868	3,961	4,503	21.2	8.3	6,499	5,937	7,623	6,443	18.0	12.7	5,744	6,082	9,127	6,939	21.6	8.8
Total		4,189	3,987	5,000	4,141	16.6	15.8	7,231	6,057	8,473	6,600	26.4	21.9	6,498	6,237	10,407	7,181	35.0	20.8

Description:

1. Managerial staff are at section level or above
2. Including temporary workers; excluding expatriates
3. Formula for calculating average hours = total training hours/number of male and female employees in the category at the end of the year

Year		2021						2022						2023					
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	125	475	176	671	6.1	9.1	188	754	274	911	10.5	10.1	227	805	448	1,731	17.2	20.4
	Technical staff	3,633	3,393	4,328	3,343	11.6	8.1	6,311	5,183	7,350	5,532	18.5	13.3	5,517	5,277	8,679	5,208	21.9	12.8
	Managerial staff	431	119	497	128	5.4	7.5	732	120	850	157	8.4	9.2	754	155	1,280	242	13.3	2.8
Total		4,189	3,987	5,000	4,141	23.1	24.7	7,231	6,057	8,473	6,600	37.4	32.6	6,498	6,237	10,407	7,181	52.5	36.0

Description:

1. Managerial staff are at section level or above
2. Including temporary workers; excluding expatriates
3. Formula for calculating average hours = total training hours/number of male and female employees in the category at the end of the year

9.2.2 Performance Management System

In order to improve the work performance of employees, understand the ability and adaptability of all employees, and truly implement a target-based approach, we regularly hold annual performance evaluations as a basis for decision-making relating to promotion, salary adjustment, work training, and job rotation. The performance evaluation of all employees is divided into monthly, quarterly, and annual stages, and employees are divided into three categories: supervisors, indirect personnel, and direct personnel for evaluation. In addition to the quarterly evaluation, indirect personnel must also participate in the annual evaluation, while direct personnel must participate in the annual evaluation in addition to the monthly evaluations. The evaluation results will be used as the basis for annual salary adjustment, year-end bonus, promotion, and participation in training and human resource activities. 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, or union membership. In 2023, the completion rate for the employee performance evaluation was 100%.

9.2.3 Internal Transfer System:

The supervisor must perform evaluations and make adjustments according to the following: (1) labor or business needs; (2) those in need for adjustment to his/her position due to the length of service or the expansion of his/her professional skills; (3) those who need to adjust their duties regularly due to job characteristics; and (4) the consideration of the prohibition female workers performing night shifts during pregnancy or breastfeeding (within one year after childbirth) as stipulated in Article 49 of the Labor Standards Act. The Company will also consider the personal wishes of the employees and transfer them to other departments or classes when possible.

9.2.4 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

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 2023, the reinstatement rate from unpaid leave was 75%, 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 70%.

Item	Gender	2021	2022	2023
Number of employees eligible for parental leave	Male	48	38	34
	Female	38	25	31
	Total	86	63	65
Number of employees applying for parental leave	Male	2	5	3
	Female	11	12	11
	Total	13	17	14
Number of employees expected to return to work in the current year (A)	Male	1	3	3
	Female	7	10	5
	Total	8	13	8
Number of employees returning to work in the current year (B)	Male	1	2	2
	Female	4	8	4

	Total	5	10	6
Reinstatement rate (B/A)	Male	100%	67%	67%
	Female	57%	80%	80%
Number of employees not returning to work from unpaid parental leave in the previous year (C)	Male	1	1	2
	Female	5	4	8
	Total	6	5	10
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	1	1	1
	Female	4	4	6
	Total	5	5	7
Retention rate (D/C)	Male	100%	100%	50%
	Female	80%	100%	75%

■ Lactation room

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.

★ Lactation room - 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

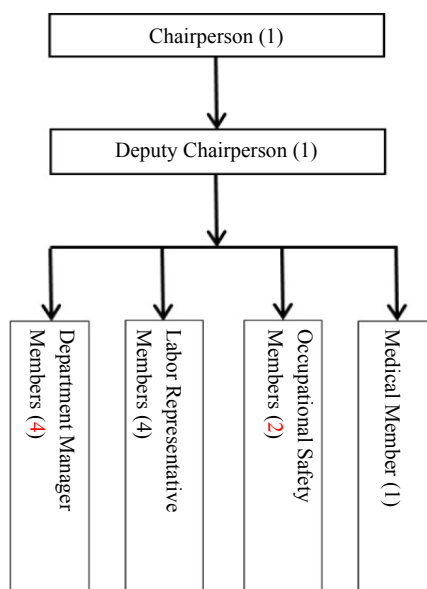
9.3.1 Occupational Health and Safety Management System

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

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[Form a Hazard Identification and Risk Assessment Team] --> B[Hazard Factor Identification] B --> C[Risk Assessment] C --> D{Risk Classification} D --> E[Acceptable] D --> F[Unacceptable] E --> H[Employee Communication and Change Management] F --> G[Improvement] G --> I[Result Tracking] I --> H </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 2023

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	α -rays, β -rays, γ -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 2023

Hazardous Operation Category	Number of Employees	Level 1	Level 2	Level 3	Level 4
Ionizing radiation	8	2	6	0	0
Lead	36	22	14	0	0
Dust	36	24	12	0	0
Benzene	9	7	2	0	0
Noise	9	6	3	0	0

Total amount for purchasing personal protective equipment (gas masks, facemasks, protective gloves, protective clothing, protective glasses, helmets, etc.) between 2021 and 2023 in Asia Optical (headquarters and An-He Branch):

■ List of 2021-2023 Occupational Health and Safety Funding

Factory	Period	Total Amount for Purchasing Protective Equipment (NTD)
Asia Optical (Headquarters)	2021	12,240
	2022	4,000
	2023	26,800
Asia Optical (An-He Branch)	2021	201,420
	2022	114,180
	2023	130,600

9.3.4 Education and Training, Communication, and Propaganda

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 2023, 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.

■ List of 2021-2023 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
2021	Participants	256	1,604	21	89	66	4
	Hours	768	1,688	242	502	264	4
2022	Participants	156	3,245	29	155	297	2
	Hours	474	3,194.5	345	155	1,188	2
2023	Participants	155	2,198	19	907	708	2
	Hours	173	3,256.5	161	838	1,568.5	2

Workers Covered by the Occupational Health and Safety Management System in 2023:

Number of Workers in 2023

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	869	2179	5169	3473	685	1,219	11	12

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

9.3.5 Occupational Disaster Management

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 2023, 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 2023 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	1	0	1	0	0	0
Frequency of disabling occupational injuries	1.17	0.00	6.95	0.00	0.00	0.00
Total hours worked	854,832	574,112	143,824	359,952	7,314	72

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

■ **Statistics on Work-related Ill Health**

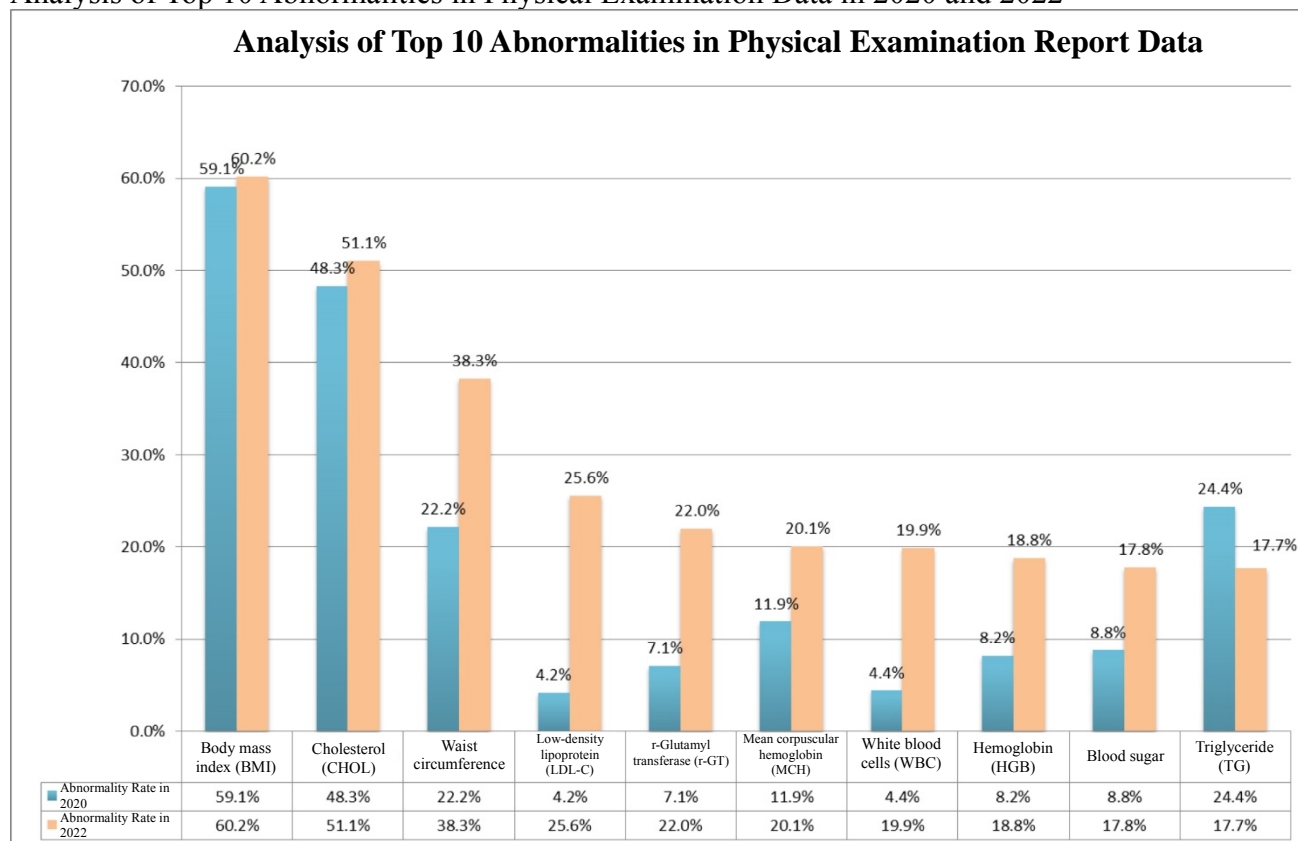
Factory/Category	An-He Branch	Headquarters	Contractors
Number of recordable work-related ill health cases	0	0	0
Work-related ill-health deaths	0	0	0
Death rate of work-related ill-health	0	0	0
Major types of work-related ill health	No work-related ill health cases identified		

9.3.6 Health Promotion

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 2023.

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 health care 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 2023 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 employees 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	<ol style="list-style-type: none"> 722 people and 23 departments completed the musculoskeletal questionnaire Ergonomics were improved for at least one employee getting 3 points for the musculoskeletal questionnaire every quarter Simple ergonomic 	<ol style="list-style-type: none"> 1 employee was identified as exposed to hazards: Health management was performed. 1 employee was suspected to be exposed to hazards: Simple ergonomic improvements were made. 	<ol style="list-style-type: none"> 2 employees were suspected to be exposed to hazards: Simple ergonomic improvements were made. They were individually retrained on adjusting body postures and movements

	improvements were made for 3 cases. Adjustments and follow-ups were made for employees working in risky work areas to reduce the risk level.		
Illegal infringement	<p>1. 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</p> <p>2. 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</p> <p>3. Have any managers or employees been treated inappropriately by colleagues? Types of potential illegal infringement risks: Physical, mental, verbal Risk level: High</p> <p>4. 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</p> <p>5. Employees whose job is to perform public safety duties in nature Types of potential illegal infringement risks: Physical, mental, verbal Risk level: Low</p> <p>6. Does the employee's job requiring him/her to directly face the public? Types of potential illegal infringement risks: Physical, mental, verbal Risk level: Low</p> <p>7. 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</p>		

■ Health Promotion Seminars

Topic	Date	Number of Participants
Stretching exercises to prevent ergonomic illnesses	10/26 (Thursday)	33
Influenza vaccination	10/27 (Friday)	60
Health promotion for weight loss	2023 (February – April)	297
Resistance band course	2/22 (Wednesday) 13:30–14:30	Limited to 40 (full)

Seminar on prevention of illegal infringement in the workplace	7/25(Tuesday) 8/15(Tuesday)	108
Aerobics videos	Daily/twice	All staff
Pregnancy Announcement Hotline	Daily	Female employees
Health Promotion Newsletter	Monthly	All employees
Lactation room	Daily	Female employees with breastfeeding needs
Soothing massage	Three days a week	All employees
Low-calorie diet meal	Once every two weeks	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 2023:**

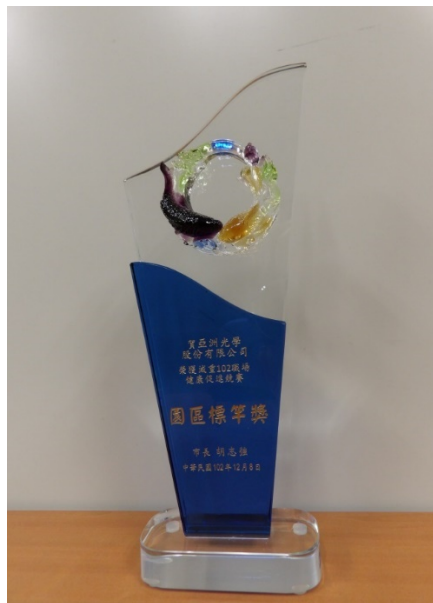
Item	Benefit
Number of occupational physicians	2
Number of nurses	2
Number of sessions	Physicians: 12 sessions at Asia Optical; 6 sessions at An-He Branch Nurses: Full-time work at Asia Optical; 72 sessions at An-He Branch
Total service hours	Physicians: 36 hours at Asia Optical; 12 hours at An-He Branch 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 work-related abnormalities	Carry out general management, health consultations, and health interviews based on the level
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. In 2023, the total number of employees promoting community care services was 167. The Company developed the PASESA medical product independently and provided community care patrol services to take care of the disadvantaged and the elderly and provide healthcare services. In 2023, the Company conducted patrol services in 3 communities, namely, Lilin Village, Sanchun Village, and Touzhangdong Village.



■ On-site Physician Consultations



Aerobics Video Automatically Played on the Computer during Breaks



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 the emergencies. While supporting the disadvantaged and caring for employees through the three pillars of Charity, Relationships, and Education, we continue to advance our professional field in Taiwan further toward sustainability and prosperity with society.



Three Pillars of Social Participation for Asia Optical



Charity Sponsorship

Liaise with social welfare organizations and sponsor various charity events.



Contracting with Institutions

Contract with outstanding childcare institutions so that employees have no worries about their families.



Education Promotion

Collaborate with blue-chip universities and research institutes, sponsor their academic development, provide industry experience courses, etc.

In order to promote the employment of industrial talent and bridge the gap between industrial practices and school courses, Asia Optical supports Chairman Lai's alma mater through its self-designed program to cultivate outstanding young talent. In recent years, we have 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 curriculum planning. This not only enabled the students to find the job right after graduation, but also helped Asia Optical recruit young elites, creating a win-win situation. In 2023, the number of student care sessions was 6, the number of participants was 23, and the number of final project participants was 14.

Social Welfare Achievements in 2023

Issue of Concern	Charity Sponsorship	Friendly Community	Education Promotion
Investment Amount (TWD)	639,552	587,431	210,000
Number of participants	16,832	1,163	40

The Company developed the PASESA medical product independently and provided community care patrol services to take care of the disadvantaged and the elderly and provide healthcare services. In 2023, the Company conducted patrol services in 3 communities, namely, Lilin Village, Sanchun Village, and Touzhangdong Village. In response to participation in the National Taxation Bureau’s campaign, we encouraged customer’s to choose to have their invoice delivered electronically. In response to the post-pandemic economic plans, we organized the "Dakeng Farmers Market" and provided coupons to be used at local small businesses to help boost the local economies in which we operate.

Community Care Locations	Date	Number of Employees
Lilin Village	2023.6.29, 2023.8.24	70
Sanchun Village	2023.6.17	42
Toujia Village	2023.10.22	55



Social Welfare Achievements

Asia Optical's Social Welfare Activities in 2023					
Year	Issue of Concern	Partner	Development Plan	Number of Participants	Budget Utilization (TWD)
2023	Friendly Community	Community safety in Lilin Village	Sponsorship for Lilin Village's community safety events	5,631	100,000
		Sanchun Village Community	Funding for Sanchun Village community development activities	7,381	100,000
		Lilin Village, Sanchun Village, Toujia Village	Community care health services	190	16,160
		Dakeng Farmers Market	Consumer coupon event	933	571,271
		Fengyuan Taxation Bureau, Ministry of Finance	Promotion of cloud invoices	40	0
	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	3,123	5,751
		Taichung City Shin-Wang-Ai Mental Development Center	Fundraiser for those with intellectual disabilities and their families	-	30,000
		Huashan Social Welfare Foundation	Indirect donation of invoices and change	331	1,883
		Huashan Social Welfare	Support for the Send Love and Care during	42	14,700

		Foundation	Mid-autumn Festival Event		
		Huashan Social Welfare Foundation	Support for the charity sale event (leguminosae soap)	50	5,000
		Huashan Social Welfare Foundation	Support for the Elderly Care and Reunion Event	65	69,865
		Huashan Social Welfare Foundation	Support for the Dragon Boat Festival Care Event	60	16,745
		Eden Social Welfare Foundation	Ordering lunch boxes from the sheltered workshops for people with disabilities for support	83	149,400
		Eden Social Welfare Foundation	Support for Mid-Autumn Festival mooncake	10	3,341
		Eden Social Welfare Foundation	Support for Mother's Day cake	3	2,637
		Chensenmei Social Welfare Foundation	Support for Mid-Autumn Festival mooncake	26	17,780
		Renyou Home	Support for Mid-Autumn Festival mooncake	24	9,700
		Taiwan Sunshine Women Association	Support for the charity sale event	34	12,750
	Industry-academia Collaboration	National Taichung University of Science and Technology	14 students were accepted to the Dual System of Vocational Training Project in Taiwan for the Department of Intelligent Production Engineering in Academic Year 2022	14	0
	Education Promotion	National Formosa University	Scholarship	40	100,000
		Nan Yang Elementary School, Fengyuan District, Taichung City	Sponsorship of the extra-curricular badminton program	-	110,000
	Industry Exchange	Taiwan Optics & Photonics Forum	Attendance in the events and a keynote	1	0

			speech in Taiwan Optics & Photonics Forum		
		Photonics Industry & Technology Development Association	Participation in PIDA membership activities	22	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 Instrument Association	Participation in optics industry exchanges	4	24,000
		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			18,103	1,486,983	
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	Friends of the	Sponsorship for the	-	50,000

Sponsorship	Police Association of the R.O.C.	events of the Friends of the Police Association of the Second Special Police Corps		
	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	Support for Mid-Autumn Festival mooncake	6	2,160
	Chensenmei Social Welfare Foundation	2022 Support for Mid-Autumn Festival mooncake	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	15 students were accepted to the Dual System of Vocational	15	0

	Technology	Training Project in Taiwan for the Department of Intelligent Production Engineering in Academic Year 2022		
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 Instrument Association	Participation in optics industry exchanges	4	24,000
	Optical Component Technology Development Advisory Committee	Participation in optics industry exchanges	1	30,000
	Taiwan Industry Association of	Participation in intelligent security	2	10,000

		Intelligent Security and Safety	and safety industry exchanges		
Total				10,924	702,143
Asia Optical's Social Welfare Activities in 2021					
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	2,849	100,000
		National Formosa University	Scholarship	22	100,000
		National Chin-Yi University of	Scholarship	1,554	100,000

		Technology			
		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

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 [2023/1/1 - 2023/12/31].			
GRI 1 Used	GRI 1: Foundation 2021			
GRI Standards Content Index				
STANDARD DISCLOSURES PART I: Universal Standards				
GRI 2: General Disclosures 2021				
GRI Standards	Disclosure Item	Chapter Name	Page Number	Omissions/Remarks
2-1	Organizational details	About the Report	3	
		5.1 Company Profile	28	
2-2	Entities included in the organization’s sustainability reporting	5.1 Company Profile	28	
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	3	
2-6	Activities, value chains, and other business relationships	5.1.2 Correlation between Upstream, Midstream and Downstream Sectors	29	
2-7	Employees	9.1 Talent Attraction and Retention	69	
2-8	Workers who are not employees	9.1 Talent Attraction and Retention	69	
2-9	Governance structure and composition	5.4 Governance Body’s Operations	33	
2-10	Nomination and selection of the highest governance body	5.4 Governance Body’s Operations	31	
2-11	Chair of the highest governance body	5.4 Governance Body’s Operations	31	
2-12	Delegation of responsibility for managing impacts	5.6 ESG Management System Implementation Committee	34	
		5.10 Supervision Mechanism	42	
2-13	Role of the highest governance body in overseeing the management of impacts	5.4 Governance Body’s Operations	31	
		5.6 ESG Management System Implementation Committee	34	
		5.10 Supervision Mechanism	42	
2-14	Role of the highest governance body in sustainability reporting	About the Report	3	
		5.6 ESG Management System Implementation Committee	34	
2-15	Conflicts of interest	5.4 Governance Body’s Operations	31	
2-16	Communication of critical concerns	5.7 Legal Compliance	35	
2-17	Collective knowledge of the highest governance body	5.4 Governance Body’s Operations	31	
2-18	Evaluation of the performance of the highest governance body	5.5 Audit and Remuneration Committees	33	
2-19	Remuneration policies	5.5 Audit and Remuneration Committees	33	
2-20	Process to determine remuneration	5.5 Audit and Remuneration Committees	33	

2-21	Annual total remuneration ratio	-	-	Not disclosed
2-22	Statement on sustainable development strategy	2. Message from the Chairman 5.8 Values, Principles, Standards, and Code of Conduct	5 37	
2-23	Policy commitments	5.8 Values, Principles, Standards, and Code of Conduct	37	
2-24	Embedding policy commitments	5.8 Values, Principles, Standards, and Code of Conduct	37	
2-25	Processes to remediate negative impacts	5.8 Values, Principles, Standards, and Code of Conduct	36	
2-26	Mechanisms for seeking advice and raising concerns	5.8 Values, Principles, Standards, and Code of Conduct	36	
2-27	Compliance with laws and regulations	5.8 Values, Principles, Standards, and Code of Conduct	36	
2-28	Membership associations	5.11 Participation in External Organizations	42	
2-29	Approach to stakeholder engagement	4.1 Stakeholder Communication	17	
2-30	Collective bargaining agreements	9.1 Talent Attraction and Retention	74	
GRI3: Material Topics				
GRI Standards	Disclosure Item	Chapter Name	Page Number	Omissions/Remarks
3-1	Process to determine material topics	4.2 Material Issue Analysis Process	19	
3-2	List of material topics	4.2 Material Issue Analysis Process	19	
3-3	Management of material topics	4.3 Material Topic Boundary	22	

Topic Standards					
GRI 200: Economic Series					
Series	Disclosure	Description	Chapter Name	Page Number	Omissions/Remarks
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	5.2 Financial Revenue	30	
	201-2	Financial implications and other risks and opportunities due to climate change	7.1 Climate Change and Energy Use	55	
	201-3	Defined benefit plan obligations and other retirement plans	9.1 Talent Attraction and Retention	73	
	201-4	Financial assistance received from government	5.3 Subsidy Application	30	
GRI 202 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	9.1 Talent Attraction and Retention	72	
	202-2	Proportion of senior management hired from the local community	9.1 Talent Attraction and Retention	69	
GRI 204 Procurement Practices	204-1	Proportion of spending on local suppliers	8.1. Supplier Management	64	
GRI 205 Anti-corruption	205-2	Communication and training about anti-corruption policies and	5.8 Values, Principles, Standards, and Code of Conduct	36	

GRI 206 Anti-competitive Behavior		procedures			
	205-3	Confirmed incidents of corruption and actions taken	5.8 Values, Principles, Standards, and Code of Conduct	36	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.8 Values, Principles, Standards, and Code of Conduct	36	
GRI 300: Environmental Series					
Series	Index	Description	Chapter Name	Page Number	Omissions/Remarks
GRI 302 Energy	302-1	Energy consumption within the organization	7.1 Climate Change and Energy Use	57	
	302-3	Energy intensity	7.1 Climate Change and Energy Use	57	
	302-4	Reduction of energy consumption	7.1 Climate Change and Energy Use	58	
GRI 303 Water and Effluents (Non-material issue; voluntary disclosure)	303-3	Water withdrawal	7.3 Water Resource Management	62	
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	7.1 Climate Change and Energy Use	58	
	305-2	Energy indirect (Scope 2) GHG emissions	7.1 Climate Change and Energy Use	58	
	305-4	GHG emissions intensity	7.1 Climate Change and Energy Use	58	
GRI 306 Waste: 2020	306-1	Waste generation and significant waste-related impacts	7.2 Resource and Waste Management	60	
	306-2	Management of significant waste-related impacts	7.2 Resource and Waste Management	60	
GRI 308 Supplier Environmental Assessment (Non-material issue; voluntary disclosure)	308-1	New suppliers that were screened using environmental criteria	8.1. Supplier Management	66	
GRI 400: Social Series					
Series	Index	Description	Chapter Name	Page Number	
GRI 401 Employment	401-1	New employee hires and employee turnover	9.1 Talent Attraction and Retention	70	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	9.1 Talent Attraction and Retention	72	
	401-3	Parental leave	9.2 Talent Cultivation and Development	79	
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	9.3 Occupational Health and Safety Management	81	
	403-2	Hazard identification, risk assessment, and incident investigation	9.3 Occupational Health and Safety Management	81	
	403-3	Occupational health services	9.3 Occupational Health and Safety Management	87	
	403-4	Worker participation, consultation, and communication on occupational health and safety	9.3 Occupational Health and Safety Management	81	
	403-5	Worker training on occupational health and safety	9.3 Occupational Health and Safety Management	84	
	403-6	Promotion of worker health	9.3 Occupational Health and Safety Management	87	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	9.3 Occupational Health and Safety Management	81	
	403-8	Workers covered by an occupational health and safety management system	9.3 Occupational Health and Safety Management	84	
	403-9	Work-related injuries	9.3 Occupational Health and Safety Management	86	
	403-10	Work-related ill health	9.3 Occupational Health and Safety Management	87	
GRI 404 Training and Education	404-1	Average hours of training per year per employee	9.2 Talent Cultivation and Development	78	
	404-3	Percentage of employees receiving regular performance and career development reviews	9.2 Talent Cultivation and Development	78	
GRI 405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5.4 Governance Body's Operations	31	
	405-2	Ratio of basic salary and remuneration of women to men	9.1 Talent Attraction and Retention	72	
GRI 406 Non-discrimination	406-1	Incidents of discrimination and corrective actions	5.8 Values, Principles, Standards, and Code of Conduct	37	There were no discrimination incidents in 2023
GRI 408 Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	5.8 Values, Principles, Standards, and Code of Conduct	37	
GRI 409 Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.8 Values, Principles, Standards, and Code of Conduct	37	
GRI 414 Supplier Social Assessment (Non-material	414-1	New suppliers that were screened using social criteria	8.1. Supplier Management	66	

issue; voluntary disclosure)					
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	6.3 Product Quality and Safety	54	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.3 Product Quality and Safety	54	

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	54
Recruiting & Managing a Global & Skilled Workforce	TC-HW-330a.1	(1) Percentage of employees who are foreign nationals %	9.1.1 Manpower Distribution	69
		(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	60
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	66
	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	66
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	6.3.2 Product Safety	54

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.	Index	Indicator Type	Annual Disclosure	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy)	Quantitative	7.1.2 Company or Internal Energy Use P. 57	Gigajoules (GJ), percentage (%)	
2	Total water withdrawn, total water consumption	Quantitative	7.3.1 Water Source Management P. 62	Thousand cubic meters (m ³)	
3	Total hazardous waste generated and percentage recycled	Quantitative	7.2.2 Waste Management P. 60	Metric tons (t), percentage (%)	
4	Types of, number of employees in and rate of occupational accidents	Quantitative	9.3.5 Occupational Disaster Management P. 86	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. 60	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. 54	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. 36 (No anti-competitive behavior litigation occurred in 2023)	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.' SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

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 2023 (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 Standards and AA1000 Accountability Principles (2018) during assurance (2024/10/31~2024/11/27) 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), Sustainability Accounting Standards of Board (SASB), and non-material topics and the related indicators

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 2023 and its presentation are the responsibility of the directors or governing body 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 assurance 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 organization's reporting practices and other organizational detail, GRI 3 2021 for organization'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 Standards (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) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG 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, Task Force on Climate-related Financial Disclosures (TCFD), SASB related disclosures, and non-material topics and the related indicators 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 assurance, 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 organization, 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.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance 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 organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

ASIA has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, 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 effective 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. Integration of Impact assessment across the full organisation and within key management procedures, organisational strategy development, or goal setting are expected to be effectively carried out in next disclosure.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The Report, ASIA's Sustainability Report of 2023, 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 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to ASIA's contributions to sustainability development. For future reporting, ASIA is encouraged to conduct due diligence in GRI Standards, to fairly present the capability of identifying the impacts on the economy, environment, and people, and disclosed the measurement and monitoring process of impact identified with responsive indicators based on application of due diligence. The impact management are expected to be effectively integrated into its strategy development process and operational or risk management.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
17 December, 2024
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-0QT1X

ENVIRONMENTAL
SOcial
GOVERNANCE
SUSTAINABILITY
REPORT
2023