



**ABILITY OPTO-ELECTRONICS TECHNOLOGY CO.,LTD.**  
**2024FY SUSTAINABILITY REPORT**





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## Regarding this report

### Scope and organization

Ability Opto-Electronics Technology Co., Ltd. (hereinafter referred to as "AOET") will issue the "Sustainability Report" (Sustainability Report / ESG Report) for the first time since 2023, demonstrating our commitment to corporate sustainable operations. This report aims to provide investors, stakeholders and all partners who care about AOET with clear and transparent information. We have uploaded the latest sustainability report to our company's official website. Please check it out to get the information you need. This report covers the sustainable development strategies, actions and achievements of AOET Taiwan in the economic, environmental and social aspects from January 1, 2024 to December 31, 2024. The reporting scope covers all operating locations in Taiwan and complies with Article 3 of the Regulations Governing the Preparation and Submission of Perpetual Reports by OTC Companies. We disclose information in accordance with the "General Standards", "Industry Standards" and "Major Theme Standards" issued by the Global Reporting Initiative (GRI), and simultaneously refer to the relevant standards of the "Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to enhance the integrity and transparency of the disclosed content.

The report reveals the following main contents and achievements: Economically, we continue to create shareholder value, optimize production processes, and improve resource utilization efficiency. We strengthen supply chain management, encourage suppliers to adopt ESG standards, and ensure the sustainability of the supply chain through review and audit. We actively invest in R&D innovation, develop advanced optoelectronic products with high performance and low energy consumption, and enhance corporate competitiveness. Environmentally, we conduct greenhouse gas inventories, set carbon reduction targets, and introduce the ISO 14064 standard to reduce operational carbon emissions. We actively promote energy conservation, emission reduction, and resource recycling, including water resource management, waste reduction, and energy management system construction. We use environmentally friendly materials and green processes to reduce environmental impact during the product life cycle and obtain relevant environmental labels. Socially, we value the rights of employees, provide a safe and healthy working environment, implement occupational safety and health management.

Promote employee diversity and inclusion, promote gender equality and talent cultivation, and strengthen employee functions and career development opportunities. Deepen social care, actively participate in local community development and public welfare activities, and promote volunteer services and education sponsorship programs. In the future, AOET will continue to improve its sustainable governance framework in accordance with relevant laws and regulations and international standards, and strengthen its climate change response measures and green financial information disclosure. We are committed to enhancing corporate responsibility and transparency, and working with all stakeholders towards net zero emissions and sustainable development. The reporting period of this report is from January 1, 2024 to December 31, 2024. Except for the financial performance that has been provided in the scope of consolidated financial statements, the rest of the content is mainly based on AOET's Taiwan operations. The previous report was in June 2023, the current report was in Aug 2024, and the next scheduled report is in Aug 2025.

Category	Scope	Contact
Environment	AOET,Taiwan	If you have any questions or suggestions about this report, please contact us.  AOET/Stock Affairs Room  Tel:04-25659888 #116 Mrs.Sonia  Email contact : sonia.huang@aoet.com.tw  Address: No. 14, Keyuan 1st Road, Xitun District,Taichung City ,Taiwan
Finance	AOET,Taiwan	
Social	AOET,Taiwan	
Compiled in accordance with		About external verification: This report complies with the GRI1: Foundation 2021 reporting standards, TCFD climate-related financial disclosures and SASB, and follows the Taiwan Stock Exchange's photovoltaic industry sustainable disclosure indicators and Taiwan Stock Exchange's listed and OTC climate-related information, and the listed and OTC sustainable development practice code. According to Article 3, Paragraph 3 of the operating rules, no external assurance is required. In addition to the financial statements and annual reports, the remaining information locations of the sustainability report do not include subsidiaries, and the current coverage locations are mainly based on the parent company's Keya Road and Keyuan Road. About information reorganization: In response to the optimization of the calculation method of the carbon density indicator, the 2023 data has been recalculated and displayed in Chapter 3.3 to improve the consistency and logical integrity of the report. About data source: The financial data is audited and certified by PWC in accordance with IFRS, with the units of thousands and millions of turnover respectively. Other data and case sources are AOET archives and statistical reports, which have been reviewed by relevant departments.
.GSSB-The GRI Standards	.GRI 1:Foundation 2021	
.ISSB(SASB)STANDARD	.IFRS S1,S2	
.FSB(TCFD)	.TCFD	
.TWSE	. Sustainability Disclosure Indicators - Optoelectronics Industry	
.TWSE	. Climate-related information for listed companies	
.TWSE	. Code of Practice for Sustainable Development of Listed and OTC Companies	
.FSC	.2023 Listed Company Sustainable Development Roadmap	

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## Statement from Chairman

### Chairman Speech

Looking back over the past three years, the global economic system and supply chain have been deeply affected by war, inflation and the epidemic, and the operating environment and challenges faced by companies have also changed dramatically. AOET has introduced forward-looking risk management thinking, put risk planning in place, and integrated it into project scope and business strategy to enhance the company's agility and resilience. Today, business activities not only have the mission of promoting economic growth, but also need to assume the obligation of social and environmental responsibility. Sustainability has become the key to the core competitiveness of enterprises, going beyond commitment of traditional CSR > ESG and moving towards sustainable practices with more substantial impact and warmth. Especially as the risks of climate change increase, companies must re-examine the sustainability goals of their supply chains, product life cycles, and consumer terminals to respond to the core spirit of the United Nations SDGs, "Leave No One Behind." As global temperatures hit a record high, the UN Secretary-General warned that "The Era of Global Boiling Has Arrived" and that climate risks are no longer a future issue but a real challenge facing the global economic, social and financial systems. Policies such as Climate Finance, Carbon Border Adjustment Mechanism (CBAM) and Emissions Trading Systems (ETS) have been implemented one after another, becoming important keys for companies to cope with carbon costs and market competition pressures. Since its establishment, AOET has actively optimized wastewater treatment systems, reduced environmental impacts, and incorporated climate change risk management into the core of corporate operations, taking practical actions to protect our home planet. Faced with the implementation of new regulations such as the EU Carbon Border Adjustment Mechanism (CBAM), the California Carbon Trading Act (CCA), the International Financial Reporting Standards (IFRS) and the European Sustainable Reporting Standards (EFRAG), AOET fully complies with international standards. In accordance with the guidelines set by the Global Sustainability Standards Board (GSSB) and referring to the "Sustainability Development Roadmap for Listed Companies" released by the Financial Supervisory Commission of Taiwan in 2023, we will continue to improve the transparency of information disclosure.

AOET's sustainable development blueprint covers five core aspects:

Climate change adaptation and mitigation actions:

Disclose climate risks and opportunities in accordance with TCFD (climate-related financial disclosure) requirements and set a net zero carbon emission target.

Circular economy and resource efficiency:

Promote product design innovation, promote resource recycling, and minimize waste.

Social responsibility and human rights protection:

Strengthen due diligence, refer to OECD guidelines and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Corporate governance and integrity management:

Strengthen digital governance and information security management to ensure that corporate operations are transparent and in compliance with regulations.

Green finance and sustainable mechanisms:

Respond to ESG financial trends and effectively direct funds to areas that support sustainable development.

Conduct stress testing and scenario analysis on climate-related risks, actively respond to strategic partners and transformation risks, work with supply chain partners and stakeholders to reduce carbon emissions, promote low-carbon transformation, and move towards a circular economy. Although enterprises face many challenges on the road to net zero transformation, We will uphold green integrity and innovative spirit, continue to deepen sustainable governance, and achieve a win-win situation for the economy and the environment. We firmly believe that the consideration relationship between customers and the equality of the earth's ecology are responsible business behaviors. Looking to the future, Continue to pay attention to international cooperation, respond to the goals of international conventions such as the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework (GBF), deepen climate action and nature conservation measures, and look forward to cooling the earth and creating a better sustainable future for human society.

President

Victor Kao

2025/5/5

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## Sustainable Vision Statement

AOET adheres to the core value of "Leading with Light and Sustainable Future, on optoelectronic technology innovation and low-carbon transformation, and is committed to creating optoelectronic solutions that are both environmentally friendly and economically efficient. By comprehensively strengthening financial governance and sustainable information disclosure mechanisms, we can enhance corporate transparency and market credibility, and achieve long-term stable corporate development and maximize shareholder value.

## Financial Governance and Sustainable Disclosure Practices

To ensure sustainable operations and financial stability, the Company has established a financial governance framework Reference and accordance with the "Code of Corporate Governance Practices for Listed Companies" issued by the Financial Supervisory Commission, the IFRS International Financial Reporting Standards and the SASB framework. Specific actions, include:

- Strengthen risk management and internal control systems to ensure the authenticity and accuracy of financial information
- Implement ESG information disclosure based on the TCFD (climate-related financial disclosure) framework. Revealing the potential impact of climate change on operations and finances
- Coordinate the promotion of environmental, social and corporate governance (ESG) related strategies and information disclosure. Implement responsible tax principles to ensure tax compliance and proper management of tax risks.

## AOET Sustainable Vision

AOET will continue to strengthen its dual-track strategy of sustainable innovation and financial governance, and strive to:

- Achieve net zero for the entire plant by 2050
- Promote the energy conversion efficiency of photovoltaic products to break through the existing technical threshold and reduce carbon emissions per unit of energy production
- Expand the proportion of green procurement in the supply chain and Reference the Science-Based Carbon Target → achieve carbon neutrality in the supply chain
- Continue to improve the integrity of sustainable information disclosure, strengthen stakeholder communication, and enhance corporate transparency and trust

## Sustainable Future

- Technological innovation drives low-carbon transformation, improves energy conversion efficiency and product durability, and develops green design products with recycling and reuse potential. At the same time, smart manufacturing and energy resource management systems are introduced to achieve the dual goals of carbon reduction and efficiency improvement through data-based and intelligent means.
- Deepen the sustainable governance culture, establish a sustainable management framework across all departments, introduce international sustainability standards such as GRI, CDP and TNFD, and strengthen sustainable performance indicator (KPI) management and internal audit mechanisms. It also strengthens the board of directors and senior management's awareness and responsibility for sustainable issues to ensure that sustainable strategies are implemented from top to bottom.
- Join hands with stakeholders to create sustainable value. Actively collaborate with supply chain partners to promote carbon reduction, energy conservation and circular economy practices, and jointly move towards a low-carbon economy. We deepen the sustainable dialogue mechanism for employees, investors, customers and communities, understand their needs through two-way communication, and enhance participation and consensus.
- In addition to focusing on the low-carbon transformation of our core business, we will continue to expand our sustainable influence by fulfilling our corporate citizenship responsibilities, investing in public welfare activities such as renewable energy, green education and social inclusion, enhancing the company's positive influence and expanding our contribution to society and the environment.

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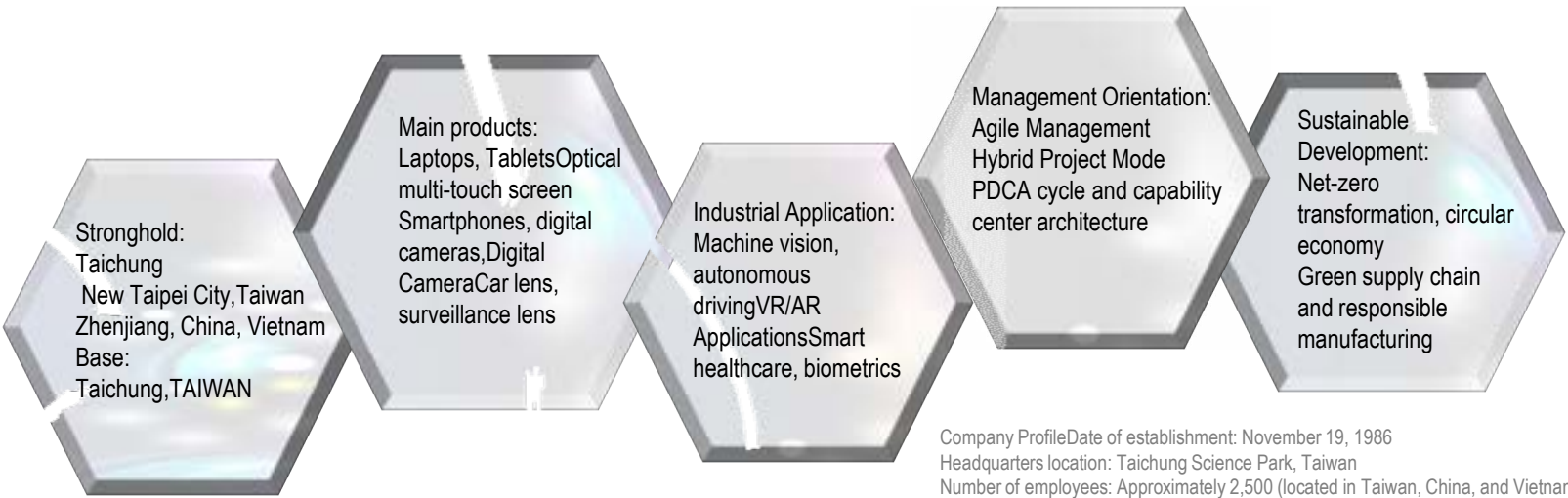
# Company Profile Regarding of AOET

Since its establishment on November 19, 1986, AOET is headquartered in the Central Science Park in Taichung, Taiwan. Led by Chairman Victor Kao, it has worked with approximately 2,500 employees from Taiwan, Mainland China and Vietnam to promote innovation and progress in the optical industry. The company focuses on the research and development, manufacturing and technical services of professional optical lenses, covering products such as notebook computers, tablet computers, optical multi-touch screens, smartphones, digital camcorders, digital cameras and automotive lenses. It is also widely used in forward-looking fields such as machine vision, smart transportation, automotive imaging systems, virtual reality and augmented reality (VR/AR), medical imaging, and biometrics, continuously expanding the industrial landscape of optical applications.

AOET has complete self-production capabilities for glass and plastic optical components. It has production bases and subsidiaries in Taichung 、New Taipei City, Taiwan, Zhenjiang, China, and Vietnam, forming a manufacturing and service network across the Asia-Pacific region. It is one of the few leading companies in the world that can provide a one-stop supply of optical components. With the rapid development of smart devices, the Internet of Things and the Internet of Vehicles around the world, the application of optical lenses has long surpassed traditional fields. From the past focus on eyeglass lenses, DVD optical heads, camera lenses, copy and scanning machines, projectors and cameras, etc., it has expanded to markets such as somatosensory gaming devices, mobile devices, computer equipment, and security monitoring systems. It is now moving further towards advanced applications such as smart healthcare, precision agriculture, machine vision inspection and self-driving car technology.

In the face of the global market and the wave of digital transformation, AOET has actively introduced agile and hybrid project management models, with the Center of Excellence and Practice Organization as the core operating framework to flexibly respond to different regions and rapidly changing market demands. The company emphasizes the PDCA (Plan-Do-Check-Act) cycle and continuous improvement, and adjusts capabilities, resources and organizational structure in a timely manner based on the characteristics of the project to create a more resilient and competitive corporate physique.

In terms of sustainable development, AOET adheres to the concepts of green production and responsible supply chain management, actively responds to climate change and the international trend of net-zero emissions, and is committed to reducing the carbon footprint of its products and strengthening the layout of the circular economy. In the future, the company will continue to deepen its optical technological innovation and high-value applications, and work with global partners to create a new era of smart sustainability.



Company ProfileDate of establishment: November 19, 1986  
Headquarters location: Taichung Science Park, Taiwan  
Number of employees: Approximately 2,500 (located in Taiwan, China, and Vietnam)

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## Company Overview

### Group operating principles

1. Deepen R&D and innovative design capabilities Continue to strengthen R&D technology and design capabilities, flexibly grasp market demand, develop diversified and differentiated product lines, meet the needs of different market customer groups, and promote the long-term and stable development of the business
2. Market expansion and strategic alliances: Proactively respond to market trends, actively develop new customer groups, deepen cooperation with strategic partners, create a co-created value ecosystem, improve production efficiency, achieve economies of scale, and seize market opportunities.
3. Focus on innovation in optical component technology and applications Focus on the development and diversified applications of new technologies for optical components, expand product application areas, integrate the spirit of innovation into corporate culture, and continuously improve product competitiveness.
4. Promote the inheritance of technical experience and the upgrading of Taiwan's optical industry. Establish a positive and benign technology inheritance mechanism, strengthen the core competitiveness of Taiwan's optical industry, and promote talent cultivation and professional capacity upgrading.
5. Practice sustainable management and responsible procurement. Adhere to the principle of "responsible procurement" and implement ESG (environment, society, governance) concepts in supply chain management to ensure that the source of materials and the production process meet sustainable and ethical standards.
6. Integrate cross-regional resources to build a global operating system. Combining the regional advantages and strategies of Taiwan, Vietnam and mainland China, through resource integration and flexible use, the Group will achieve steady expansion of its operating scale and support its global market layout
7. Comprehensive financial planning and sound operation With rigorous financial planning and a sound financial structure, we can flexibly respond to market changes, ensure the adequacy of future operations and capital expenditures, and continuously strengthen the company's health and risk management.

### Group core concept

AOET adopts a "capability-centered" operating model, attaches importance to corporate ethics and moral standards, fully complies with the Code of Conduct, Labor Practice Guidelines and human rights protection principles, and is committed to creating an operating environment that complies with international standards. At the same time, the Group's philosophy emphasizes the following six modular practical principles as an important basis for global operations: Ethics and Compliance Governance strengthens corporate governance and compliance culture to ensure that business practices are legal, compliant and transparent.

**Labor and Human Rights Protection** Respect employees' basic human rights, ensure a safe working environment and fair working conditions, and promote diversity and inclusion. **Supply Chain Sustainable Management** introduces the concept of responsible supply chain, implements material traceability, environmental regulations and social responsibility, and establishes a sustainable supply partnership. **Tax and Financial Strategy Management** Formulate reasonable tax strategies to comply with local laws and regulations, while optimizing financial structure to ensure financial integrity and capital operation efficiency.

**Technology and innovation drive** promotes technological innovation and digital transformation, strengthens R&D competitiveness, and actively invests in high-value product development. **Environmental and Social Responsibility** We actively respond to global climate change and carbon reduction policies, promote green manufacturing and low-carbon transformation, and practice corporate social responsibility (CSR) and sustainable development goals (SDGs).

AOET's industry category is: INDUSTRY/electronic components industry

Upstream relationships include raw material and equipment suppliers, regulatory agencies, securities trading and investors, downstream supply chains include mobile phones and medical ARVR devices, and peers including AOET in optical industries

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## Company Overview

### Sustainable operation tax

AOET refers to the Equator Principles as the basis for investment capital injection and risk measurement. In addition to introducing a comprehensive risk management framework and responsible decision-making mechanisms, we also actively assess the potential impact of sustainable financial trends and climate risks on finance. Therefore, in the core operating philosophy, we not only adhere to standard tax compliance and relevant regulatory requirements, but also prepare comprehensive response strategies and supporting measures in advance for possible driving factors that may arise in the global economy in the future, including geopolitical conflicts (such as wars) and emerging infectious disease outbreaks.

During the reporting period from January 1, 2024 to December 31, 2024, the Company followed the Code of Ethics for OTC Companies to prevent conflicts of interest and avoid self-interested behaviors, and established comprehensive confidentiality obligation clauses in the supply chain and procurement guidelines to ensure supply chain fairness and data security. At the same time, we will fulfill our corporate responsibilities, abide by the principle of fair trade, properly protect company assets, and ensure compliance with laws and regulations. In particular, we will strengthen compliance with the Securities and Exchange Law and other relevant laws and regulations, and establish ethical behavior principles, complaint and disciplinary systems to ensure transparency in corporate governance and compliance with regulations.

Listed companies must ensure that their tax practices comply with local laws and the International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (US GAAP). This includes accurately disclosing a company's tax status and information, soundly managing related risks, and reducing tax disputes and potential legal risks arising from non-compliance.

### Income tax expense management and information disclosure

Income tax expense includes current income tax and deferred income tax. Except for those involving other comprehensive gains and losses or directly included in equity items, the rest are included in the current period's profit and loss. Income tax expense is calculated based on the applicable tax laws of the locations where the business is located, using tax rates that have been enacted or substantially enacted on the balance sheet date. The management regularly reviews and evaluates the income tax declaration status and reasonably estimates the taxes payable and tax liabilities in accordance with relevant laws and regulations to ensure the fulfillment of tax obligations in accordance with the law.

The income tax expense levied on undistributed earnings in accordance with the Income Tax Act shall be recognized as the taxable amount based on the actual distribution after the shareholders' meeting approves the profit distribution proposal. Deferred income tax assets and liabilities are calculated using the balance sheet method based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. It is worth noting that the Company does not recognize deferred income tax liabilities for goodwill in principle; if the source of deferred income tax is a transaction (excluding business combinations) that leads to the recognition of assets or liabilities, but does not affect accounting profit or taxable income (or loss) at the time of the transaction, it will not be recognized. All deferred income taxes are recognized based on the tax rates and laws that have been enacted on the balance sheet date or are expected to apply when the related assets are realized and liabilities are settled.

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## Company Overview

### Annual production quality statement and financial comprehensive profit and loss

Annual	113 FY		112 FY	
PRODUCTION	Price(Thousand)	Amount(%)	Price(Thousand)	Amount(%)
OPTICAL	\$2,947,602	68.90	\$2,745,677	68.70
Electronic	\$1,330,703	31.10	\$1,250,166	31.30
Amount	\$4,278,305	100	\$3,995,843	100

Business ratioAmount: NT\$1,000, % Disclosure content is mainly published in the annual report

AOET's main business is the design, development, manufacturing, processing and sales of various optical lenses and lenses. The application of products includes digital cameras, smart phones, laptops, tablets, optical touch screens, barcode machines and multi-function machines, etc. Lenses and fingerprint recognition modules; the company's current revenue is still mainly based on laptop lenses and fingerprint recognition modules, and is expanding to other application products, such as: automotive, unmanned aerial vehicles, security control and other niche application products.

### Comprehensive Profit and Loss and Financial Ratios (Millions)

Item/Annual	2022FY	2023FY	2024FY
Income	3662	3995	4278
Operating costs	2750	2946	3237
Operating expenses	601	569	692
Net profit before tax from continuing operations	504	506	495
Income tax expense	90	107	118
Net profit after tax	414	400	377

Company's financial and business information shall be disclosed in accordance with regulations on the public information observation station and the company's website: <http://www.aoet.com.tw>Disclosure of information mainly in annual reports

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## Company Overview

### Sustainable operation and financial governance

The Company's consolidated revenue in 2024 reached NT\$42.78 billion, Although the operating period was affected by the international war situation and expected fluctuations in market demand, the Company actively adjusted its operating strategy to optimize market layout and enhance technological capabilities, strengthen product specifications and production capacity, and ensure steady growth in a changing environment.

### Financial statement preparation and compliance with standards

The Company's financial reports are prepared in accordance with the Financial Reporting Standards for Securities Issuers and in compliance with the International Financial Reporting Standards (IFRS) and the Interpretations of International Accounting Standards approved by the Financial Supervisory Commission (FSC). The consolidated financial statements are prepared on the historical cost basis, except for the following items:

- Financial assets at fair value through other comprehensive income.
- The defined benefit liability is recognised at the net amount of pension fund assets less the present value of the defined benefit obligation. The preparation of financial statements in conformity with IFRSs requires the use of significant accounting estimates and judgements. When applying accounting policies, management carefully evaluates and discloses matters involving a high degree of judgment or significant complexity, as well as assumptions and estimates that have a significant impact on the financial statements, to ensure the transparency and reliability of financial information.

Note: The remuneration of senior management units and management is handled in accordance with the company's articles of association and relevant laws. The relevant remuneration policy has not yet been clearly disclosed and linked to sustainable performance. We will continue to pay attention to relevant regulations and market trends for adjustment. The remuneration of directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

### Dividend policy and its implementation status

The relevant provisions of the dividend policy set out in the Group's Articles of Association are: Article 27: The net profit obtained by the Company after the annual financial statements, in addition to the income tax paid in accordance with the law, shall first be used to make up for the losses of previous years, and then 10% of the balance shall be set aside as statutory surplus reserve and, depending on actual needs, a special surplus reserve shall be set aside or transferred, and then 5% to 12% of the balance shall be set aside as employee bonuses. The remuneration of directors and supervisors shall not exceed 3%. After deducting the balance of the above items, the board of directors shall prepare a distribution proposal based on the balance and the earnings of previous years and submit it to the shareholders' meeting for resolution on distribution. The recipients of employee bonus distribution referred to in the preceding paragraph may include employees of affiliated companies who meet certain conditions such as job grade and performance, and the determination of such conditions shall be authorized to be handled by the board of directors.

The Group is in the growth stage of industrial development. Therefore, in addition to the distribution of profits in accordance with the Company Law and the Articles of Association, the annual dividend distribution method will be determined based on factors such as the company's capital planning, operating results, financial status and future development of the company. However, in principle, a prudent and balanced dividend policy is adopted, and the cash dividends distributed each year shall not be less than 10% of the total dividends to shareholders.

The remuneration of senior management units and management levels is handled in accordance with the company's articles of association and relevant laws. The relevant remuneration policy has not yet clearly disclosed the linkage mechanism with sustainable performance. We will continue to pay attention to relevant regulations and market trends to make adjustments.

The Group has Chinese and English websites that provide company-related information. There are dedicated personnel responsible for collecting information and implementing a spokesperson system. In accordance with the provisions of Article 36 of the Securities and Exchange Act, the Group announces and submits annual financial reports (within three months), first, second and third quarter financial reports (within 45 days) and monthly operating conditions (before the 10th of each month) within the time limit. The board of directors of AOET held four board meetings in 2015, which complies with the provisions of the board of directors' meeting procedures that it must be held at least once a quarter. Important proposals are announced on the public information observation station in accordance with the law, and are also announced on the company's website at the same time, ensuring that information is open and transparent.

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## 01 Strategic Situation-Business Performance and Stakeholders

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- 1.2 Stakeholders' participation in communication
- 1.3 Identification and management strategies of major sustainable issues
- 1.4 Issue Identification and Risk Assessment

SDGs:12,13,15,8

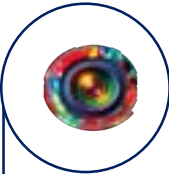
### Chapter Highlights.

- Governance structure aligned with sustainability.
- Major identification uses impact analysis and develops procedures.
- Strengthen diverse perspectives and positive business relationships.
- Adopt sustainable development policy



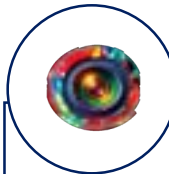


1.1 Sustainable Development Policy and Governance Structure



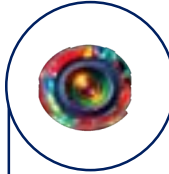
Short term 2024-2026

- Greenhouse Gas Policy and Governance Structure:
  - (1) Carbon density decreases by 1% each year.
  - (2) Reduce Scope 3 emissions by 5% and conduct self-inspections in advance.
- Water Policy and Governance Structure:
  - (1) 50% of the water used in factory operations is recycled.
  - (2) Reduce water intake by 5%.
- Recycling and Waste Policy and Governance Structure:
  - (1) Reduce waste by 5%.
  - (2) Increase recycled packaging materials by 5%.
- Electricity and renewable energy supply policy and governance structure:
  - (1) Use 10% green electricity (self-generated and purchased).
  - (2) Reduce environmental footprint.



Mid-term 2027-2030

- Greenhouse Gas Policy and Governance Structure:
  - (1) Carbon density decreases by 1.5% each year.
  - (2) Reduce Scope 3 emissions by 15%.
  - (3) Deploy green electricity-powered official vehicles.
- Water Policy and Governance Structure:
  - (1) 80% of the water used in factory operations is recycled.
  - (2) Reduce water intake by 10%.
  - (3) Collect and recycle rainwater.
- Recycling and Waste Policy and Governance Structure:
  - (1) Reduce waste by 15%.
  - (2) Increase recycled packaging materials by 15%.
- Electricity and renewable energy supply policy and governance structure:
  - (1) Use 50% green electricity (self-generated and purchased) to reduce environmental footprint and product life cycle assessment.



Long term 2031-2050

- Greenhouse Gas Policy and Governance Structure:
  - (1) Categories 1 and 2 are decreasing year by year.
  - Towards net zero by 2050.
  - (2) Reduce Scope 3 emissions by 50%.
  - (3) Use green electricity for official vehicles.
  - (4) Commercial use of renewable aviation fuel.
- Water Policy and Governance Structure:
  - (1) The water resource circulation rate reaches 85%.
  - (2) Reduce water intake by 35%.
  - (3) Collect and recycle rainwater.
- Recycling and Waste Policy and Governance Structure:
  - (1) Reduce waste by 45%.
  - (2) Increase recycled packaging materials by 45%.
- Electricity and renewable energy supply policy and governance structure:
  - (1) Use 100% green electricity (self-generated and purchased) to reduce environmental footprint and product life cycle assessment

Note: The country adjusts the power supply source in a rolling manner, and the group adjusts it synchronously in a rolling mannerFor energy users who set energy conservation targets and implementation plans exceeding 10,000 kilowatts from 2015 to 2017, the rate will be increased to 1.5%.

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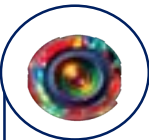
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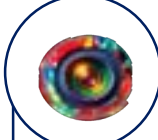
01 Strategic Outlook - Sustainable Development and Stakeholders

1.1 Sustainable Development Policy and Governance Structure



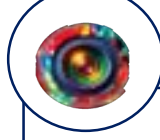
Short term 2024-2026

- Local governments cooperate to promote employment matchmaking success
- Cooperate with social welfare organizations to donate materials, with a 50% achievement rate
- Provide donation support to disadvantaged groups, with a 70% achievement rate
- Ensure no 3TG conflict minerals are used
- The achievement rate of the welfare committee's small farmer project reached 40%
- Improving the workplace environment and economic employment opportunities for women
- Set up maternity rooms and assist women to return to work smoothly, with a 90% achievement rate
- 80% achievement rate of factory medical checkup services and prevention plan implementation
- The achievement rate of cross-industry joint volunteer projects reached 40%



Mid-term 2027-2030

- Cooperate with local governments to promote employment success by 50%
- Cooperate with social welfare organizations to donate friendly materials with a rate of 80%
- Provide donations to the disadvantaged, with a 100% achievement rate
- Collaborative community charity and activities achievement rate 50%
- No 3TG conflict minerals
- The Welfare Commission's small farmer program has achieved 80% success rate
- Improve women's workplace environment and economic employment opportunities by 80%
- Set up maternity and baby care rooms and provide childcare subsidies
- Blood donation activities by social groups, with a success rate of 90%
- Collaboration with OECD social development and community support
- 100% achievement rate of factory medical checkup services and prevention plans
- Cross-industry joint volunteer achievement rate 80%



Long term 2031-2050

- Cooperate with local governments to promote 100% employment success
- 100% achievement rate of friendly material donations in cooperation with social welfare organizations
- Provide 100% donation to disadvantaged groups,
- 100% achievement rate of collaborative community charity and activities
- No 3TG conflict minerals
- The Welfare Commission's small farmer program has a 95% achievement rate
- Improve women's workplace environment and economic employment opportunities by 100%
- Setting up maternity and baby care rooms and providing childcare subsidies
- Social group blood donation activities, achievement rate 100%
- Provide appropriate family care leave
- Collaboration with OECD social development and community support
- 100% achievement rate of factory medical checkup services and prevention plans
- Cross-industry joint volunteer achievement rate 100%
- Initiate and promote community art activities

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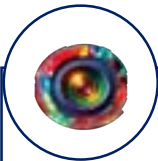
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01 Strategic Outlook - Sustainable Development and Stakeholders

1.1 Sustainable Development Policy and Governance Structure



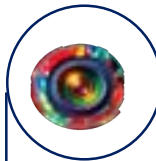
Short term 2024-2026

- Regular announcement of the board of directors' operating status and research and development results
- Information security risks and system repair coverage rate 60%
- Irregular announcements and revisions to internal management documents
- Achieve 50% internal continuous education and training based on business needs
- In line with the Stock Exchange Photovoltaic Sustainability Index
- No violation of corporate governance regulations
- Comply with the regulatory and business management standards of listed companies
- Establishment and implementation of a permanent internal audit system
- Regular salary and gender equality meetings
- Conduct supplier sustainability assessments
- According to the proportion of female directors in listed companies



Mid-term 2027-2030

- Regular announcement of the board of directors' operating status and research and development results
- Information security risks and system repair coverage rate 80%
- Irregular announcements and revisions to internal management documents
- Established an internal sustainable education plan, with a 100% achievement rate
- Comply with the international initiative of the Stock Exchange Photovoltaic Sustainability Index
- No violation of corporate governance regulations and compliance operations
- No information security risk, regular system verification
- Comply with the regulatory and business management standards of listed companies
- Improve the frequency of laws, regulations and internal audit systems
- Regular salary and gender equality meeting achievement rate 100%
- Supplier sustainability assessment reaches 80%
- Comply with the gender standards for directors of listed companies



Long term 2031-2050

- Regular announcement of the board of directors' operating status and research and development results
- 100% coverage of information security risks and system repairs
- Irregular announcements and revisions to internal management documents
- Established an internal sustainable education and training plan, with a 100% achievement rate
- Comply with the Stock Exchange's Photovoltaic Sustainability Index and international ratings
- No violation of corporate governance regulations and compliance operations
- No information security risk, complete data risk framework
- Comply with the regulatory and business management standards of listed companies
- Improve the completion rate of laws, regulations and internal audit systems to 100%
- Regular salary and gender equality meeting achievement rate 100%
- Supplier sustainability assessment reaches 100%
- Comply with the gender standards for directors of listed companies
- Director Succession Planning
- The employee stock subscription system was established

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# 01 Strategic Outlook - Sustainable Development and Stakeholders

## 1.2 Stakeholder Participation and Communication Mechanism

Identify communication targets and divide stakeholders into four major groups for stakeholder communication: shareholders, employees, customers and the general public. Each group has different needs and expectations. According to the Company Law and the Labor Standards Law, their legitimate rights and interests and treatment should be guaranteed when communicating with shareholders and employees. The timeline should be communicated regularly based on multiple viewpoints. Stakeholder communication should be based on different multiple viewpoints and updated regularly. According to the Freedom of Information Act, companies should regularly update their financial status, environmental protection measures and other major matters, and adjust their communication strategies as appropriate all stakeholders can have the latest information.

Based on the sustainable development perspective, we have discussed and provided feedback on a number of environmental protection and climate issues from time to time before communication. In the context of sustainable development, communication with stakeholders should include issues such as environmental protection and climate change, and ensure that the company complies with relevant laws and regulations such as the Environmental Protection Law and the Energy Management Law during this process. Before communication, internal discussions are conducted to identify feasible response measures, and discussions with stakeholders are held regularly to collect feedback in order to continuously adjust and improve policies. Refer to the stakeholder consultation standards, consider relevant dependencies and responsibilities, impacts and multiple perspectives and other factors, and discuss and feedback between the General Manager's Office and various departments. According to the requirements of the "Corporate Social Responsibility Guiding Principles" and the "Labor Safety and Health Law", enterprises should fully consider the dependencies, responsibilities, impacts and multiple perspectives of stakeholders These factors should be integrated into daily operations and decision-making processes, and fully discussed with various departments through the General Manager's Office to ensure that feedback and responses can be implemented quickly and effectively. Provide transparency accordance with the information disclosure requirements in the Securities Exchange Act and make adjustments accordance with relevant regulations.

Regarding the stakeholders that have been communicated with, the Group's sustainable development issues and concerns have been discussed many times before. Therefore, the questionnaire feedback was used as the final major issue to identify that the stakeholders have fully cared about and cooperated with the current sustainable development issues, and have discussed the Group's sustainable development strategy many times. Ultimately, questionnaires are used to identify and prioritize the most important sustainability issues, ensure that the questionnaire design is not misleading, and protect the personal information of participants. Stakeholders are very concerned about the United Nations SDGs and related climate change response practices. Many stakeholders have shown great concern about the United Nations SDGs (Sustainable Development Goals) and related climate change response measures. Incorporate these issues into the strategy and provide stakeholders with transparent responses and results.

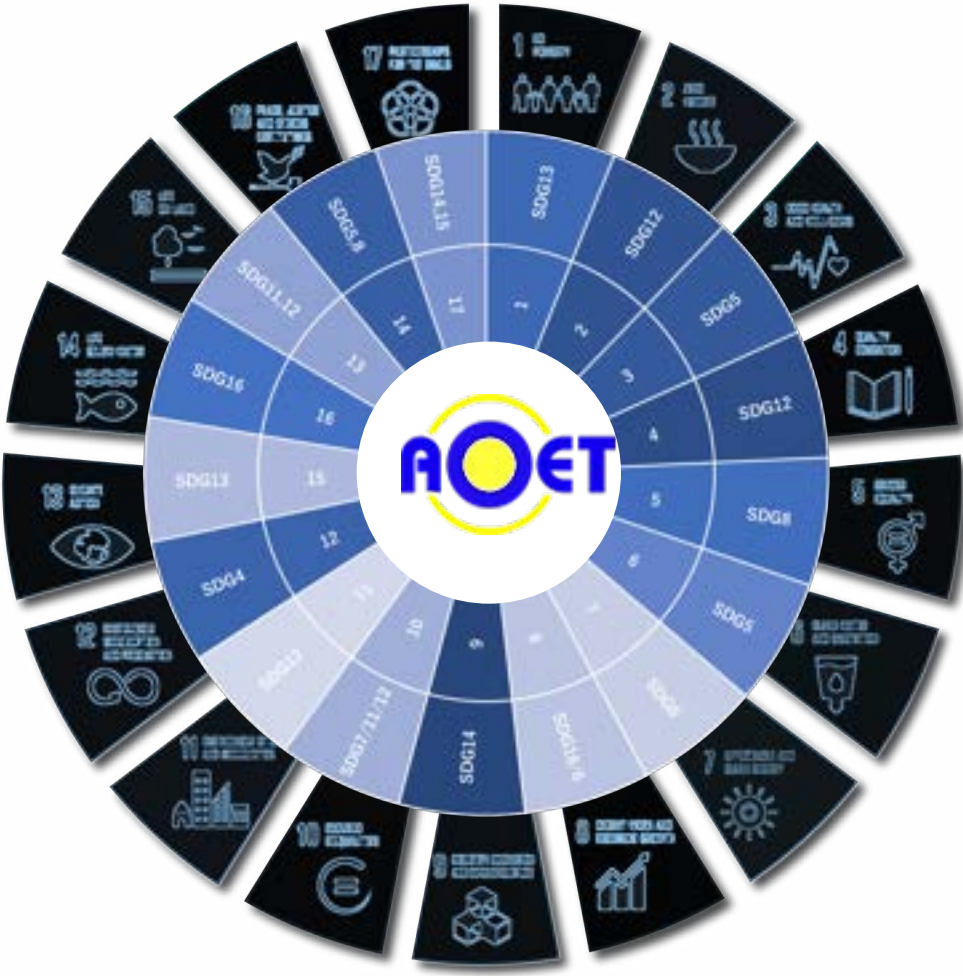


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1.3 Identification and management strategies of major sustainable issues

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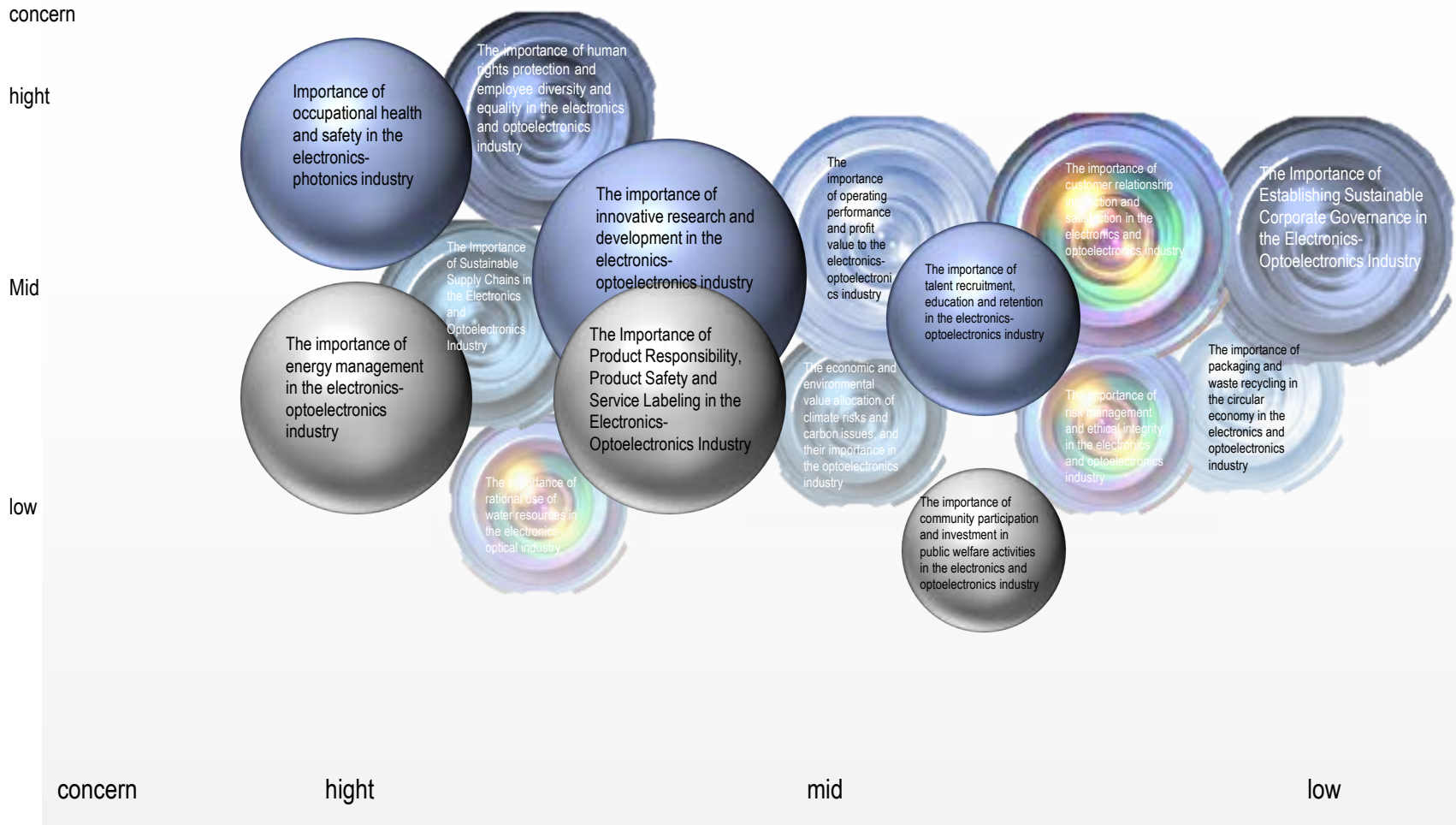
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AOET 2024FY Major Sustainability Issues Identification and Manage Concern



1.3 Identification and management strategies of major sustainable issues

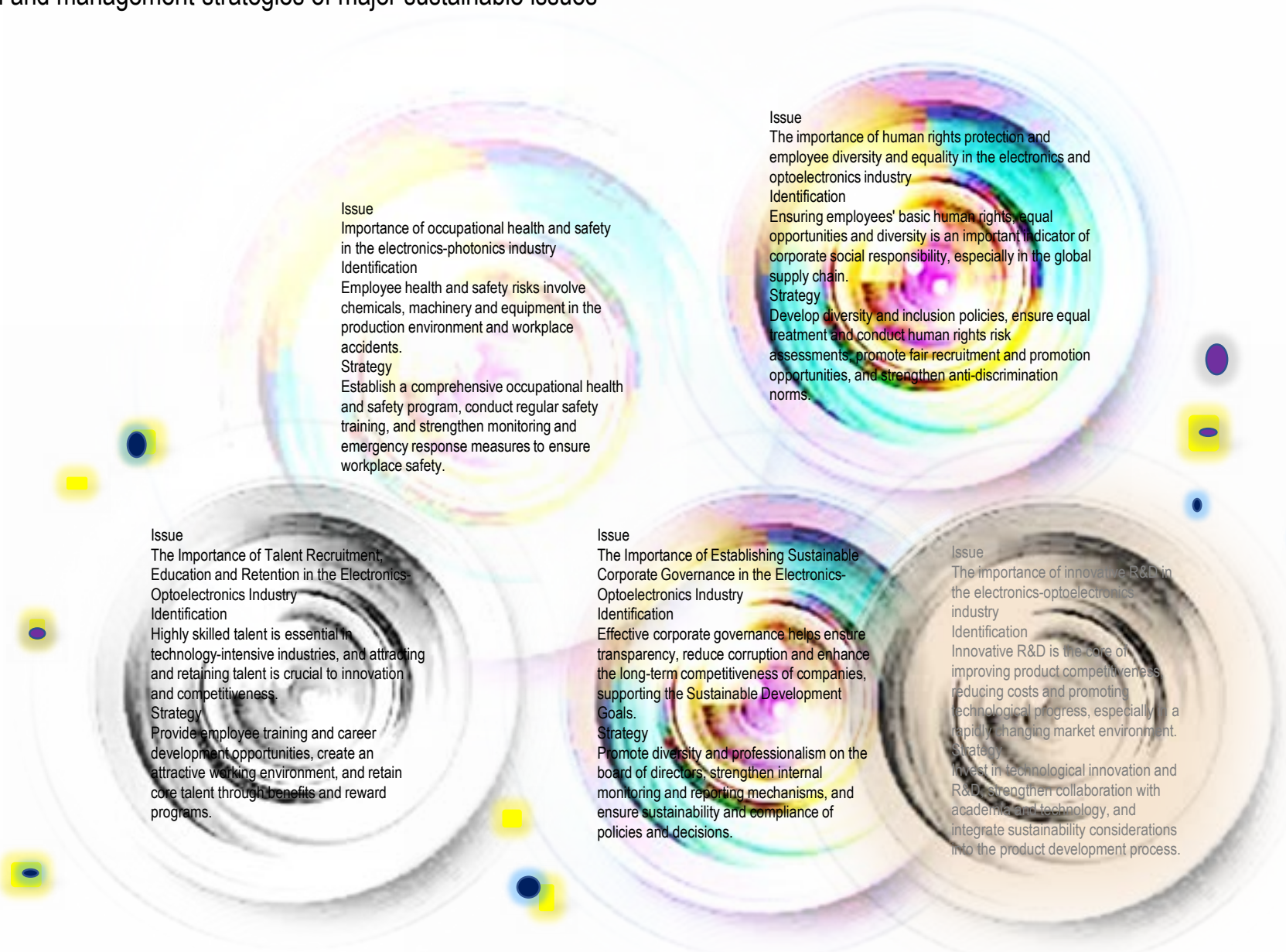


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1.3 Identification and management strategies of major sustainable issues

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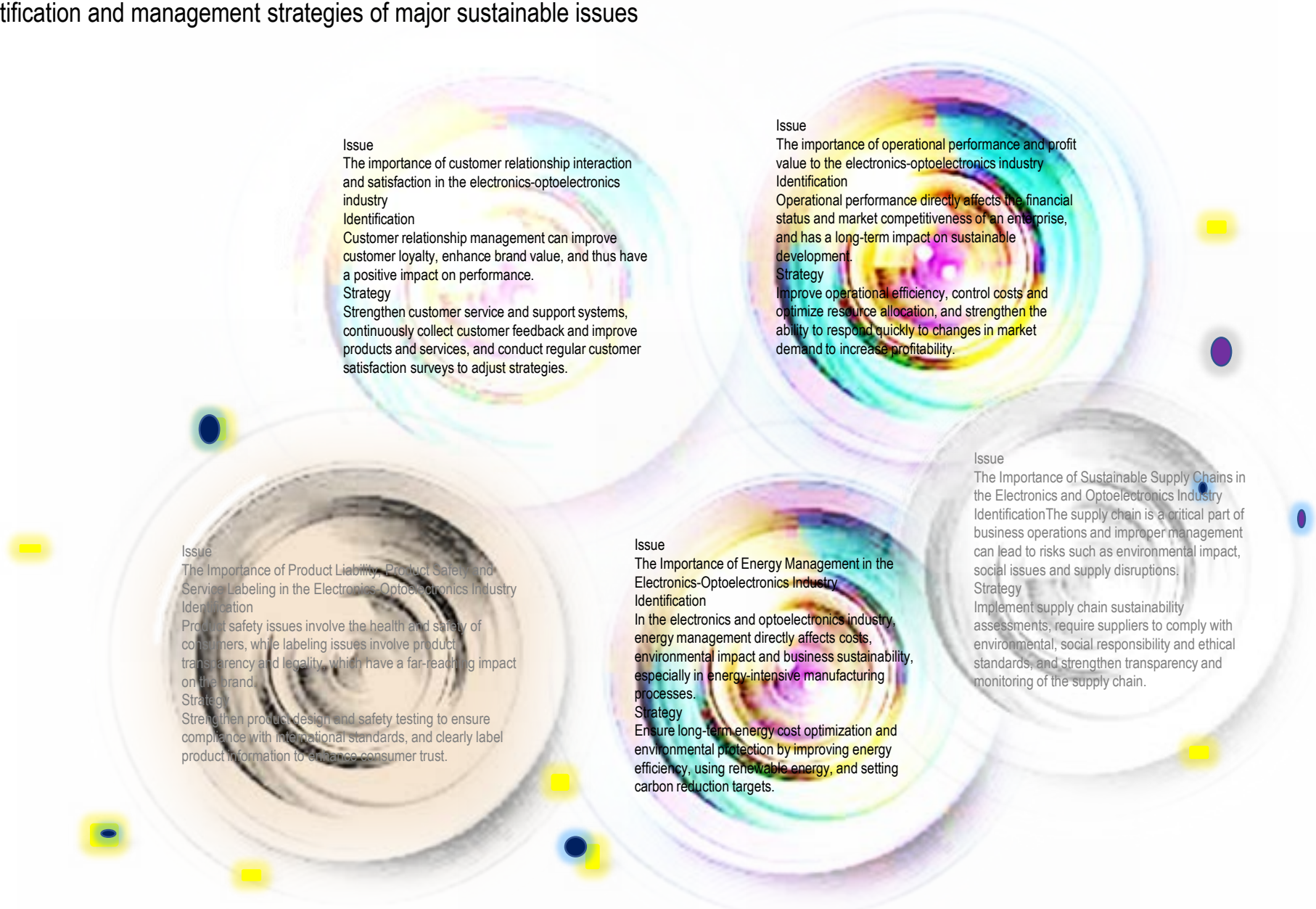
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01 Strategic Outlook - Sustainable Development and Stakeholders

1.3 Identification and management strategies of major sustainable issues

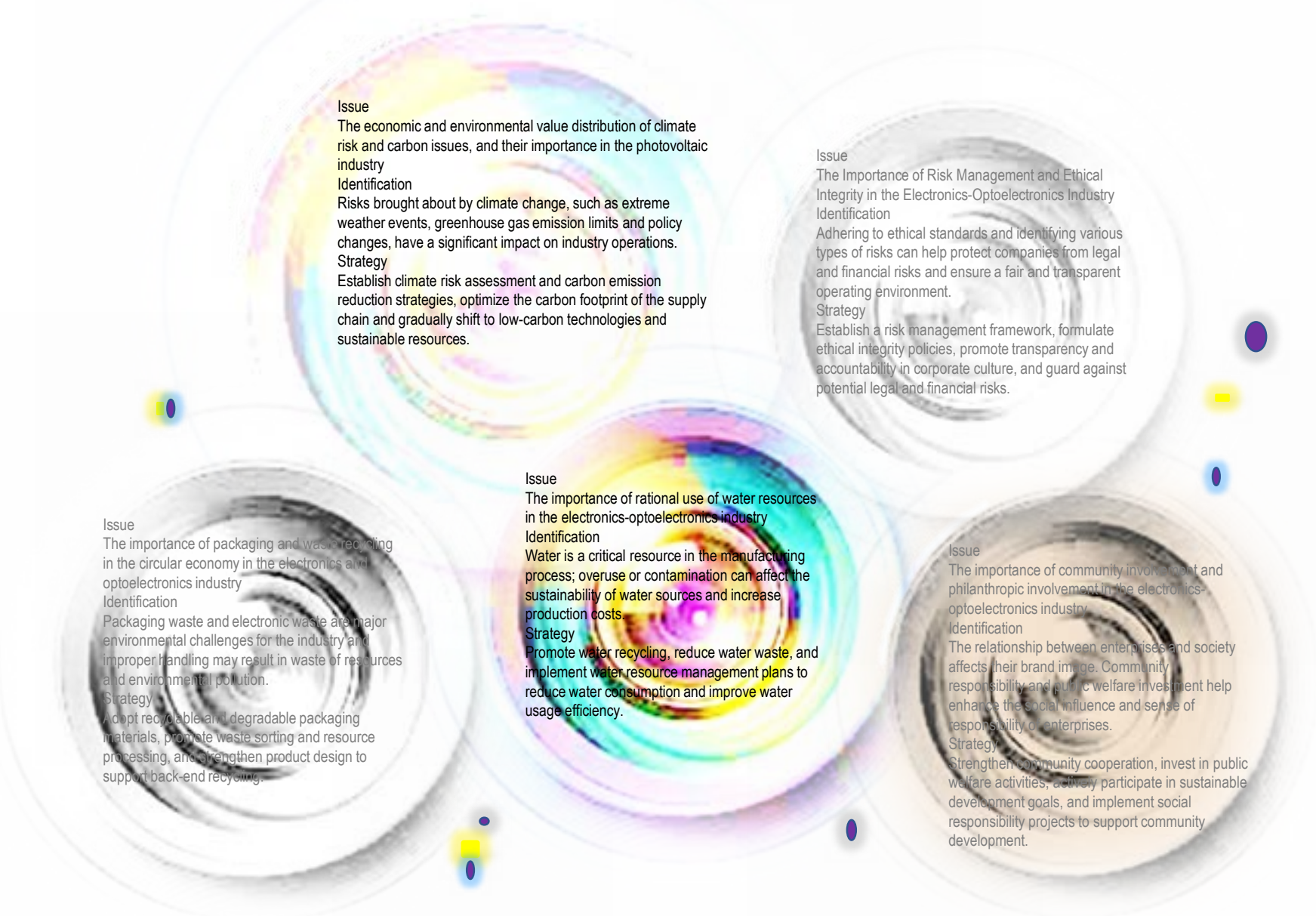


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01 Strategic Outlook - Sustainable Development and Stakeholders

1.3 Identification and management strategies of major sustainable issues

Major	Upstream/Raw material procurement Product manufacturing	Company operations	Downstream/Clients	Downstream/Recycling mechanism	Description
How important is energy management in the electronics-optoelectronics industry?		.			Energy management involves the establishment of energy management systems, the upgrading and improvement of processes or old equipment, and the reduction of overall energy consumption.
What is the importance of the economic and environmental value distribution of climate risks and carbon issues in the photovoltaic industry?	.	.	.	.	Climate change and carbon management include identifying and managing climate change risks, conducting regular greenhouse gas audits, and implementing scientific energy-saving and carbon reduction measures.
Why is the rational use of water resources important in the electronics-optoelectronics industry?	.	.	.	.	Water resource management covers water use regulations, the promotion of recycled water and recycled water, and reducing the use of office and domestic water.
What is the importance of packaging and waste recycling in the circular economy in the electronics and optoelectronics industry?		.	.	.	Water resource management covers water use regulations, the promotion of recycled water and recycled water, and reducing the use of office and domestic water.
Why is occupational health and safety important in the electronics-optoelectronics industry?		.			Occupational health and safety management includes creating a safe working environment, effectively controlling occupational safety and health risks, and protecting the physical and mental health of employees.
Why is human rights protection and employee diversity and equality important in the electronics and optoelectronics industry?		.			Human rights protection not only includes compliance with local labor laws, but also protects the basic rights and interests of employees, and respects gender equality and multicultural tolerance.
Why is talent recruitment, education and retention important in the electronics-optoelectronics industry?	.	.	.		Enterprises should provide market-competitive salaries, a complete education and training system, and a clear career development path to ensure the long-term and stable development of employees.
Why are product liability, product safety and service labeling important in the electronics-optoelectronics industry?		.			Waste management not only includes reducing waste generation, but also uses waste as raw materials or packaging for the circular economy.
Why is community involvement and philanthropic involvement important in the electronics-optoelectronics industry?		.			Product responsibility and safety involve providing high-quality, reliable and compliant products and services.
Why is it important to establish sustainable corporate governance in the electronics-optoelectronics industry?	.	.	.	.	Corporate governance includes establishing a governance structure that is consistent with sustainable development, strengthening sustainable management and performance evaluation, focusing on the diversity and division of responsibilities of the board of directors, and protecting the rights and interests of shareholders and other stakeholders.
Why is risk management and ethical integrity important in the electronics-optoelectronics industry?	.	.	.	.	Risk management covers major environmental, social and governance risks that may be encountered in the course of business operations, and formulates corresponding response strategies. Maintaining integrity in business operations helps to enhance the credibility of the optoelectronics industry.
Why is a sustainable supply chain important in the electronics-optoelectronics industry?	.	.	.	.	Sustainable supply chain management includes ensuring that suppliers actively implement issues such as environmental protection, climate change and labor human rights through due diligence and other means.
Why is innovative R&D important in the electronics-optoelectronics industry?	.	.	.	.	Continuous innovation can not only improve product quality, but also lead market trends and promote sustainable growth of enterprises.
Why is customer relationship interaction and satisfaction important in the electronics-optoelectronics industry?	.	.	.		Paying attention to customer requirements for product quality and delivery time, and formulating improvement measures to improve customer satisfaction, is crucial to maintaining market competitiveness and brand reputation.
Why are operating performance and profit value important to the Electronics-Optoelectronics industry?	.	.	.	.	Operational performance involves the operating conditions and benefits of the enterprise, which directly affects the sustainable development and long-term competitiveness of the enterprise.

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01 Strategic Outlook - Sustainable Development and Stakeholders

1.3 Identification and management strategies of major sustainable issues

Issues

Importance of occupational health and safety in the electronics-optical industry

Identification

Employee health and safety risks involve chemicals in the production environment, machinery and equipment, and workplace accidents

Strategy

Establish a comprehensive occupational health and safety program, conduct regular safety training, and strengthen monitoring and emergency response measures to ensure workplace safety.

Management

100% implementation rate of safety plan for new employees

Issues

The importance of talent recruitment, education and retention in the electronics-optical industry

Identification

Highly skilled talent is crucial in technology-intensive industries, and attracting and retaining talent is crucial to innovation and competitiveness.

Strategy

Provide employee training and career development opportunities, create an attractive working environment, and retain core talent through benefits and reward programs.

Management

Promote employee feedback mechanism every three months and proactively demonstrate competitiveness

Issue

The importance of packaging and waste resource recovery in the circular economy in the electronics-optoelectronics industry

Identification

Packaging waste and electronic waste are major environmental challenges in the industry. Improper treatment may cause resource waste and environmental pollution.

Strategy

Adopt recyclable and degradable packaging materials, promote waste classification and resource recovery, and strengthen product design to support back-end recycling.

Management

Use recyclable packaging materials, 30% progress

Issue

Importance of human rights protection and employee diversity and equality in the electronics-optical industry

Identification

Ensuring employees' basic human rights, equal opportunities and diversity are important indicators of corporate social responsibility, especially in the global supply chain.

Strategy

Develop a diversity and inclusion policy, ensure equal treatment and conduct human rights risk assessments, promote fair recruitment and promotion opportunities, and strengthen anti-discrimination norms.

Management

Number of gender equality meetings held by the Labor Union

Issues

The importance of establishing sustainable corporate governance in the electronics-photonics industry

Identification

Effective corporate governance helps ensure transparency, reduce corruption and enhance the long-term competitiveness of enterprises, supporting sustainable development goals.

Strategy

Promote diversity and professionalism of the board of directors, strengthen internal monitoring and reporting mechanisms, and ensure the sustainability and compliance of policies and decisions.

Management

The Board of Directors adopts 100% compliance

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# 01 Strategic Outlook - Sustainable Development and Stakeholders

## 1.3 Identification and management strategies of major sustainable issues

### Issues

The importance of innovative R&D in the electronics-optoelectronics industry

### Identification

Innovative R&D is the core of improving product competitiveness, reducing costs and promoting technological progress, especially in a rapidly changing market environment.

### Strategy

Invest in technological innovation and R&D, strengthen cooperation with academia and technology, and integrate sustainability considerations into the product development process.

### Management

Compliance-based innovative R&D technology

### Issue

The importance of operating performance and profit value to the electronics-photonics industry

### Identification

Operating performance directly affects the financial status and market competitiveness of the enterprise, and has a long-term impact on sustainable development.

### Strategy

Improve operational efficiency, control costs and optimize resource allocation, and strengthen the ability to respond quickly to changes in market demand to improve profitability.

### Management

Perfect year-over-year progress and increased profits

### Issue

The importance of rational use of water resources in the electronics-optoelectronics industry

### Identification

Water is an important resource in the manufacturing process. Excessive use or pollution will affect the sustainability of water sources and increase production costs.

### Strategy

Promote water recycling, reduce water waste, and implement water resource management plans to reduce water consumption and improve water efficiency.

### Management

80% of water switches are installed in the water circulation system

### Issues

The importance of customer relationship interaction and satisfaction in the electronics-optoelectronics industry

### Identification

Customer relationship management can improve customer loyalty, enhance brand value, and thus have a positive impact on performance.

### Strategy

Strengthen customer service and support systems, continuously collect customer feedback and improve products and services, and conduct regular customer satisfaction surveys to adjust strategies.

### Management

Customer collaboration and support strengthened 100%

### Issues

The importance of product responsibility, product safety and service labeling in the electronics-optoelectronics industry

### Identification

Product safety issues involve the health and safety of consumers, while labeling issues involve product transparency and legality, which have far-reaching impacts on brands.

### Strategy

Strengthen product design and safety testing to ensure compliance with international standards, and clearly label product information to enhance consumer trust.

### Management

Product safety and labeling 100%

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## 01 Strategic Outlook - Sustainable Development and Stakeholders

### 1.3 Identification and management strategies of major sustainable issues

#### Issues

The importance of energy management in the electronics-optoelectronics industry

#### Identification

In the electronics and optoelectronics industries, energy management directly affects costs, environmental impacts and business sustainability, especially in energy-intensive manufacturing processes.

#### Strategy

Ensure long-term energy cost optimization and environmental protection by improving energy efficiency, using renewable energy, and setting carbon reduction targets.

#### Management

Complete power war room exercises and optimized energy policies

#### Issues

The economic and environmental value distribution of climate risk and carbon issues, and their importance in the photovoltaic industry

#### Identification

Risks brought about by climate change, such as extreme weather events, greenhouse gas emission limits and policy changes, have a significant impact on industry operations.

#### Strategy

Establish a climate risk assessment and carbon emission reduction strategy, optimize the carbon footprint of the supply chain and gradually shift to low-carbon technologies and sustainable resources.

#### Management

Optimized climate operational adaptation, local adaptation

#### Issues

The importance of community participation and public welfare investment in the electronics-optoelectronics industry

#### Identification

The relationship between enterprises and society affects the brand image, and community responsibility and public welfare investment help enhance the social impact and sense of responsibility of enterprises.

#### Strategy

Strengthen community cooperation, invest in public welfare activities, actively participate in sustainable development goals, and implement social responsibility projects to support community development.

#### Management

Continuously strengthen community responsibility and sustainable governance

#### Issues

The importance of sustainable supply chain in the electronics-optoelectronics industry

#### Identification

The supply chain is a key part of business operations. Improper management will lead to risks such as environmental impact, social problems and supply disruptions.

#### Strategy

Implement supply chain sustainability assessments, require suppliers to follow environmental, social responsibility and ethical standards, and strengthen transparency and monitoring of the supply chain.

#### Management

100% reliable collaboration and mutual assistance

#### Issues

Importance of risk management and ethical integrity in the electronics-optical industry

#### Identification

Adhering to ethical standards and identifying various types of risks helps protect companies from legal and financial risks and ensure a fair and transparent operating environment.

#### Strategy

Establish a risk management framework, formulate an ethical integrity policy, promote transparency and accountability in the corporate culture, and prevent potential legal and financial risks.

#### Management

A sound internal audit and control system and risk assessment system

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1.4 Issue Identification and Risk Assessment



Occupational Health and Safety Importance

Importance to AOET  
Legal and compliance risks  
Employee Health and Productivity  
Employee recruitment and retention  
Management results  
Factory guard stationed in the factory  
Complete training program  
General Manager's Office strengthens supervision function (at any time)  
GRI Related Topics  
GRI401/403  
SASB Related Topics  
TC-ES-310a.1  
TC-ES-320A.1  
MSCI Related Topics  
SOCIAL/GOVERNANCE



Human Rights Protection and Employee Diversity and Equality

Importance to AOET  
Promoting human rights and non-discrimination  
Improve employee satisfaction  
Comply with international human rights  
Management results  
Welfare Committee benefits are given back to employees from time to time  
Incorporate worker consultation into the conversation (at any time)  
Independent process reviewed by HR and Legal  
GRI Related Topics  
GRI401/403  
SASB Related Topics  
TC-ES-310a.1  
TC-ES-320A.1  
MSCI Related Topics  
SOCIAL/GOVERNANCE



Talent recruitment, education and retention

Importance to AOET  
Promoting innovation and technological advancement  
Improve enterprise competitiveness  
Improve R&D efficiency and product development  
Management results  
Create an attractive working environment  
High level of communication and technology upgrade  
External and internal training for employees (at any time)  
GRI Related Topics  
GRI401/414  
SASB Related Topics  
-  
MSCI Related Topics  
SOCIAL/GOVERNANCE

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1.4 Issue Identification and Risk Assessment



Establishing sustainable corporate governance

Importance to AOET

Improving long-term competitiveness  
Strengthening enterprise risk management  
Meet regulatory requirements and compliance

Management results

Independent audit and legal review process  
Advancing antitrust law  
Improve governance with risk assessment (at any time)

GRI Related Topics

GRI2/200

SASB Related Topics

TR-MT-510A/TR-MT-510A.2

MSCI Related Topics

SOCIAL/GOVERNANCE



Innovative research and development

Importance of AOET

Product competitiveness  
The core of technological progress  
Reduce costs

Management results

Become a strategic partner with customers.

Collaborate as a strategic partner in the supply chain (at any time).

Evaluated by the business and R&D departments

GRI Related Topics

GRI202/204

SASB Related Topics

TR-MT-410a.1

MSCI Related Topics

SOCIAL/GOVERNANCE



Customer relationship engagement and satisfaction

Importance to AOET

Product complexity and after-sales service requirements  
Close connection between technological innovation and customer needs  
Customer loyalty is crucial

Management results

Visit customers from time to time  
Improve governance through risk assessment (once a year)  
Strengthen supervision function through the General Manager's Office (at any time)

GRI Related Topics

GRI416/417

SASB Related Topics

-

MSCI Related Topics

SOCIAL/GOVERNANCE

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1.4 Issue Identification and Risk Assessment

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Operational performance and profit value

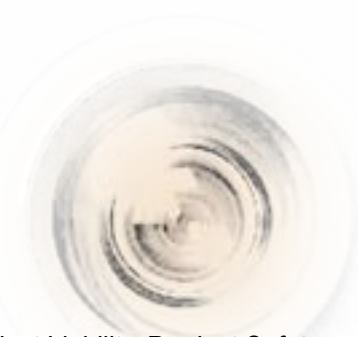
Importance to AOET  
Competition is fierce and efficient operations must be maintainedReturn on Capital and Shareholder ValueCost Control and Profitability

Management results  
Collaborate with the BoardStrengthen group ethical standards and audits (at any time)Listed OTC Sustainability Measures as reporting structure and governance (once a year)

GRI Related Topics  
GRI201

SASB Related Topics  
TR-MT-000.B/TR-MT-000.D

MSCI Related Topics  
SOCIAL/GOVERNANCE



Product Liability, Product Safety and Service Labels

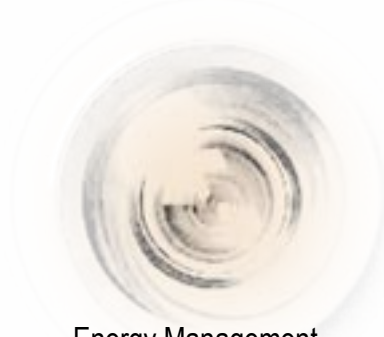
Importance of AOET  
Protecting Consumer RightsImprove trustImprove product competitiveness

Management results  
General Manager's Office strengthens supervision function (at any time)Exposed as a business compliance baselineRegularly review the integrity code

GRI Related Topics  
GRI416

SASB Related Topics  
TR-MT-510A/TR-MT-510A.2

MSCI Related Topics  
SOCIAL/GOVERNANCE



Energy Management

Importance to AOET  
Reduce operating costsImproving energy efficiency in production processesCoping with energy price volatility

Management results  
Taking international initiatives into considerationRegulations are reviewed at any timeDeepen the conversion efficiency of energy and resources

GRI Related Topics  
GRI302

SASB Related Topics  
TC-SC-130a.1

MSCI Related Topics  
ENVIRONMENTAL





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Sustainable supply chain

Importance to AOET  
Reduce supply chain risksPromoting green technology innovationEnhance brand image and market competitiveness

Management results  
Procurement Integrity Meeting Opens (Anytime)Improve governance through risk assessment (once a year)Irregular visits and supervision of suppliers (at any time)

GRI Related Topics  
GRI308/414

SASB Related Topics  
TC-ES 440A.1,TC-ES 000.A

MSCI Related Topics  
SOCIAL/GOVERNANCE



Economic and environmental value distribution of climate risk and carbon issues

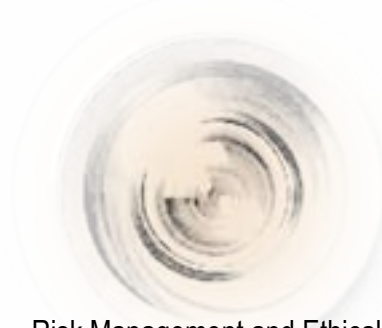
Importance to AOET  
Risks in the capital marketCarbon emissions and environmental value distributionPolicies and future challenges

Management results  
Greenhouse gas inventory self-inspection (once a year)The Group independently implements energy saving and load reduction (once a year)Strengthening supervision functions through the General Manager's Office

GRI Related Topics  
GRI305

SASB Related Topics  
TC-SC-130a.1

MSCI Related Topics  
ENVIRONMENTAL



Risk Management and Ethical Integrity

Importance of AOET  
Corporate Social Responsibility (CSR)The intersection of risk management and ethical integrityStable operation

Management results  
Internal audit and internal control sampling (irregular)Improve governance through risk assessment (once a year)Strengthen supervision function through the General Manager's Office (at any time)

GRI Related Topics  
GRI205/206

SASB Related Topics  
-

MSCI Related Topics  
SOCIAL/GOVERNANCE





1.4 Issue Identification and Risk Assessment



Packaging and waste recycling in circular economy

Importance to AOET

Resource consumption and environmental impact  
Reduce environmental pollution  
Business opportunities and innovations in the circular economy

Management results

Use recycled packaging  
Strengthen autonomous waste recycling (at any time)  
Comply with regulatory requirements (at any time)

GRI Related Topics

GRI300

SASB Related Topics

TR-MT-110A.3/TR-MT-110A.4

MSCI Related Topics

ENVIRONMENTAL



Proper use of water resources

Importance of AOET

Importance of water consumption  
Matches impact on the environment  
Water recycling and reuse

Management results

Regularly review wastewater discharge compliance  
Review legal and regulatory risks at all times  
Balancing production needs with environmental protection

GRI Related Topics

GRI303

SASB Related Topics

TC-ES-140.1

MSCI Related Topics

ENVIRONMENTAL



Community participation and investment in public welfare activities

Importance of AOET

Promoting social harmony and local development  
Improve employee cohesion and corporate culture  
Dealing with corporate risks and improving sustainable development

Management results

Get involved in international sustainability initiatives  
Regular review of community engagement and public participation  
Public Association Conference Industry Cooperation Initiative

GRI Related Topics

GRI2/103

SASB Related Topics

-

MSCI Related Topics

SOCIAL/GOVERNANCE

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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.1 Corporate Governance Blueprint and Development Strategy

### 2.2 Integrity management and corporate ethics

### 2.3 Regulatory Compliance and Internal Audit System

### 2.4 Risk Management and Response Capabilities

### 2.5 Climate Change Risk Management

### 2.6 Sustainable Supply Chain Management

SDGs:8,12,13,15

#### Chapter Highlights.

- Governance structure aligned with sustainable development
- Develop relevant procedures through significant identification and impact analysis
- Strengthen diverse perspectives and promote positive business partnerships
- Implement sustainable development policies and promote practical implementation. Strengthening climate financial risk





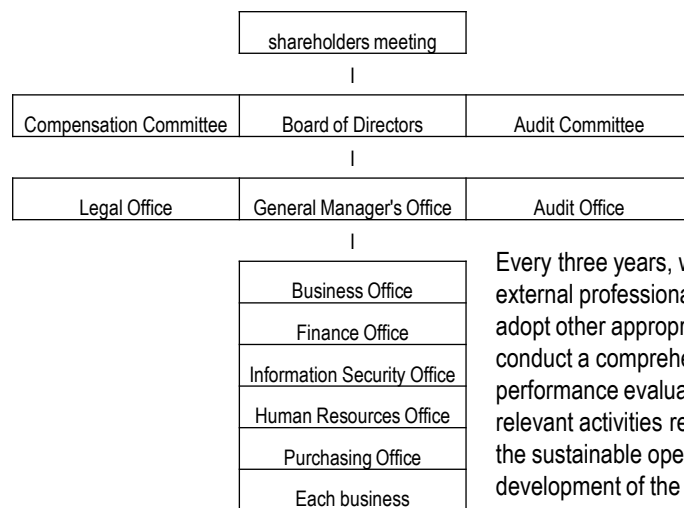
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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.1 Corporate Governance Blueprint and Development Strategy

**Corporate Governance Organization and Philosophy**The board of directors shall be established and exercise its powers in accordance with the principles, and directors shall faithfully perform their duties and fulfill the duty of care of good managers. Directors should perform their duties with a high degree of self-discipline and prudence, and should carefully consider the promotion of the company's business, the resolutions made by the board of directors, and matters that affect the company's business development and major decision-making directions to ensure that they do not affect the company's governance operations and development.

Directors must perform their duties in accordance with relevant laws and the company's articles of association to protect the rights and interests of the company and shareholders. In addition, a performance evaluation mechanism for the board of directors and its functional committees should be established, and self-evaluation and peer evaluation should be conducted on the board of directors, functional committees and individual directors every year



Every three years, we may entrust an external professional organization or adopt other appropriate methods to conduct a comprehensive performance evaluation, and hold relevant activities regularly to promote the sustainable operation and development of the company.

### Corporate Governance Identification and Intelligence

The operation and decision-making of the shareholders' meeting are crucial to ensure that the company's operations are in the interests of shareholders and that effective supervision and decision-making are carried out on the company's strategy and financial status.  
**Compensation Committee** The Compensation Committee, which is composed of members of the Board, is responsible for formulating the compensation policy and other incentives for senior management. These policies need to be consistent with the company's long-term development goals and ensure fairness and transparency in the compensation structure.

The board of directors is the core body responsible for the company's major decision-making and governance structure design. Including the formulation of corporate strategies, control of operating risks, supervision of financial reports, etc.  
**Audit Committee** The Audit Committee is responsible for monitoring the accuracy and transparency of the company's financial reporting, ensuring that the financial situation complies with accounting standards and legal regulations, and reviewing the external and internal audit process. The Legal Office ensures that the company complies with laws and regulations during its operations and prevents damage to the company's interests due to violations or lawsuits.

**General Manager's Office** The General Manager's Office is responsible for the management of daily operations, implementing the decisions of the Board of Directors, and leading the operations of various departments. **Audit Office** The Audit Office is responsible for the company's internal control, compliance inspection and financial monitoring to ensure that the company's operations comply with company policies and relevant regulations. The Sales Office is responsible for promoting the company's sales and market expansion, and coordinating cooperation with the operations departments to promote business growth. The Finance Department is responsible for the company's financial management, accounting, capital operations and the stability of financial reporting operations.

The Information Security Department is responsible for the company's data security and information protection, preventing network security risks, and ensuring the protection of data privacy. The Human Resources Department is responsible for the management and development of human resources, recruitment, training, compensation, etc. to ensure the right workforce. The Procurement Department is responsible for supply chain stability and cost control. Each business group is responsible for the management and development of the company's diversified businesses. Each business group expands and operates its business based on market demand and strategic goals to ensure the company's market competitiveness in different fields.



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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.1 Corporate Governance Blueprint and Development Strategy

#### Corporate governance identification and communication identification

- Identification

Identify and communicate relevant issues in corporate governance, determine the direction of governance, and use the United Nations Sustainable Development Goals (SDGs) as a development blueprint to promote sustainable consumption and production patterns. This process should comply with the relevant requirements of the Company Law and the Securities and Exchange Law and follow the Financial Supervisory Commission (FSC)'s guidelines on corporate governance. This ensures that while ensuring the long-term development of the company, the environmental burden is reduced and social responsibility is fulfilled.

- Evaluate:

Based on the sustainable development guidelines, we combine the corporate governance evaluation system to identify and evaluate the existing management mechanisms and effectiveness. In accordance with the relevant requirements of the Corporate Governance Code of Practice, we regularly evaluate the performance of the Board of Directors and senior management and ensure compliance with the guidance of the Corporate Social Responsibility Reporting Guidelines. These assessment processes help identify potential risks and improvement opportunities in the governance structure, thereby improving governance transparency and effectiveness.

- Manage

Based on the best practices proposed by the Taiwan Stock Exchange (TWSE) and the Sustainability Accounting Standards Board (SASB), corresponding management policies are formulated to ensure the reliability of the governance process. The company should build a comprehensive risk management system in accordance with the "Guidelines for the Preparation of Sustainability Reports" and the "Guidelines on Corporate Governance in Financial Markets", and incorporate risk identification, monitoring, response and opportunity management into daily operating processes. In addition, relevant laws and regulations such as the Environmental Protection Law and the Labor Standards Law should be followed to ensure that social and environmental responsibilities are actively fulfilled in the corporate governance process and to promote the sustainable development of the enterprise.

#### Board Governance

The board of directors shall adhere to the principle of faithfully executing its business and fulfilling its duty of care as a good manager to ensure that the rights and interests of shareholders and other stakeholders are actively protected during the process of promoting its business. With a high degree of self-discipline and prudence, we will comprehensively and carefully consider the decisions made by the board of directors and the major directions of the company's business development, and ensure that all decision-making processes are transparent, fair, and in compliance with ethical standards and regulatory requirements. When dealing with business execution, financial status and major investment matters, we will properly evaluate the risks that may arise from each decision, including establishing and maintaining an effective risk control framework, identifying and managing various risks, including but not limited to financial risks, operational risks, legal risks, environmental risks and market risks, to reduce potential threats to the company's development.

Regularly review risk management plans to ensure flexibility in responding to risks in a changing market environment and timely adjust strategies to ensure optimal allocation of resources. Operations must fully comply with the Company Law, the Securities Exchange Law and related regulations, especially in terms of financial statements, shareholders' rights, corporate social responsibility, environmental protection, etc. Ensure legal requirements to avoid legal disputes and compliance risks. Keep your governance structure sound and adaptable by adjusting to changes in laws or industry best practices. A comprehensive performance evaluation system for the Board of Directors and functional committees ensures that the Board of Directors, functional committees and individual directors are subject to self-evaluation and peer review every year to examine their contributions to corporate governance and risk control. The assessment process includes a comprehensive review and feedback on board members' performance in risk identification, governance practices, strategy execution and transparency.

Through these practices, the transparency, compliance and long-term development of corporate governance structures can be better promoted, thereby achieving the maximum interests of shareholders and other stakeholders. Encourage the establishment of an internal governance culture, provide timely training to management, and strengthen the understanding and implementation of risk management, legal compliance and ethical standards. Improving the overall management level within the company can also strengthen social responsibility and ensure competitiveness and sustainable development in the market.





### 2.1 Corporate Governance Blueprint and Development Strategy

- **Group Board Composition and Further Education Plan**

The composition of the AOET Group Board of Directors refers to diverse perspectives and excludes factors such as gender, age, race or nationality from the selection criteria. The members of the Board of Directors will be selected based on their professional ability and skills, especially whether they are in line with the company's business development plan and actual operational needs. The Board of Directors currently consists of ten members, including four independent directors. This organizational structure ensures that the Board of Directors can make comprehensive and objective professional judgments on the company's affairs from multiple perspectives. To ensure that the Board of Directors can effectively supervise the company's business operations, the members of the Board of Directors must have experience in finance, finance, international trade, engineering, law and finance-related majors. In particular, independent directors need to maintain a high degree of independence and avoid any direct or indirect conflicts of interest with the company or management. In addition to existing leadership decisions and industry knowledge, independent directors need to continuously improve their professional skills to meet current and future governance challenges. A continuous training program has been formulated to enhance their professional knowledge and skills in various fields. This is not limited to environmental issues such as climate change or carbon neutrality, but also covers aspects such as digitalization, circular economy and crisis management to ensure that the board can keep up with the latest international developments and make forward-looking decisions. The attendance rate of directors at board meetings was 90.2%.

2024 Compensation Committee Seats: 3, Compensation Committee Attendance Rate: 100%, Compensation Committee Independent Director Seats: 3.

2024 Audit Committee Seats: 4, Audit Committee Attendance Rate: 100%, Audit Committee Independent Director Seats: 3.

- **Board of Directors' Training and Capacity Building Program**

The Group attaches great importance to the continuing education requirements of its Board members, plans relevant courses every year, and continues to track international trends and regulatory developments. Recently, we have been paying close attention to international issues such as the Carbon Border Adjustment Mechanism (CBAM), the Corporate Carbon Footprint Measurement Standard (CCA), the World Business Council for Sustainable Development (WBCSD), and closely following changes in regulations such as EFRAG. In order to enhance the board's international vision and response capabilities, in 2023 the board focused on improving members' knowledge in areas such as carbon neutrality planning, data analysis, circular economy and crisis public relations. In addition, the Group regularly organizes internal courses on climate change and dual-carbon knowledge, and encourages directors to participate in international climate forums to understand the challenges and opportunities brought about by climate change. The training content not only focuses on environmental issues, but also includes how to transform the climate crisis into business opportunities, thereby enhancing the company's competitiveness and adaptability in a rapidly changing market. The training program for board members is designed to strengthen their professional capabilities in areas such as risk management, data analysis and international regulations, ensuring that they can effectively lead the company in responding to various external changes and challenges in the coming years.

- **Key considerations for board compositionDiversity**

The composition of the board of directors should fully reflect diverse values and needs, including members of different genders, ages, races, nationalities and industry backgrounds. It helps to improve the quality of corporate governance and the board's ability to respond to different market environments and challenges.Independence: Maintain independence from the company's management to ensure objective and unbiased supervision and advice in the decision-making process. Effectively prevent conflicts between management and shareholder interests and safeguard shareholder interests.Expertise and experience: Effectively monitor the company's business operations, provide strategic guidance to the company, and make wise decisions in a complex market environment.Responsibilities and obligations: Fulfilling their responsibilities and obligations in corporate governance, including complying with laws, regulations, regulatory requirements and the company's articles of association, and safeguarding the interests of shareholders and other stakeholders. Make decisions that are most beneficial to the company and ensure that the company's operations comply with various regulations and prevent legal and compliance risks.

For details on the nomination and selection of the highest governance unit, please refer to the 2024 Annual Report.





### 2.1 Corporate Governance Blueprint and Development Strategy

- **Board Performance Evaluation and Company Operations**

Regularly evaluate their role and involvement in the company's operations to ensure that board members are actively involved in important company decisions and provide effective guidance and supervision. Decisions are based on sound information and analysis and follow best governance practices. Establish a transparent and efficient director selection process to ensure that the directors selected can enhance the effectiveness of corporate governance. Based on clear selection criteria such as professional ability, ethical integrity and alignment with the company's development direction. Regular evaluations should review the fairness and effectiveness of the selection process. Regularly review the soundness and effectiveness of the internal control system to ensure the accuracy of financial statements, prevent fraud, and maintain the security of company resources.

- **Individual board member performance evaluation**

Understand the company's goals and mission, and be aware of responsibilities in corporate governance, risk management, compliance and transparency. Provide constructive feedback on the level of involvement in the company's operations and intervene in the decision-making process when necessary to protect the best interests of the company. Apply what you learn to improve the quality of decision making in the board of directors. Participate in the establishment and oversight of internal control mechanisms and ensure that operations in areas such as financial reporting, compliance and risk management meet the highest standards. Possess a deep understanding of internal control processes and be able to identify and correct any potential problems in a timely manner.

- **Functional Committee Performance Evaluation**

Regularly evaluate their roles and contributions to the company's operations to ensure that committee members are able to effectively participate in and support all aspects of the company's operations. Committee members should ensure that the areas they are responsible for (audit, compensation, risk, etc.) are adequately supervised and evaluated, ensure the stability and compliance of the company's operations to improve the quality of functional committee decision-making, ensure that decisions are adequately supported by information, and follow corporate governance best practices. The evaluation items cover the transparency, professionalism and impact of decision-making on the long-term development of the company, and evaluate whether it can effectively solve problems and promote the development of the company. Functional committee composition and member selection: The professional background and experience of committee members have a key impact on the quality of decision-making. Assess whether the committee has the necessary expertise to ensure the company complies with relevant laws and regulatory requirements.

The highest governance unit of AOET is the General Manager's Office, Directors' ESG education and training, and annual total compensation ratio. Please refer to the annual report

For details of attendance and seats of the Board of Directors and functional committees, please refer to the annual report

- 2024 Directors Performance Evaluation Shows Good Results
- The average term of office of directors in 2024 is 3 years, showing good performance..
- .5 meetings of the Board of Directors in 2024
- Follow the law to re-elect and gender norms.No violation of company law

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## 2.1 Corporate Governance Blueprint and Development Strategy

### Board composition and further education

AOET's board of directors includes practicing lawyers, practicing accountants, financial professionals and operators of listed companies in different industries, which meets the company's operational development needs. The board of directors includes practicing lawyers, practicing accountants, financial professionals and operators of listed companies in different industries, which meets the company's operational development needs. Independent directors account for 36%, 4 independent directors have served for less than 3 years, and 1 independent director has served for more than 9 years. There are 10 current board members, including 4 independent directors and 4 employee directors (accounting for 36% and 36% of all board members). The board of directors of the company is independent (please refer to page 13 of this annual report - Disclosure of professional qualifications of directors and independence of independent directors), and each director is qualified by education, gender and work experience (please refer to the director information of the annual report). When the general manager or equivalent position (highest manager) and the chairman are the same person, spouse or first-degree relative, the reasons, rationality, necessity and response measures (such as increasing the number of independent directors, and more than half of the directors should not serve as employees or managers, etc.) should be disclosed. Note: We have complied with relevant laws and regulations, and the number of independent directors has been increased at the 111th shareholders' meeting. Currently, no more than half of the directors are concurrently employees or managers.

There are no regulations regarding the third and fourth items of Article 26-3 of the Securities and Exchange Act between directors and independent directors. In addition to recruiting external professionals, future succession planning also includes training for the group's own senior managers. When deciding on important matters, the Board of Directors will consider economic, environmental and social topics and their impacts, risks and opportunities, as well as the opinions of stakeholders and will regularly listen to reports from the management team.

The members of the board of directors shall, in accordance with the Key Points for Advanced Study of the OTC Market (VI), establish a branch with the approval of the competent authority, focusing on corporate governance. In the next year, in addition to complying with the requirements of the competent authorities, the diversity of directors, the proportion of female directors, and the term requirements for independent directors will also be met. Strengthen more diverse voices and business sustainability perspectives. In addition to having professional background and professional skills, the successor to the Board of Directors should also have expertise in the company's business planning and business operations. In order to enhance the professionalism of the members of the Board of Directors and continuously improve the training of the directors, the Company considers the scope beyond the professional capabilities of each director and selects courses covering finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility and other courses related to corporate governance topics, or courses related to internal control systems and financial reporting responsibilities. Each person is arranged to take at least six to eighteen hours of training courses each year to ensure that the members of the Board of Directors have a considerable degree of industry knowledge and acquire new knowledge.

The board members are subject to performance appraisal every year, and the appraisal results serve as a reference for selecting or nominating directors and for determining their individual remuneration. Starting from 2024, in accordance with the Taiwan Stock Exchange Corporation, the establishment and exercise of powers of the board of directors of listed companies should comply with the key points. Article 4 of Section 2 stipulates: Starting from the 113th year, more than half of the independent directors of listed companies shall not serve for more than three consecutive terms. However, if the term of office of a director has not expired in the 113th year, the term of office may be applied from the expiration of his term.

#### The directors are all professional talents

Direct	Age	Industrial experience	Science and technology	Finance	Law	Operational judgment ability	Professional knowledge and skills	Operation and management capabilities	crisis management	International market view	Leadership decision-making ability
Weiya Kao	51-55	V	V			V	V	V	V	V	V
Zhonghe Lin	71-75	V				V	V	V	V	V	V
Maosheng Lai	81-85	V				V	V	V	V	V	V
JianXun Lai	46-50	V	V			V	V	V	V	V	V
Maosheng Li	71-75	V				V	V	V	V	V	V
Jinlong Xu	71-75	V				V	V	V	V	V	V
Yongran Cao	61-65	V	V	V		V	V	V	V	V	V
Weijun Chen	46-50	V			V	V	V	V	V	V	V
Senhe Zhang	55-60	V		V		V	V	V	V	V	V
Yongrui Chen	46-50	V	V			V	V	V	V	V	V

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### 2.2 Integrity Management and Corporate Ethics

- Integrity management and corporate ethics

As a leading high-tech enterprise, we always adhere to honest management, are committed to complying with the strictest ethical standards, and integrate integrity into our corporate culture. The company is well aware that integrity is the foundation of long-term success. Only through highly transparent operations, strict compliance monitoring and continuous ethical education can it maintain the trust of shareholders, employees and society and promote the sustainable development of the company. In the operation of AOET, integrity is not only a code of conduct, but also a responsibility, covering all internal and external business relationships. We emphasize that every employee, director and senior management must be fair, transparent and honest, and comply with internal company regulations and external laws and regulations.

- Roles and Responsibilities of the Legal Audit Office

In AOET's governance structure, the Legal Audit Office plays an indispensable role in ensuring that all business operations comply with the company's principles of integrity. The Legal Audit Office is responsible for conducting legal risk assessments on all business activities, predicting and controlling legal challenges that may affect the company's operations in advance. This not only involves the company's compliance behavior, but also includes its response to changes in the external legal environment. Regularly monitor the company's internal operating procedures to ensure that the operations of all departments comply with relevant laws and regulations and the company's integrity standards. If any non-compliant behavior is found, it will be reported in a timely manner and assistance will be provided in formulating improvement plans. The company's internal reporting system provides employees with an anonymous and secure channel to report any potential unethical or illegal behavior. The Legal Audit Office is responsible for handling all reports and ensuring that issues are properly investigated and resolved.

- Integrity supervision and decision-making responsibilities of the board of directors

AOET's Board of Directors has the core responsibility for corporate governance and is responsible for formulating policies for business integrity and ensuring their implementation in the company's operations. Responsible for formulating and regularly reviewing the company's integrity management policies to ensure that these policies comply with the latest laws and regulations and are consistent with the company's long-term development goals. These policies should cover conflicts of interest, bribery prevention, confidentiality protection and other aspects. Ensure that senior management maintains good professional ethics and adheres to fairness and transparency in decision-making. Regularly review the company's internal control system to ensure that it has adequate safeguards for business integrity, regulatory compliance and risk management. For any issues discovered, the Board will work with the Legal Audit Office to make improvement suggestions and oversee their implementation.

- Executive Responsibilities of the General Manager's Office

In daily operations, the General Manager's Office plays a core role in executing honest business operations. Embody the principle of integrity in daily work and motivate all employees to act together by setting an example. Regularly check the compliance and integrity of each department to ensure that all business activities not only achieve economic benefits, but also comply with legal regulations and corporate ethical standards. The General Manager's Office works closely with the Legal Audit Office to regularly identify and respond to potential legal, business or ethical risks. If the company faces challenges from the external environment or internal processes, it is responsible for formulating and implementing appropriate response strategies. Ensure the effective operation of the company's internal control mechanism, and when problems are found, report them to the board of directors and the legal audit office in a timely manner, and work together to ensure the integrity and legality of the company's operations.

No anti-competitive behavior legal action in 2024.



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### 2.2 Integrity Management and Corporate Ethics

- Measures to prevent bribery and bribery are implemented honestly

At AOET, we ensure that all employees and business partners understand the serious consequences of bribery and bribery through a clear anti-corruption policy and code of conduct. The culture of integrity is gradually implemented from senior management to grassroots employees, and the Legal Office is responsible for supervising anti-corruption measures in all business operations. Regularly disclose the implementation of measures to prevent bribery and bribery, and establish an internal reporting mechanism to ensure that all preventive measures are clearly tracked and all problems and improvement measures are promptly reported to management. Provide data and status reports on anti-corruption activities every year to let shareholders and employees understand the actual results.

Measures to prevent illegal political donations are implemented in good faith

All forms of illegal political donations are strictly prohibited, and it is emphasized that all donation activities must comply with local laws and regulations. If there are any political donation activities, they will be tracked and managed through the internal monitoring system, and the donation details must be disclosed in the annual report. Each donation and its use will be transparently disclosed in public reports and subject to regular internal audits to ensure compliance. Note: There are no business locations with corruption risks in 2024.

- Measures to prevent improper donations or improper charitable donations are implemented in good faith

We have established strict review and monitoring mechanisms to ensure that all charitable donations are not only in line with ethical standards but also legitimate. Charitable donations must serve the public good and be consistent with the values and long-term development goals of AOET. Donated projects and fund usage will be made public through internal management systems and external reports to ensure the transparency and compliance of donation activities.

- Measures to prevent unfair competition are implemented in good faith

We always adhere to the principle of fair competition and ensure that all business activities comply with relevant competition laws. We provide regular competition law education to all employees and strengthen monitoring of market behavior to avoid unfair competition and ensure transparency of overall business practices.

- Measures to prevent infringement of trade secrets are implemented in good faith

Trade secrets are the core of a company's competitive advantage, and AOET attaches great importance to the protection of trade secrets. All protection measures and events related to trade secrets will be tracked and recorded through the information security management system. The system will promptly reflect any abnormal situations and issue timely warnings for unauthorized data access. At the same time, all internal security training content and results will be disclosed in the company's internal reports to ensure that employees' knowledge and behavior regarding the protection of trade secrets meet the requirements.

- Measures to prevent products or services from harming stakeholders are implemented in good faith

AOET is committed to ensuring product quality and has established a strict quality control and feedback mechanism. All the company's products and services undergo multi-level inspections and tests to ensure that they will not cause harm to customers or any stakeholders. A comprehensive quality tracking system has been established to manage the quality inspections and customer feedback results of all products in a digital manner. All product test results, customer complaints and product improvement measures will be made public and presented transparently in internal reports so that relevant departments can adjust strategies and improve service quality in a timely manner.



Anonymous reporting email

AOET adopts an independent mailbox system for anonymous acceptance of reports, and sets up mailboxes in places where employees frequently enter and exit, and a mechanism for personal privacy delivery and protection. Any individual who violates the rules and regulations will be handed over to the Legal Audit Office for investigation based on the principle of seriousness, and will be included in the content of future major measures to be revised. All information will be handled anonymously. The management methods of incentive measures will be clearly stated in the company's articles of association and handled anonymously.





### 2.3 Regulatory compliance and internal audit system

- **Strengthening compliance governance and risk management**

Compliance management is crucial to the survival and development of an enterprise. Governments around the world use laws and policies to encourage companies to establish sound internal compliance management systems, which not only helps avoid legal proceedings but also ensures that companies comply with local laws and regulations. As international regulations continue to upgrade, more and more companies have formulated compliance plans on a global scale. These plans not only include risk identification and assessment, control and measurement, but also require regular monitoring and improved standard operating procedures to ensure the effective operation of internal control mechanisms. Enterprises must adopt internal and external cooperation and actively manage risks when they exceed warning values.

- **The impact of global trends and investment confidence**

In recent years, environment, social responsibility and corporate governance (ESG) have become an important trend in global investment, and the effectiveness of compliance management directly affects investor confidence. In addition to complying with the relevant laws and regulations of each country, companies must also ensure the consistency of information and have a dedicated legal audit department regularly educate employees on competition law and other relevant regulations. This not only helps reduce the risk of violations, but also enhances employees' competitiveness in the international market. Enterprises should take protecting shareholders' rights, strengthening the functions of the board of directors, giving full play to the functions of the supervisory body and respecting all stakeholders as governance principles.

- **Legal compliance and sustainable management**

In terms of compliance with laws and regulations, companies need to clarify the division of responsibilities and ensure that responsibilities are clear and traceable from source to end. When signing cooperation memoranda and contracts with external business partners, it is also necessary to strictly comply with the Personal Data Protection Act to ensure the compliance of the supply chain and partners. Enterprises also need to include data security and information security requirements in audit projects and make appropriate corporate decisions to address related risks. In terms of internal policies, companies can adjust their strategies for coping with environmental changes based on past experience. These strategies must not only comply with anti-competitive behavior and anti-monopoly regulations, but also be guided by sustainable governance to enhance the company's ability to resist risks.

- **Dealing with international risks and regulatory changes**

In terms of governance structure, listed companies must comply with relevant regulations of financial supervisory and regulatory agencies to ensure that the company's profitability and organizational operations are in compliance with regulations. However, since 2020, unforeseen events such as sudden global infectious diseases and wars have had a significant impact on business operations. Therefore, in addition to complying with domestic and international compliance requirements, companies also need to pay attention to issues such as international carbon neutrality and climate change, and incorporate these considerations into their corporate governance frameworks. This will not only help deal with possible environmental risks in the future, but also enable companies to maintain a governance structure that keeps pace with the times.

- **Whistleblower system and transparency**

According to Article 23 of the Code of Corporate Governance for Listed Companies, companies must establish an independent reporting system, including: Establishing reporting channels: Setting up internal or entrusting external agencies to provide reporting mailboxes and dedicated lines to facilitate internal and external personnel to report. Assign dedicated personnel to handle reports: When reports involve senior management, they should be reported and handled by independent directors or supervisory bodies, and clearly regulate the reporting matters and investigation standard operating procedures. Investigation results and subsequent disposal: After the investigation is completed, follow-up measures should be taken according to the severity of the case, and if necessary, the case should be reported to the competent authority or transferred to the judicial authority for handling. Protection of whistleblowers: Information during the reporting process should be kept confidential, and anonymous reporting is allowed. At the same time, companies should ensure that whistleblowers will not be improperly punished for reporting. Rewards for whistleblowers: To encourage reporting, companies can establish a reward mechanism to give appropriate rewards to employees who actively report improper behavior.

Major violations are in accordance with the "Procedures for the Verification and Public Handling of Major Information of Listed Securities Companies by the Taiwan Stock Exchange Corporation" Operation and Governance - Corporate Governance - Professional Ethics and Compliance. In 2024, AOET did not have any major (fines exceeding NT\$1 million) violations. In 2024, AOET did not have any major violations of environmental laws and regulations, nor did it have any non-monetary penalties. For major violations of AOET in the social or economic fields in 2024, please refer to the annual report.

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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.3 Regulatory compliance and internal audit system

- Risk Management

Management of Technology and Market Risks In the field of advanced optical technology, the risks faced by enterprises mainly come from technical risks (such as failure of optical technology), market risks (such as failure of new products to achieve the expected results) and compliance risks (such as compliance with environmental or safety regulations). The internal audit department should help identify and manage these risks: Technology risks: Ensure that all technological innovation and R&D processes comply with international standards, and conduct risk assessments to ensure the feasibility and safety of new technologies. Market risk: In response to changes in market demand and technological trends, companies should make risk forecasts in advance and develop risk response strategies. Compliance risks: Especially in the advanced optical or electronic industries, there are laws and regulations related to environmental protection, product safety, patents, etc. Internal audits need to ensure that the products comply with international regulatory requirements throughout the process.

- Oversight Mechanism

Audit and monitor the operation of advanced optical projects In the field of advanced optical technology, the company's supervision mechanism should strengthen the monitoring of technical processes, product quality and compliance. The internal audit department should conduct special monitoring of these high-tech projects to ensure that they comply with relevant laws, regulations and industry standards, product quality and technology monitoring to ensure that each advanced optical product meets quality standards at every stage from research and development to production, and regularly check whether there are potential risks in the technical process. Technological innovation may involve complex patent issues. Internal audits should regularly check the legality of patent use to avoid infringement risks.

- Transparency

Improving Technology and Compliance Transparency Transparency in the advanced optical technology industry is particularly important, especially for investors and regulators. The internal audit department should provide clear reports on a regular basis to demonstrate to management, shareholders and regulators the company's efforts in compliance, technology risk management, product quality, etc., disclose to the public the company's compliance with international standards, ensure that all technologies and products comply with local laws and regulations, and actively participate in the formulation of industry standards.

- Compliance

Compliance with industry and international standards Compliance is particularly important in the field of advanced optics, as these technologies often involve complex patent laws, environmental regulations, quality standards, and market supervision.

Environmental and safety regulations Waste disposal and material use requirements ensure compliance with environmental regulations and prevent violations. Obtain certification to international or regional standards and ensure that products meet the safety and quality requirements of the market. Ensure that technological innovation complies with the requirements of patent law and avoid legal risks caused by patent infringement.

AOET operates its business with integrity and honesty, and strictly abides by the laws and ethical standards of its countries. It implements regulatory requirements and continuously strengthens internal control through a sound management system. The legal department builds a complete compliance system, formulates relevant policies and internal regulations, and regularly monitors any changes in laws that may have a significant impact on the company's operations. Through continuous education and training and risk assessment, it ensures that all employees have legal awareness and implement it in daily operations, thereby improving the company's overall operational transparency and sustainable management capabilities. The definition of a major event is based on the regulations on the verification and public handling of major information of listed companies. A single event with a fine of NT\$1 million or more is a major event. If there is a major event, it will be disclosed in the relevant chapters of the report. Number of violations and penalties in 2023 and 2024: 0



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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.3 Regulatory compliance and internal audit system

#### Five major processes of internal audit system

- Purpose

The purpose of establishing an internal control system in accordance with the guidelines for public companies and cooperating with operations is to assist the board of directors and review internal controls and improve deficiencies, and to measure the effectiveness and efficiency of operations to ensure that the internal control system is continuously and effectively implemented and serve as a basis for reviewing and revising the internal control system.

- organize

The Board of Directors shall report the reasons and contents of the changes to the Securities and Futures Bureau of the Financial Supervisory Commission via the Internet Information System within two days for recordation, and the dedicated internal audit unit shall be directly under the command of the Board of Directors and shall have relevant special functions.

- Responsibilities

Evaluate and investigate the rationality and effectiveness of the internal control system, including analyzing and reviewing the company's operating results and efficiency, the reliability and timeliness of reports, transparency and compliance with relevant regulations and laws, and reviewing the internal control system on its own, evaluating whether each unit operates and designs key controls in accordance with business characteristics, and regularly submitting management reports in conjunction with accounting data as a difference analysis, evaluating whether there is an appropriate division of labor to avoid being completed independently by a single organization or individual, and considering the cost and benefit of each operation and procedure, striving to be pragmatic and simple with standardized forms, and strengthening communication between units.

- implement:

This includes work planning, formulating audit objectives and scope of work, collecting background information, determining the resources required for the audit, notifying the audited units and personnel, and clearly defining the audit procedures. The collected information should be understood and analyzed, and field verification should be carried out when necessary. After completing the audit work, the auditor shall prepare an audit report, which shall be approved by the Chairman and then sent to the management department and the audited unit for improvement, and delivered to the independent directors for review before the end of the next month. The audit unit prepares follow-up reports on a quarterly basis and tracks improvement plans to determine whether the audited unit has taken corrective measures.

- Report:

In accordance with the Financial Supervisory Commission's regulations, the internal audit unit should conduct its own annual review of the effectiveness of internal control and implementation, and prepare an internal control system statement in accordance with regulations, which also applies when it is subject to prior approval by the board of directors for amendments. The relevant materials of the public announcement and audit report filed on the website designated by the Securities and Futures Bureau of the Financial Supervisory Commission within three months after the end of each fiscal year shall be kept for at least five years.





## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.3 Regulatory compliance and internal audit system

Based on the five components and 17 principles of COSO internal control system

- Control Environment

Demonstrates commitment to integrity and ethical values Establish a culture based on integrity and ethics, with leaders and employees following ethical standards to ensure that behavior is consistent with ethical values and legal norms. The board of directors exercises oversight responsibility to ensure the design, implementation and improvement of the internal control system, supervise its effectiveness and ensure the internal control system. Management establishes structure, authority and responsibility to ensure that everyone can work within the appropriate framework and be held accountable for the results. Demonstrates commitment to competence: We are committed to developing high-quality employees and giving full play to their professional skills in suitable positions. Enforces accountability for internal control activities and results by ensuring that all employees and management are held accountable for the control activities for which they are responsible and that their performance is regularly evaluated.

- Risk Assessment

Set risk-related objectives and conduct assessments (Specifies suitable objectives) Set risk management objectives that are consistent with its goals, and ensure that these objectives can be achieved through risk assessment to avoid unnecessary risks to operations. The internal control system needs to actively identify and analyze risks, including market risks, technical risks, operational risks, etc., and take appropriate measures to deal with them. Assesses fraud risk, sets up measures to prevent and respond to fraud, conduct regular assessments, and take steps to reduce the threat to the organization. Identifies and evaluates internal control risks caused by significant changes in the environment (Identifies and analyzes significant change) As the environment changes, respond quickly and identify new risks caused by environmental changes, and evaluate and control them.

- Control Activities

Select and develop control activities to achieve internal control objectives. Select appropriate control activities to achieve operating, reporting, and compliance objectives. Selects and develops general controls over technology to plan IT controls to ensure critical systems and data are effectively protected and business objectives are achieved. Deploys through policies and procedures Policies and procedures must be implemented in depth within the enterprise to ensure that all control activities achieve their stated objectives.

- Information & Communication

Obtaining relevant and high-quality information (Uses relevant information) ensures effective internal and external information flow, supports internal control decisions and improves the efficiency of organizational operations. Effective internal communication ensures that all information related to internal control can be effectively communicated within the organization. Communicate externally: Transparently report the status of internal control to the outside world, including financial reporting, compliance and risk management, and maintain good communication with investors, regulators and other stakeholders.

- Monitoring Activities

Conduct ongoing and/or separate evaluations Internal control should be monitored regularly to assess the effectiveness and performance of each department and make improvements based on the results. Evaluates and communicates deficiencies: When deficiencies or inadequacies are found in internal controls, they should be evaluated and communicated in a timely manner, and the problematic control measures should be corrected.

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### 2.3 Regulatory compliance and internal audit system

- Sustainable Information Management

Pursuant to Article 8, Paragraph 4, and Article 13, Paragraph 5 of the Guidelines for the Establishment of Internal Control Systems for Publicly Issued Companies, Advanced Optics has established an internal control system for "sustainable information management" and included it in its audit plan. Pursuant to Article 47, Paragraph 2 of the Guidelines for Establishing Internal Control Systems for Publicly Issued Companies, and with reference to the Announcement No. 1130009339 of the Taiwan Stock Exchange Corporation on May 24, 2014, all listed (OTC) companies are required to prepare a perpetual report starting this year. Considering that sustainable information should be completed through cross-departmental collaboration, AOET internal control system is established after joint discussions among relevant departments, and is supervised by governance units such as the Audit Committee or Board of Directors. In the process of implementing sustainable development goals, AOET internal control system covers the management and monitoring of environmental, social and governance (ESG) levels, which is not only crucial to the long-term sustainability of the company, but also helps to enhance the company's social responsibility, reduce potential risks and improve the overall transparency of the company.

- Cross-departmental collaboration mechanism for sustainable information management

It is an important part of advanced optical operations and covers the collaboration of various departments. In the process of establishing the internal control system, all departments of AOET need to participate in discussions and planning together and establish a collaboration mechanism. Each department shall be responsible for collecting, organizing and providing relevant sustainability information within its functional scope, and shall be responsible for the accuracy and reliability of the information provided. The main departments include the finance department (responsible for the financial reflection of environmental costs and social responsibilities), the legal department (responsible for regulatory compliance and risk management) and the operations department (responsible for daily environmental management and employee welfare and other related matters). In addition, in the process of promoting sustainable development, AOET actively invested in and utilized digital tools to achieve real-time data sharing and analysis among departments to improve management efficiency.

- Setting performance goals and risk control

In the process of setting sustainable development goals, the internal control system should establish clear performance indicators, which will be used to measure the progress and effectiveness of AOET in the areas of environment, society and governance (ESG). These performance indicators should be specific and quantifiable and cover the actual impact in various sustainability areas. AOET has set a number of specific ESG goals, such as reducing carbon emissions, improving energy efficiency and increasing the proportion of waste recycling. In order to manage risks, AOET has established a comprehensive risk assessment mechanism to specifically identify and analyze risks that may affect the environment and social responsibilities. AOET sustainable information management system and audit plan will be adjusted on a rolling basis according to regulatory changes, social responsibility requirements and corporate development needs. Companies should ensure that their internal control systems and audit plans keep pace with changes in the market and regulatory environment, and revise and upgrade the systems when necessary. The audit results will be reported regularly to the Board of Directors, Audit Committee. These reports will serve as the basis for the company to improve its management and control processes. AOET will disclose some of the audit results in its annual sustainability report to enhance the trust and transparency of external stakeholders.

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### 2.4 Risk Management and Response Capabilities

#### Risk Management Policy

The Group's risk management procedures include a comprehensive management process including risk identification, measurement, response, monitoring and reporting. This process is based on the basic principles of risk management, ensuring that various risks can be effectively identified and addressed, and that potential risks are comprehensively monitored. During the risk identification stage, the business execution unit needs to analyze the operating environment in detail, covering all business and operational activities, and conduct qualitative or quantitative management of various risks. Specifically, when identifying risks, various influencing factors of the internal and external environment should be considered, and comprehensive risk analysis and identification should be conducted based on these factors. During this process, business units need to comprehensively evaluate external factors (such as market changes, policy adjustments, etc.) and internal factors (such as resource allocation, operational processes, etc.) to determine the types of risks they may face and their nature. Once risk identification is completed, business units need to develop appropriate measurement methods based on different risk types as the basis for risk management. The measurement of risks mainly relies on quantitative analysis of risks and planning of response strategies based on actual business conditions. The risk measurement process will help companies clearly identify the scope and intensity of risks and their possible consequences, so as to develop reasonable and feasible response measures.

#### Risk Management Scope

As globalization progresses, the scope of risks faced is becoming increasingly broad and complex. The new global landscape requires companies to consider trade barriers and geopolitical risks in international trade. The security and geopolitical environment of various countries has become a necessity for companies to formulate strategies. As the business model shifts from a linear model to a circular economy model, risk management also needs to follow this trend and adjust risk response strategies. Especially after experiencing the lessons of the global epidemic, the risk of over-reliance on a single source in the supply chain has led to the search for more diversified and flexible supply chain management methods. Supply chain diversification not only reduces the risk of a single source, but also improves a company's ability to respond to changes in the global market. There is a need to shift from pursuing efficiency only to also paying attention to risk and safety considerations. Against the backdrop of an ever-changing global trade landscape, the intensifying competition between the United States and China has forced companies to consider geopolitical risks when formulating supply chain strategies. The mere pursuit of low cost can no longer meet the risk management needs of modern enterprises. The management of geopolitical risks has become a key element in enterprises' formulation of globalization strategies. Advanced optical risk management strategies need to be closely aligned with international initiatives and use emerging economic indicators to measure risk. Pay attention to external market risks and consider the dynamic changes in the talent resources market and their impact on business operations. With the globalization of talent resources, risk management strategies are based on cross-border talent flows and changes in market demand, and adjust their human resource management policies.

.Risk identification and analysis

.Risk Identification Tools and Methods

.Continuous market monitoring and data analysis

.Risk Quantification and Assessment

.A combination of quantitative and qualitative evaluation methods

.Data Model

.Scenario Simulation

.Risk Response Strategy

.Risk aversion, risk transfer, risk reduction

.Risk Exposure

.Diversification strategy

.Continuous monitoring and reporting

.Regularly monitor risk profile

.Reporting to senior management

.Current and emerging risks

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### 2.4 Risk Management and Response Capabilities

#### Risk warning and management organization

With the vision of optical excellence, the Group actively responds to emerging risks brought about by AI technology in the digital age and includes these risks in its identification scope. As global economic uncertainty increases, especially in 2024 under the influence of geopolitics, climate change, energy crisis and epidemic, the importance of risk management becomes increasingly prominent. The Group will focus on the management of special events related to risk opportunities, assess the likelihood of occurrence and risk scale of various events, and establish effective response mechanisms for these risks. By collaborating with the Legal Audit Office, Finance Office and other departments, we can achieve comprehensive risk control and process assessment. This move not only makes risk warnings visual, but also incorporates a comprehensive assessment and control mechanism. Based on the Group's high-level goals and strategic planning, risk management operations are based on the corporate vision blueprint, rationally allocate resources and achieve financial reliability and optimization. To this end, organizations need to establish clear risk preferences, systematically summarize all possible risks, build a risk database, and conduct risk ratings, including risk assessment and coordination for each function. Each risk should be assigned a specific person to manage it. Risk management is not the responsibility of a single person, but a strategic action that requires cross-departmental collaboration.

Risk has become part of business operations. When managed properly, risk is not a problem but a driver of growth and opportunity. Before risks exceed the scope of control, the management team should ensure timely identification and response to prevent risk issues from affecting the overall development of the organization. Based on the RBS risk identification framework, the risks in different fields (such as information, human resources, finance, etc.) are refined and disassembled through the WBS work layering technology, and the Risk Management Committee coordinates various functional departments to sort and prioritize risks according to the probability of occurrence. Currently, AOET Group uses the General Manager's Office as the highest risk management guidance unit, agrees on the basic principles of the organization, and conducts reviews in conjunction with the legal and audit departments to ensure smooth cross-departmental collaboration. Reference ISO31000:2018 risk management principles and BCM (business continuity management) standards, the Group emphasizes that risk management is not only a means to improve performance, but also a process to promote innovation, support corporate goals and enhance organizational support. The effective implementation of risk management will help achieve sustainable growth and development of the enterprise.

In 2024, as the global political and economic environment changes, the scope and challenges of risk management become more complex. Current risks include, but are not limited to, geopolitical tensions, supply chain disruptions, extreme weather events caused by climate change, rising energy prices, and the ongoing public health crisis. These factors have had a significant impact on the company's finances and operations. The Group needs to combine agile risk response strategies with these systemic challenges and adjust its project risk management methods in a timely manner, especially in response to economic and operational shocks caused by geopolitical risks, public health events and natural disasters.

When it comes to risk assessment, honesty and integrity remain core principles. The Group will conduct a comprehensive regulatory identification to classify and prevent potential corruption. Establish various business processes and operating standards, and require all employees to follow and implement the audit system. Establish reporting channels and anonymous protection policies to prevent corruption incidents. In addition, with the dramatic changes in the global market in 2024, the Group must pay special attention to internal and external risk warnings. Early warning systems include solid strategic planning, external threats, competitive opportunities, and adaptation to customer needs. Supply chain management will continue to be optimized to improve resource allocation efficiency and ensure compliance with ethical supervision and evaluation requirements. For major financial risks, in addition to internal risk warnings, the Group will also strengthen collaboration with the legal, insurance and financial departments to ensure sufficient cash flow, avoid non-compliant bad debt risks, strengthen quality management assurance and obstacle elimination measures, and establish a more robust risk prevention mechanism.



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### 2.4 Risk Management and Response Capabilities

#### Risk Identification

- A. Risk scope:Materials and Commodity Adaptation Access to key materials and volatility in raw material footprint: Due to geopolitical risks (such as the Russia-Ukraine conflict, trade sanctions, etc.) and disruptions to international supply chains, the acquisition of key materials has been significantly affected, especially the demand for specific rare raw materials is in an unstable state, which in turn exacerbates uncertainty and cost fluctuations in global production activities. Commodity expectations and inventory management are affected by inflation: As global inflationary pressures rise, especially rising energy and raw material costs, companies face severe inventory management challenges. Price fluctuations and changes in market demand caused by inflation require companies to be more cautious and flexible in formulating product pricing and inventory strategies.
- B. Risk range:Turbulence in the supply and value chains of strategic partners: Geopolitical risks (such as trade wars and increased trade barriers) have had a significant impact on the stability of the global supply chain, which affects the production and delivery of products, changes the organizational structure and cooperation model of the value chain, and increases the difficulty of cross-border cooperation. Delivery terms and markets are rapidly affected by inflation: As inflation intensifies, supplier costs rise, and adjustments to delivery terms and price structures become more frequent, further triggering changes in market demand and sharp price fluctuations.
- C. Risk range:Market preferences Commodity market turbulence is affected by geopolitics: Global market uncertainty and geopolitical conflicts (such as the Russia-Ukraine war) make changes in consumer demand difficult to predict, especially in the high-tech and energy product markets. Fluctuations in demand have exacerbated the market risks faced by companies. The expectation of rising commodity prices is affected by inflation: global inflation and material shortages have pushed up the cost of raw materials, and commodity prices will continue to rise. These risk factors need to be considered in pricing strategies and product positioning.
- D. Risk range:Turbulence in business operation models: Geopolitical risks and global economic instability have brought unprecedented challenges to companies' business models. With changes in international policies, rising trade barriers and uncertainty in market demand, companies need to quickly adjust their business operation models to remain competitive. The decline in operating income is affected by inflation: As global inflation further intensifies, consumer confidence weakens and purchasing power declines, we may face a significant decline in operating income, especially in price-sensitive markets, where the negative impact of shrinking demand on income is particularly obvious.
- E. Risk scope:Capital transparency and the impact of global trade turmoil: Due to geopolitical changes and the instability of the global trade environment, capital liquidity and financing conditions have become more uncertain. In the process of global capital allocation, changes in the external environment must be taken into account. The instability of the capital market may lead to higher financing costs. Adjustments in international monetary policies have led to dramatic fluctuations in exchange rates. This process has exacerbated the foreign exchange risks faced by enterprises and posed challenges to capital flows and foreign exchange management in cross-border operations.
- F. Risk range:Renewable energy regulations Energy stability and physical risks of power feed-in: Geopolitical conflicts and energy market instability pose challenges to the stability of renewable energy. Especially in the context of energy supply chain disruptions and changes in international energy policies, the stable supply and delivery of renewable energy faces greater risks. Financial risks and financing costs: As geopolitical risks intensify, renewable energy projects often face higher financing costs. The instability of the capital market and the risk fluctuations of investors have increased the difficulty of raising funds in the renewable energy sector.
- G. Risk scope:Technical debt makes it more difficult to identify and differentiate technical risks: Changes in geopolitical risks and the complexity of international regulations have increased the difficulty of identifying and managing risks during technological innovation, especially in the fields of digital transformation and high-tech. Against the backdrop of global inflation and increasingly stringent regulations, more resources need to be invested to meet growing compliance requirements, especially in terms of data privacy, cross-border transactions and compliance with environmental regulations. The increased compliance burden may affect operational efficiency.
- H. Risk scope:Climate change resource allocation and geopolitical risks: The intersection of extreme weather events (such as droughts, floods, etc.) caused by climate change and geopolitical risks poses challenges to global resource allocation and allocation. Especially in the management of agriculture, energy and water resources, these risks have had a significant impact on the operations of multinational companies. While achieving environmental compliance goals, we are also facing challenges from rising costs and resource shortages caused by inflation, which may lead to difficulties in enforcing compliance and increased cost burdens.

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### 2.4 Risk Management and Response Capabilities

#### Opportunity to grow

A . Opportunity Area: Materials and Commodity Adaptation Key Materials Acquisition and Supply Chain Diversification: With global supply chain uncertainties, develop alternative materials and emerging market resources to achieve supply chain diversification and resilience. This move will not only reduce dependence on a single source of supply, but also help open up new markets and enhance global competitiveness. Commodity price adjustment and inventory optimization strategy: Under inflationary pressure, use dynamic inventory management and accurate demand forecasting to optimize inventory levels and pricing strategies to adapt to market price fluctuations, reduce the risk of excess or shortage inventory, and maximize resource utilization efficiency.

B . Opportunity scope: Strategic partner supply chain and value chain innovation: In the uncertain global trade environment, by establishing more flexible cooperative relationships with strategic partners and exploring new supply chain models (such as blockchain technology, shared platforms, etc.), we can improve supply chain transparency and resilience and reduce risks to single sources. Ensure stability in partnerships in an unstable market.

C. Opportunity scope: Transformation of market preferences and market demand and development of emerging markets: Against the backdrop of geopolitical and economic turmoil, actively develop emerging markets, especially those regions that are not affected by traditional trade barriers. This move will expand market share and reduce dependence on mature markets, opening up more room for growth. Product innovation and pricing strategy adjustment: Inflationary pressure makes consumers more sensitive to prices. We can attract new customers by innovating products, optimizing value positioning and improving product cost-effectiveness, provide high-value products that meet market demand, and gain market competitive advantage.

D. Opportunity scope: Leverage digital transformation and innovative business models to improve operational efficiency, expand online markets, and establish a more flexible business structure to enhance risk resistance. Operating income growth and inflation countermeasures: Under inflationary pressure, flexible pricing strategies are adopted to cope with demand fluctuations, and operating income growth is maintained by increasing high-value-added services and expanding products to enhance customer loyalty.

E. Opportunity scope: Capital transparency, improved liquidity and diversified financing: Diversified financing channels, such as green bonds and socially responsible investments (SRI), increase funding sources and maintain stable capital flows in a changing market environment. Exchange rate risk hedging and foreign exchange management optimization: In the case of intensified exchange rate fluctuations, strengthen foreign exchange risk management, use financial derivatives (such as futures, options, etc.) to hedge exchange rate risks, and ensure capital liquidity and profit stability in cross-border transactions.

F. Opportunity scope: Renewable energy regulations Policies and market opportunities in the field of renewable energy: As governments around the world increase their support for renewable energy, they actively participate in clean energy projects and obtain policy subsidies and market opportunities. Fund raising and development of renewable energy projects: There are various financing opportunities in the renewable energy sector. By issuing green bonds, seeking government funding support or cooperating with financial institutions to reduce financing costs, we can promote the rapid development of renewable energy projects and achieve sustainable growth.

G. Opportunity scope: Technical debt, technological innovation and regulatory compliance optimization: In the face of increasingly stringent technical regulations, enhance your own technological innovation capabilities. By actively developing innovative technologies that meet future regulatory requirements, we can avoid compliance risks and gain an advantage in technology-leading markets. By actively complying with global compliance requirements and improving transparency, we can build a good reputation in the market and gain more customers and partners.

H .Opportunity scope: Climate change, climate risk management and efficient use of resources: In the face of challenges brought by climate change, optimize resource scheduling and management strategies, improve energy efficiency, reduce carbon emissions, develop new markets in areas with the least impact of climate change, and enhance the long-term competitiveness of enterprises. We can actively seek technological and product innovations that meet environmental protection requirements, develop environmentally friendly products, and take advantage of policy dividends and increased market demand to gain opportunities for sustainable growth.

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### 2.5 Climate change governance

#### The General Manager's Office consists of three core groups:

Energy Conservation Group, Climate Group and Greenhouse Gas Group. It consists of six cross-departmental teams covering areas such as Governance and finance. Its main responsibilities are to identify and assess the risks and opportunities associated with climate change, and to formulate corresponding strategies, policies and implementation plans. All departments actively participate in training courses related to climate risks, covering areas such as greenhouse gas emissions, carbon pricing, carbon footprint analysis, low-carbon economy and circular economy. These courses not only enhance employees' knowledge and capabilities, but also provide support for the sustainable development culture within the company. Currently, this function is operated internally by the General Manager's Office, and it is planned to establish a dedicated sustainable development committee after 2026 to strengthen strategy execution and supervision. Employees who have been trained and obtained relevant certificates will give back to the organization and be responsible for the re-education and training of internal employees, thereby promoting the continuous dissemination of the seed spirit of sustainable development throughout the organization.

#### Climate risks and impacts on business:

Climate risks on the business side are mainly reflected in commodity acquisition, value chain management and operating strategies. Climate change may exacerbate rising energy costs and resource scarcity, further affecting companies' production and logistics efficiency. Abnormal climate or extreme weather events may lead to production disruptions, disruptions in the raw material supply chain, or challenges in transportation, pushing up production and logistics costs. It may eventually turn into a financial burden, affecting brand value, profitability and market competitiveness. In addition, climate risks may also have a significant impact on a company's ESG (environmental, social and governance) goals, especially when the relevant goals are not clearly defined or difficult to achieve, which may raise questions from investors and stakeholders and have a negative impact on the company's financial condition. Strengthen the identification and management of these risks at the strategic level, and combine scientific and data-driven analytical methods to conduct comprehensive risk assessment and response.

#### Cross-sector collaboration and climate risk management:

As a part-time unit, it enables the identification and assessment of climate-related risks and opportunities through horizontal cross-departmental collaboration. Operations not only focus on the management of internal processes and supply chains, but also cover the impact on upstream and downstream suppliers. The increase in carbon taxes or fees will directly affect upstream costs. If these costs cannot be effectively passed on, they will directly affect the procurement and production cost structure of enterprises. At the same time, it also needs to bear the indirect impact of rising costs in the client value chain. Therefore, sustainability in procurement decisions will become a key strategy for companies to manage climate risks. Choosing partners with lower carbon emissions and compliance with human rights and labor standards will further enhance the resilience and sustainability of the supply chain.

#### International Climate Change Governance Framework:

International agreements on climate change governance focus mainly on global cooperation frameworks, which have far-reaching implications for corporate risk management and long-term strategies.

Here are three major international climate agreements and what they mean for business:

**United Nations Framework Convention on Climate Change (UNFCCC):** Since its adoption in 1992, the UNFCCC aims to promote global greenhouse gas emissions reduction and adaptation to climate change, and provides guidance for governments and businesses to formulate emission reduction plans and policies. Under this framework, companies should actively adjust their operating strategies, reduce carbon emissions, and enhance their responsibilities and commitments in global climate governance.

**Kyoto Protocol:** Adopted in 1997, it focuses on reducing carbon emissions in industrial countries. Although its binding targets are mainly aimed at developed countries, the carbon market and emissions trading mechanism it triggered still provide guidance for global companies. Enterprises should actively understand and participate in the carbon market to achieve emission reduction targets and obtain corresponding economic benefits.

**Paris Agreement:** requires countries to set national contributions (NDCs) and regularly review and strengthen emission reduction targets. Companies should actively respond to the Paris Agreement and align their emission reduction targets with global goals, which will not only help achieve international climate commitments but also enhance their environmental reputation and competitive advantage.

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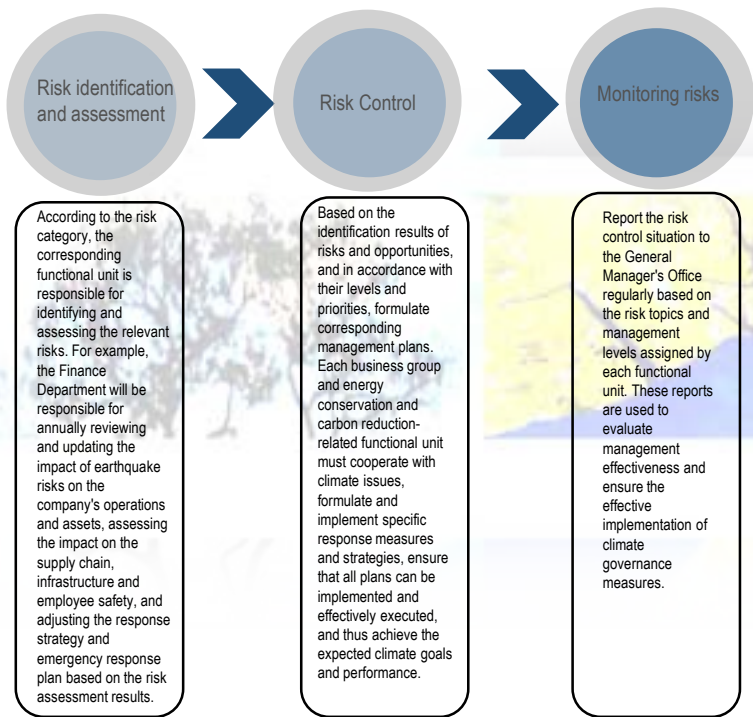


2.5 Climate change governance

Risk Management Framework

AOET has multiple business entities and operations all over the world. Different business entities and operating locations face very different operational risks. In order to effectively reduce the impact of various risks on operations, a hierarchical risk management process is established based on the levels of various risk issues and the functions of each unit. From the General Manager's Office, the group's highest governance unit, to the Legal Audit Office, the overall climate-related risk management process is improved based on different management levels and the impact of risk issues.

Group climate-related risk management process



Implementing climate governance

In order to strengthen the understanding of risks and opportunities related to climate change, the Group will introduce the TCFD framework and plans to conduct in-depth climate scenario analysis and research to quantify the long-term impact of climate change on corporate finances. The Finance Department and the General Manager's Office will be responsible for reviewing and updating the impact of climate issues on the company's finances every year, especially the physical risks (such as extreme weather, sea level rise, etc.) and transition risks (such as policy changes, carbon pricing, etc.) that may be caused by climate change. Based on the internal operating conditions, the possibility and extent of the impact will be set to further assess the significant risks. When facing issues such as transition risks, physical risks and climate opportunities, we must pay attention to the impact of climate change on natural capital, energy structure, infrastructure and supply chain. The risks brought by greenhouse gas emissions, energy consumption and climate disasters will have a profound impact on corporate operations, capital structure and market demand.

Although current responses may have some challenges and imperfections, companies must make a price-based transformation and take proactive measures to achieve net zero emissions targets and reduce dependence on fossil fuels to reduce financial carbon emission risks. In addition, as global attention to climate change grows, strategies must be adjusted to comply with international regulations, carbon markets and investor requirements for climate risk. For example, policies such as carbon pricing, emission caps, and green finance may have a direct impact on corporate operations. Direct climate shocks (such as extreme weather events, floods, droughts, etc.) will cause damage to production, supply chains, and infrastructure, forcing companies to strengthen carbon risk control and make good risk forecasts and responses. The issue of climate change not only affects the operational risks of enterprises, but also poses new challenges to digital technology, innovative technology and technological management. Companies need to conduct detailed risk analysis and scenario simulations to identify opportunities related to climate change. These opportunities include investing in renewable energy, carbon capture and storage technology, green buildings, energy efficiency improvements and other areas, which will not only improve the carbon footprint of the value chain but also create new market opportunities for companies.

Under the value model of jointly responding to global climate change, the Group is committed to the research and development and application of low-carbon technologies, which will have a two-way impact: on the one hand, reducing carbon emissions, and on the other hand, creating green innovation opportunities. Through a deep understanding of and effective response to climate change risks, companies will be able to gain an advantage in future market competition and promote stable financial growth.

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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.5 Climate change governance

#### Climate Change GovernanceClimate change governance:

The leadership and execution role of the general manager. In the current context of climate change, we need to focus not only on how to deal with risks in global change, but also actively seek opportunities for transformation. For AOET, climate change is not only an environmental challenge, but also a business opportunity to lead sustainable development. As a responsible and visionary company, the General Manager's Office plays a key leadership and coordination role in this process, ensuring that climate change-related strategies and actions can be implemented and drive the creation of long-term corporate value.

Note: AOET will set up a sustainable development committee in the future, which will be composed of independent directors and directors, and the board of directors will be responsible for comprehensive supervision of risks and opportunities related to climate change.

#### Leadership and coordination responsibilities of the general manager's office

Currently, as the highest decision-making unit, AOET General Manager's Office is fully responsible for the management of climate-related risks and opportunities, and leads the company to cope with the challenges brought by climate change; it is a necessary process of risk management and part of the company's long-term sustainable development strategy. The General Manager's Office should not only pay attention to the risks of climate change, but also identify and seize the opportunities. In the process of transitioning to a low-carbon economy, we will closely integrate climate change with our corporate strategy to ensure that the company can reduce its carbon footprint while improving its competitiveness and occupy a favorable position in the future market.

#### Reassessment and management of climate risks

As risks related to climate change continue to evolve, the General Manager's Office reassesses climate risks every year. This process includes regular reviews of transition risks (such as policy changes, changes in carbon emissions markets) and physical risks (such as extreme weather events, supply chain disruptions, etc.). Based on the latest international environmental policies, global carbon emission regulations and industry best practices, we will adjust the company's response strategy to ensure that every risk can be effectively identified and managed. In addition, the General Manager's Office will be responsible for coordinating the specific actions of each business unit to ensure that all departments can formulate practical response measures based on the company's overall strategy and incorporate climate risks into the management process of daily operations.

#### Action plan to address climate change

As the core of the Group, the General Manager's Office actively promotes the action plan of all colleagues to cope with climate change. Explore the application of low-carbon technologies and market expansion of green products. Focus on adjusting the supply chain, finding feasible solutions to reduce the carbon footprint of the supply chain, and enhancing the resilience of the supply chain to meet the various challenges brought about by climate change. The carbon reduction plan is not limited to the company, but will extend to the entire supply chain in the future. Cooperate with suppliers to jointly achieve carbon reduction goals, and promote environmentally friendly technologies and sustainable business models during the cooperation process, so as to jointly cope with the impact of climate change.

#### Opportunity identification and innovation drive

The risks posed by climate change also present opportunities for transformation. The General Manager's Office will actively identify these opportunities and integrate them into the company's innovation and development strategies. With the promotion of policies and market transformation, the development of carbon trading market and green finance may also bring new business opportunities. In the process of responding to climate change, the General Manager's Office, as the core management unit for the company's climate risks and opportunities, plays a vital leadership role. Through regular risk assessments, comprehensive response plans and continuous innovative actions, we ensure that companies can effectively respond to the challenges posed by climate change while seizing business opportunities in the transformation process to achieve sustainable development and long-term value creation.





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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.5 Climate change governance

#### Transition Risks

The risks are primarily related to policy, legal, technological advances, social and market changes related to climate change, especially during the transformation process that companies need to undergo to respond to climate change.

##### Technical debt and the risk of carbon tax burden

As the government strengthens carbon emission regulation, it faces higher costs in investing in new technologies and research and development. Increased carbon taxes or restrictions on carbon emission permits will increase operating costs and affect the transformation process. Low-carbon transformation and economic benefits risks. In the process of transforming to low-carbon and green products, large amounts of capital investment may be required, with insignificant initial returns, leading to cash flow pressure. The demand for low-carbon technologies and green products has not yet fully matured and may also bring economic burdens.

##### Market demand changes and consumer preference risks

The higher initial costs of low-carbon commodities may affect customer purchasing decisions, especially in price-sensitive markets, negatively affecting market share and profits.

##### Government policies and carbon market risks

As countries around the world step up their efforts to respond to climate change, changes in government policies, carbon emissions markets and related regulations may have an impact on corporate operations. Policy uncertainty could increase operating risks, especially if government policies fail to provide stable carbon pricing mechanisms or subsidies.

#### Physical Risks

Risks are related to the physical impacts of climate change, including extreme weather, natural disasters, disruptions in resource supply, etc., which have a direct impact on business operations, resource acquisition and productivity.

##### Risks of raw material shortages and trade barriers

As climate change affects natural resources and agricultural output, the supply of raw materials is becoming increasingly unstable and trade barriers are increasing. Extreme weather phenomena, rising sea levels and natural disasters may hit the production and circulation of raw materials, increase trade barriers and create uncertainty in the supply chain.

##### Geopolitical risks and climate shocks

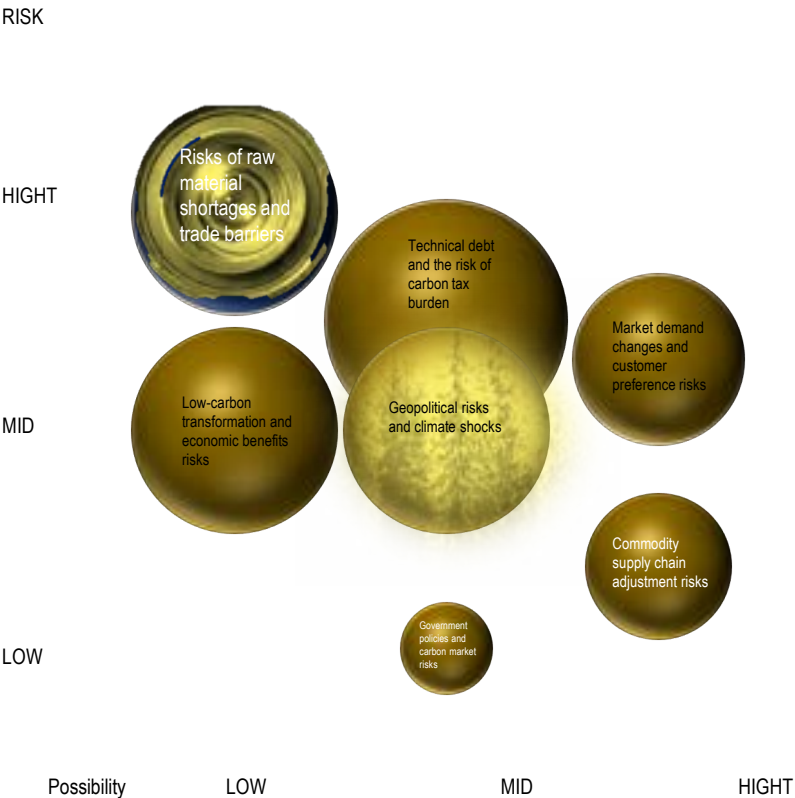
Climate change could lead to extreme weather events in some regions and exacerbate geopolitical tensions, leading to trade isolation. Low-lying areas or arid zones may become climate migrants, which will affect international trade and economic cooperation, and in turn affect the reorganization of production bases and the stability of supply chains.

##### Commodity supply chain adjustment risks

Climate change may lead to longer supply time or unstable output of certain raw materials. Suppliers may be unable to deliver goods on time due to extreme weather or natural disasters, or price fluctuations may increase, thus affecting the adaptability of the supply chain and further affecting production and delivery plans.



2.5 Climate change governance



The current climate risk landscape and trends are evolving rapidly. The impact on manufacturing and the global economy is becoming increasingly apparent

1. Risks of raw material shortages and trade barriers As climate change affects natural resources and agricultural output, the supply of raw materials has become increasingly unstable, forming trade barriers and leading to supply chain uncertainty. Extreme weather phenomena, rising sea levels and natural disasters may impact the production and circulation of raw materials and increase trade barriers. It is necessary to strengthen cross-border procurement strategies and diversify supply chains to reduce the impact of climate change.
2. Geopolitical risks and climate shocks Climate change leads to extreme weather events in some regions, exacerbating geopolitical tensions and trade isolation. Low-lying or arid areas may become climate migrants, impacting international trade and economic cooperation and leading to the reorganization of production bases.
3. Technical debt and carbon tax burden risks As the government increases its supervision of carbon emissions, investment in new technologies and research and development faces higher costs. Increased carbon taxes or restrictions on carbon emission permits increase operating costs, and it may not be possible to effectively upgrade technology.
4. Low-carbon transformation and economic benefit risks In the process of transforming to low-carbon and green products, you may face a large amount of capital investment, and the initial return is not significant, causing cash flow pressure. The market demand for over-reliance on low-carbon technologies and green products has not yet fully matured, bringing economic burdens and capital liquidity risks.
5. Commodity supply chain adaptation risks Climate change causes the supply time of certain raw materials to be extended or the output to be unstable, affecting the supply chain's ability to adapt. Suppliers may be unable to deliver goods on time due to extreme weather or natural disasters, or price fluctuations may increase, resulting in an imbalance between market demand and supply, affecting production and delivery plans.
6. Market demand changes and customer preference risks Under the influence of climate change, the initial cost of low-carbon products is relatively high, which may affect purchasing decisions, especially in price-sensitive markets, and have a negative impact on market share and profits.
7. Government policies and carbon market risks As countries around the world step up their efforts to address climate change, there will be changes in government policies, carbon emission markets and related regulations. Policy uncertainty could increase operating risks, especially if government policies fail to provide stable carbon pricing mechanisms or subsidies.

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2.5 Climate change governance

Opportunity

Hight

Mid

Low

Possibility

LOW

MID

HIGHT



Climate change poses risks, but also creates opportunities. Promoting sustainable development through adaptation and utilization

1. Green Technology and Innovation Leading Opportunities As the global demand for low-carbon technologies and sustainable solutions grows, you can invest in R&D and innovation to develop a new generation of environmentally friendly technologies or low-carbon products. It can help reduce its own carbon emissions and open up new markets.
2. Sustainable supply chain management and resource efficiency improvement As we face challenges in raw material supply, improving supply chain sustainability becomes an important opportunity. Reduce waste by optimizing resource usage efficiency, actively choose more sustainable suppliers, and reduce carbon footprint and costs. In circular economy, resource recovery technology and smarter logistics systems.
3. Expansion of green finance and carbon trading market As the global carbon market gradually matures, we can take this opportunity to trade carbon quotas or purchase carbon credits to obtain financial benefits or achieve carbon neutrality goals. It can also participate in the field of green finance, issue financial products such as green bonds and green funds, and attract investors' financial support for sustainable development projects. The operation complies with environmental protection policies and can also enhance the market image.
4. Through product innovation and development of green consumer markets, as customers' demand for environmentally friendly and low-carbon products increases, such as biodegradable materials, we meet market demand. Digitalization and traceability systems can be used to improve product transparency and sustainability, thereby increasing brand value.
5. Opportunities for policy incentives and government support As governments around the world strengthen their policy support for sustainable development and climate change response, there are opportunities to obtain policy incentives, subsidies, tax cuts and financing support. Financial support in areas such as low-carbon technology research and development can effectively reduce transformation costs and accelerate the achievement of sustainable development goals.
6. Changes in market demand and development of emerging markets As consumers become more environmentally conscious, the demand for sustainable products in many emerging markets has risen sharply. Enter emerging markets (such as Asia, Africa, etc.) and provide low-carbon, green products that meet local needs. As the international market pays more attention to sustainable development, we can also expand exports and open up broader international markets.
7. Establishment of partnerships and cross-industry alliances. Meeting the challenge of climate change is not just a task for companies to do alone, but requires more cross-industry and cross-field cooperation. Alliances can be established with governments, non-governmental organizations, academia, technology suppliers, etc. to jointly develop innovative sustainable solutions and create shared value.

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2.5 Climate change governance

Risk attributes	Climate risks and opportunities	Climate Risks and Opportunities Statement	Time period of impact	Financial impact	Response strategies	Target
RISK						
Physical risks	Risks of raw material shortages and trade barriers	The impact of climate change on natural resources and agricultural output, the increasing instability of raw material supply, rising sea levels and natural disasters may affect the production and circulation of raw materials and increase trade barriers	Long-term more than 3 years	Fluctuations in raw material prices indirectly affect production, which may result in a decrease in revenue and an increase in freight and shipping expenses.	Increased integration and regional sourcing	Increase purchasing inventory and research and develop alternative materials
Physical risks	Technical debt and the risk of carbon tax burden	Increased carbon taxes or restrictions on carbon emission permits increase operating costs and make it impossible to effectively upgrade technology	Long-term more than 3 years	Increased renewable energy costs, rate and tariff costs	Solar energy is implemented regionally to reduce energy consumption	We have set up photovoltaic and green electricity as priority to reduce trade tax
Physical risks	Low-carbon transformation and economic benefits risks	Faced with large capital investment, the initial returns are not significant, causing cash flow pressure. The market demand that relies too much on low-carbon technologies and green products has not yet fully matured.	Short-term 1-3 years	Financial burden and liquidity risk	Working together with suppliers to build a green value chain	Integrate partners' learning curve and jointly develop transformation strategies
Physical risks	Market demand changes and customer preference risks	The higher initial cost of low-carbon commodities may affect purchasing decisions, especially in price-sensitive markets, affecting market share.	Long-term more than 3 years	The impact of profit reduction	The value chain and commerciality of the global layout must be adjusted	Develop multilateral trade and diversified products with different attributes

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2.5 Climate change governance

Opportunity Attributes	Climate risks and opportunities	Climate Risks and Opportunities Statement	Time period of impact	Financial impact	Response strategies	Target
OPPORTUNITY						
Physical Opportunities	Sustainable supply chain management and resource efficiency	Optimize resource usage efficiency and reduce waste, actively choose more sustainable suppliers, and reduce carbon footprint and costs	Short-term 1-3 years	Improvement of capital efficiency	Circular economy, recycling technologies and smarter logistics systems	Optimal configuration of transportation and supply chain based on low carbon
Transformation Opportunities	Product innovation and development of green consumer market	As customers demand more environmentally friendly and low-carbon products, product sustainability and the need to reduce plastics in degradable packaging	Long-term more than 3 years	Improvement of capital efficiency	Degradable materials to meet market demand	Optimizing the sustainability of products and packaging
Transformation Opportunities	Green finance and the expansion of carbon trading market	The global carbon market is gradually maturing, and we can take this opportunity to trade carbon quotas or purchase carbon credits.	Short-term 1-3 years	Increase in operating profit	Attract investors to support sustainable development projects	Financial benefits from green finance
Physical Opportunities	Changes in market demand and development of emerging markets	Demand for sustainable commodities rises sharply in emerging markets	Long-term more than 3 years	Increase in operating profit	Buyer expansion and technology improvement	More strategies for international markets and cross-industry cooperation

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### 2.5 Climate change governance

#### TCFD Climate Financial Risk Analysis and Results Of AOET

##### ➤ Governance

In AOET's governance structure, the General Manager's Office is currently responsible for comprehensively overseeing climate-related risks and opportunities and ensuring that the company's operations comply with regulatory requirements in terms of environment, society and governance (ESG) and are able to maximize opportunities brought about by climate change. At the same time, AOET senior management team is responsible for implementing and promoting specific carbon reduction and green supply chain strategies.

##### General Manager's Office

As AOET has long been concerned about climate risks and sustainable development, a dedicated ESG committee will be set up in the future to monitor and manage climate-related strategies, risks and opportunities to ensure that the company can actively respond to the challenges brought about by climate change.

##### Management

Specific climate risk management responsibilities are assigned to the company's senior management team, especially the environment and compliance department, which is responsible for implementing climate risk assessments, formulating strategies for low-carbon technology transition, and reporting regularly to the General Manager's Office.

##### ➤ Strategy

As a high-tech enterprise, AOET faces different climate risks and opportunities from other industries, especially its reliance on global supply chain operations and demand for low-carbon technologies. Advanced Photonics' strategy for addressing climate risks focuses on investments in carbon reduction technologies, green supply chain optimization, and sustainable product development in emerging markets.

##### Impact of climate risks and opportunities

##### Physical risks

Extreme weather, natural disasters, rising sea levels and other factors may have an impact on AOET global supply chain, especially when it relies on sea and air transportation for the transportation of raw materials, which will increase the procurement cost and transportation time of raw materials.

##### Transformation risks

As more and more countries around the world introduce carbon pricing, carbon taxes or other carbon emission policies, this will directly increase the production cost of advanced optical products, especially for manufacturing operations that require a lot of energy consumption.

##### Strategic Response

##### Carbon reduction technology

AOET will increase investment in clean energy and low-carbon technologies, including the installation of solar photovoltaic systems and the use of green electricity in the production process. These measures help lower carbon emissions and reduce energy costs.

##### Supply Chain Optimization

Optimize supply chain design, give priority to suppliers that meet green standards, and work with upstream and downstream suppliers to promote low-carbon and sustainable product development to reduce carbon footprint and improve supply chain resilience.



### 2.5 Climate change governance

#### TCFD Climate Financial Risk Analysis and Results Of AOET

##### ➤ Risk Management

AOET has established a dedicated climate risk management framework and has integrated these risks into the company's comprehensive risk management system. Every year, AOET conducts a company-wide climate risk assessment to evaluate potential physical and transition risks.

##### Risk identification and assessment

Through the collaboration between the risk management team, the ESG department, the general manager's office and the finance department, AOET identified several major risk areas.

##### Physical risks

Factors such as extreme weather and natural disasters may affect global transportation and logistics, increase the risk of supply chain disruptions, and in turn push up raw material costs.

##### Transformation risks

As countries around the world increase their control over carbon emissions, future policies such as carbon taxes and emission restrictions may have a negative impact on AOET operating costs and capital expenditures.

##### Coping strategies

##### supply chain management

Enhance transparency in the supply chain and regularly review carbon emissions with key suppliers to ensure they meet the green supply standards set by the company.

##### Technology Upgrading and Green Investment

Continue to invest in low-carbon technologies, optimize energy consumption, and use green financial instruments for financing.

##### ➤ Metrics and Targets

In implementing climate risk management, AOET ensures that progress is measured and monitored by setting specific indicators.

##### Carbon emissions

AOET has set specific carbon reduction targets, with the goal of reducing carbon intensity by 1.5% year-on-year by 2030. In addition, discloses carbon emissions data for Scope 1 (direct emissions), Scope 2 (indirect emissions) and Scope 3 (supply chain emissions) annually, and regularly updates the target progress.

##### Energy consumption

To improve energy efficiency, AOET has set a target to reduce energy consumption intensity each year and give priority to the use of renewable energy. By 2026, it is planned to make renewable energy account for more than 5 to 10% of total energy consumption.

##### Green investment and carbon reduction technology

It is expected that in the next five years, AOET will invest 5-10% of capital expenditure in the research and development of low-carbon technologies and sustainable products.

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### 2.5 Climate change governance

#### Analysis of TCFD's results on climate financial risks

##### Financial impact

###### ➤ Operating income

###### Physical risks

Extreme weather or natural disasters caused by climate change may cause disruptions to the supply chain, especially in the transportation and processing of raw materials. The resulting logistics delays will affect delivery times and may lead to a decline in operating income. As trade barriers and logistics problems intensify, additional transportation costs will be added, putting pressure on corporate profits.

###### ➤ Cost Structure

###### Transformation risks

As carbon taxes and the cost of emission permits rise, companies' production costs will increase, especially energy-intensive production processes. This could compress gross margins and push up the overall cost of products.

###### Energy consumption

Although a large amount of capital investment is required to improve energy efficiency in the initial stage, in the long run, this will help reduce energy consumption and carbon emissions, further reducing operating costs.

###### Cash Flow

In the face of the challenges of climate risks, Advanced Optics will need to make additional capital expenditures to update technology and optimize the supply chain, which may affect short-term cash flow. Especially in the process of addressing reforms in areas such as carbon emissions and energy consumption, more capital investment will be required.

###### Shareholder Returns

As the low-carbon transition deepens, AOET environmentally friendly products will attract more consumers and may attract investors to increase investment in sustainable development companies. A successful green transformation will increase a company's market competitiveness and is expected to improve shareholder returns in the long run.

According to the TCFD climate financial risk analysis, the main risks faced by AOET come from global carbon emission policies, energy price fluctuations and extreme weather risks in the supply chain. These risks will have a direct impact on the company's operating income, cost structure and cash flow. Therefore, We needs to address these risks by strengthening governance structures, increasing investments in low-carbon technologies, and optimizing green supply chains. Strategies should focus on long-term carbon reduction goals and the development of market opportunities, especially in the context of rapidly growing demand for sustainable products in emerging markets, which will help enhance the company's competitiveness and financial performance in future markets.

AOET learns to better manage the financial risks of climate change while taking advantage of related market opportunities to achieve sustainable long-term growth.

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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.6 Sustainable Supply Chain Management

#### Supply Chain Management Vision

The Group's supply chain management vision is centered on sustainable development and is committed to establishing an environmentally friendly, efficient and responsible supply chain system through various policies and strategies. This vision is not only reflected in our internal operations, but also extends to our suppliers, partners and clients, aiming to promote green procurement, resource optimization, reduce carbon emissions in all aspects, and jointly address current environmental challenges.

##### ➤ Green procurement and sustainable management

We regard sustainable development and green procurement as one of our core competitive advantages. AOET is well aware that in the global trade and supply chain system, the choice of suppliers is crucial to the environmental impact of the overall business. Not only does it consider the cost-effectiveness of suppliers, but it also pays more attention to their environmental, social and governance (ESG) performance. We are committed to incorporating green procurement into our daily decision-making process, promoting the reduction of consumption of natural resources, and seeking alternatives with renewable resources, low-carbon technologies and environmentally friendly materials. At the same time, we actively cooperate with suppliers to ensure that they meet our environmental requirements, promote the adoption of production methods that meet environmental standards, and achieve a win-win goal for both parties. We view suppliers as strategic value partners rather than just suppliers, and together we move towards a sustainable future.

##### ➤ Regulatory Compliance and Global Responsibility

As environmental regulations become increasingly stringent, international requirements for corporate environmental responsibility are also increasing. In our global supply chain management, we will pay close attention to and comply with various international regulations and local government environmental requirements, including but not limited to:

##### The EU's Carbon Border Adjustment Mechanism (CBAM)

Actively respond to the EU's regulation on carbon emissions of imported goods, and strengthen cooperation with upstream suppliers to reduce carbon footprint and ensure that products comply with the requirements of the mechanism.

##### US Clean Energy Standard CCA

We closely monitor the US government's regulations on corporate carbon emissions and energy consumption, and encourage our suppliers to reduce carbon emissions during the production process. International standards and certification

The Group will ensure that all supply chain partners comply with international environmental standards, such as ISO 14001 environmental management system certification, ISO 50001 energy management system certification, etc. This will serve as one of the bases for our supplier selection. Compliance is not only a basic legal obligation of an enterprise, but also an important guarantee for long-term sustainable development. To this end, We will actively align with global regulations and continuously update its internal compliance policies to ensure that all business operations comply not only with local laws, but also with the international community's expectations for corporate environmental responsibility.

##### ➤ Sustainable cooperation with suppliers

AOET's supplier selection is not only based on the quality and cost of their products or services, but we also focus on their contribution to sustainable development. Our supplier selection criteria include environmental impact, social responsibility and governance structure in the assessment, requiring suppliers to reduce resource consumption and carbon emissions during the production process and provide transparent data support. We will not only rely on internal strategic planning, but also refer to international best practices and encourage suppliers to participate in environmental certification, carbon emission reporting and other work. Work with suppliers towards a low-carbon, sustainable future.

Through partnerships with suppliers and Sedex as a supporting tool; no suppliers with significant risk of forced labor or compulsory labor incidents during the reporting period.

Note: The proportion of local procurement expenditure in Taiwan in 2024 is 36.36%, see the annual report for details



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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.6 Sustainable Supply Chain Management

#### ➤ Digitalization and supply chain transparency

In the information and digital age, we also realize that the digitization of supply chain management is crucial to improving transparency and collaboration efficiency. In the future, AOET will actively adopt the latest digital technologies to monitor the entire supply chain and ensure real-time tracking of suppliers, product flows and environmental impacts. By establishing a transparent supply chain system, we can coordinate each link more efficiently and respond quickly to any risks, thereby enhancing the resilience and reliability of the supply chain.

#### ➤ Supply Chain Risk Management

As globalization deepens, supply chains face more and more risks, especially climate change, changes in trade policies, and uncertainty in resource supply. We will use risk management tools to identify and respond to various risks related to the supply chain, actively adjust supply chain strategies, and reduce the impact of external factors such as climate change. At the same time, we will provide clear and accurate reports to all stakeholders (including consumers, investors, regulators, etc.) to demonstrate our efforts in promoting a green economy.

#### ➤ Supplier Management Policy

At AOET, we are fully aware of the importance of supplier selection to the long-term development of the company, so we have established a complete and rigorous new supplier evaluation system. The purpose of this system is to ensure that our suppliers meet our requirements in terms of economic benefits, social responsibility and environmental impact, and can work with us towards the goal of sustainable development.

#### New Supplier Management

##### ➤ Audit information

AOET require new suppliers to submit complete written information, which will cover their operating profile, financial status, environmental protection measures, human rights policies, etc. This step helps us gain a preliminary understanding of the supplier's management system and its compliance. In addition to reviewing written materials, we also conduct random on-site visits to personally understand the supplier's production lines, factory environment and operating conditions. This not only helps us confirm whether its production process meets quality standards, but also allows us to conduct on-site inspections to see whether it complies with environmental protection regulations and social responsibilities.

##### ➤ Socialization of operational compliance

We will conduct an in-depth analysis of the supplier's operating model, especially whether its treatment of employees, labor management and human rights protection are in compliance. We are committed to ensuring that all suppliers comply with international conventions and local laws and establish a fair and equal labor environment.

#### Existing Supplier Risk Management

To ensure that cooperation with suppliers always meets the requirements of sustainable development, we conduct regular risk assessments on existing suppliers and monitor their economic, social and environmental performance. Our risk management strategies include:

##### ➤ Regular risk assessment

We conduct risk assessment at least once a year to comprehensively evaluate suppliers' economic performance, social responsibility fulfillment, and environmental impact, identify potential risks in a timely manner, and take effective measures to address them. The results of risk assessment will directly affect our partnership with suppliers, ensuring that our supply chain always operates on a stable and sustainable basis.

##### ➤ Complying with international conventions and human rights as the core of labor management

We require all suppliers to comply with international human rights and labor standards and regularly review their labor management systems. We encourage suppliers to adopt fair labor practices and require them to comply with all relevant labor laws and international norms to ensure that employees work in a safe, healthy and dignified environment.

##### ➤ Environmental responsibility and compliance monitoring

We regularly assess the environmental impact of our suppliers and monitor their performance in areas such as energy consumption, emission control, and water use. If a supplier fails to comply with our environmental standards, we will assist them in making improvements or necessary adjustments to ensure that their production processes do not cause excessive damage to the environment.



## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.6 Sustainable Supply Chain Management

#### Supplier Management Policy

##### ➤ Shared Commitment and Maximization of Value

The Group's supplier management policy aims to maximize the value chain and we emphasize the value of shared commitment to sustainable development with our suppliers. Through the following measures, we not only ensure that risks in the operation process are controllable, but also promote the reduction of greenhouse gas emissions, the creation of local jobs and economic prosperity.

##### ➤ Reducing long-distance transportation and greenhouse gas emissions

We actively seek to reduce the transportation of raw materials and products from distant places, thereby reducing carbon emissions during transportation, promoting the use of local resources, and contributing to environmental protection and local economic development.

##### ➤ 3TG-free procurement and human rights protection

We require suppliers to comply with the 3TG (tin, tantalum, cobalt, gold)-free procurement policy, ensure that suppliers use child-free labor, protect the basic human rights of all employees, and comply with international conventions.

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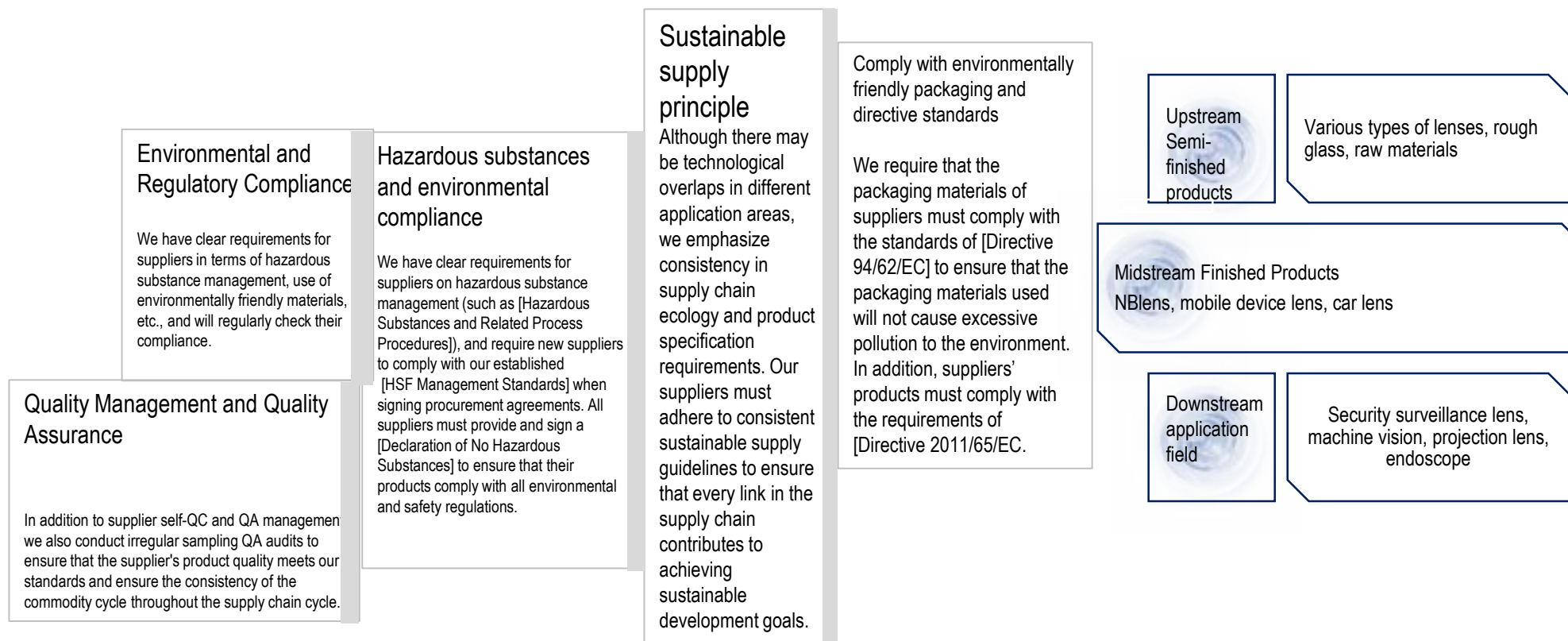
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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.6 Sustainable Supply Chain Management

#### Supplier's Environmental and Regulatory Compliance Policy

In order to ensure that suppliers comply with relevant environmental regulations and actively promote sustainable development during their operations, Advanced Optical has developed a comprehensive supplier environmental and regulatory compliance policy. These policies not only require suppliers to comply with international and local environmental regulations, but also encourage them to take active environmental protection measures during the production process, achieve energy conservation and emission reduction, and recycle resources, and promote the sustainable development of the entire supply chain.

##### ➤ Environmental permits and reports

Suppliers must obtain all necessary environmental-related permits, including but not limited to environmental management system certifications, approvals and registrations such as ISO 14001. Suppliers are required to comply with the operating requirements of their permits, report regularly on their environmental management status to the relevant authorities, and ensure that required permits and certificates remain valid and updated. In addition, suppliers are expected to conduct regular environmental audits and compliance checks to ensure compliance with all local and international environmental regulations.

##### ➤ Pollution prevention and resource conservation

Suppliers should prevent pollution at the source and actively improve pollution control equipment and facility procedures in the production process. Specific measures include but are not limited to Reduce or eliminate the emission of hazardous substances and reduce waste generation  
Optimize production processes and adopt cleaner technologies and alternative materials  
Implement energy-saving and emission-reduction measures to minimize the consumption of natural resources and reduce the impact on biodiversity.  
Strengthen the management and conservation of environmental resources, and promote the reduction and recycling of waste.

##### ➤ Identifying Hazardous Substances

Suppliers must identify, test and manage chemicals and wastes from their production processes that may pose a hazard to humans or the environment. All hazardous materials must be properly handled. Manage security according to each stage of its life cycle Hazard Control During Production, Transportation and Storage  
Safety measures for use, recycling and reuse Final disposal or harmless treatment.





## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.6 Sustainable Supply Chain Management

#### Supplier's Environmental and Regulatory Compliance Policy

Suppliers must regularly review hazardous substances and ensure compliance with relevant environmental and health and safety standards.

➤ Solid Waste and Materials Control

Suppliers shall responsibly handle and recycle solid waste in compliance with local and international regulations. All materials must meet environmentally friendly standards and suppliers should adopt best waste management practices. Separate waste regularly and recycle it effectively.

Establish waste reduction and reuse programs to convert waste into valuable resources whenever possible.

Ensure waste disposal processes comply with all environmental regulations and standards.

➤ Greenhouse gas emissions management

Suppliers are advised to conduct self-inspections of carbon emissions and submit reports, especially monitoring Scope 1 (direct emissions) and Scope 2 (indirect emissions). Once appropriate capabilities have been acquired, a Scope 3 emissions audit should be conducted.

Regularly check carbon emissions and ensure compliance with international carbon footprint and life cycle management regulations. Providing data to support carbon emission reduction strategies and action plans.

Combine carbon management with intelligent technology for intelligent monitoring and prediction.

➤ Energy Management

Suppliers shall implement effective energy management policies and improve energy efficiency. When working with suppliers, AOET recommends that they use an electricity situation room or other energy monitoring system for energy management.

Regularly check energy consumption and make energy-saving improvements.

Promote the use of renewable energy and reduce reliance on non-renewable energy. Assess suppliers' energy consumption and support them in improving energy efficiency.

➤ Water management

In terms of water management, suppliers are required to implement water conservation measures, especially water withdrawal management in areas without water stress.

Follow effective water management and conservation strategies during water withdrawal.

Control pollution and regularly test water quality to ensure that the water source is not polluted and the water consumption rate is

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### 2.6 Sustainable Supply Chain Management

#### Supplier Human Rights Responsibilities and Ethics Code

AOET committed to promoting comprehensive human rights protection and ethical business practices, and requires all suppliers to comply with strict human rights standards and business ethics. By strengthening suppliers' awareness of social responsibility and sustainable development, we ensure that in the global supply chain, we not only safeguard human dignity but also achieve long-term sustainable partnerships. The following are our specific requirements for suppliers' human rights responsibilities and ethical standards.

#### Supplier Human Rights Responsibility

➤ Humane treatment

Suppliers must ensure that workers are protected from any form of harsh treatment, including but not limited to sexual harassment, sexual assault, corporal punishment, mental or physical coercion, bullying, public humiliation and verbal abuse. The use of threats or coercion against employees is prohibited, and suppliers are encouraged to hold gender equality meetings regularly to ensure that employees work in an environment of respect and humane treatment.

➤ Non-discrimination and equal human rights

Suppliers should provide equal treatment, ensure that women have equal employment opportunities and treatment as men, and not discriminate against employees based on gender. Suppliers should avoid discrimination or sexual harassment against employees based on skin color, race, gender, age, etc. Any use of slave labor, human trafficking or any illegal activities related to 3TG (Tin, Tantalum, Tungsten, Gold) is prohibited.

➤ Free choice of career

Suppliers shall not unreasonably restrict workers' freedom of movement, including requiring workers to freely choose whether or not to continue working. It is necessary to provide relevant information on employee rights, benefits and working environment, and ensure that this information is clear and open in the employees' native language so that every employee can understand their rights and responsibilities.

➤ Freedom of association

Suppliers should respect employees' rights to freely associate, and employees should enjoy the freedom to engage in collective bargaining and peaceful assembly. Suppliers must not interfere with or restrict workers' rights to express personal opinions and must ensure workers' physical and mental safety in all interactions.



#### Internal and external reporting mailbox

The Group attaches great importance to business integrity, procurement codes and supplier selection, and therefore has a reporting channel for suppliers' behavior and illegal, unethical and unsafe practices. We conduct business activities based on the principles of fairness, honesty, trustworthiness and transparency, and establish a code of integrity for business operations. In accordance with regulations, a reporting mailbox is set up for reporting dishonest or improper behavior. If you find any illegal corruption, or any improper moral and professional conduct of our company employees or supervisors, please use the reporting channel. Please inform us by QR Code.

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## 02 Robust Governance - Corporate Governance and Operational Resilience

### 2.6 Sustainable Supply Chain Management

#### Supplier Code of Ethics

➤ Integrity management

Suppliers must uphold the highest standards of integrity in all business interactions, comply with all applicable laws and regulations, and safeguard confidential information in their business dealings. Suppliers should establish sound internal control mechanisms to ensure honesty and transparency in business activities and avoid all forms of corruption and improper practices.

➤ Transparency

Suppliers shall maintain financial transparency and refrain from any form of bribery, bribery or illegal business transfer.

All financial reporting and business transactions should be conducted in good faith to ensure that internal and external partners have a clear understanding of the company's business operations.

➤ Responsible Sourcing

Suppliers should avoid sourcing conflict minerals and comply with all applicable international regulations to ensure that the resources used do not involve human rights violations or environmental damage. Suppliers should establish a sound procurement monitoring mechanism to prevent any form of conflict of interest and ensure that their procurement practices are consistent with social responsibility and sustainable development goals.

#### Suppliers' social responsibility and continuous improvement

Advanced Optical expects its suppliers to not only focus on economic benefits, but also incorporate human rights protection, social responsibility and environmental protection into the core values of their business operations. Through continuous supplier assessment, cooperation and improvement programs, we will work with suppliers to improve human rights and ethics throughout the supply chain and promote the long-term sustainable development of the company. We require all suppliers to commit to the above standards and provide regular compliance reports to ensure that their business practices meet AOET's high standards and move towards a more responsible and transparent business future together.

#### Supply Chain Rating and Response Measures

- GOOD 90-100 points Recommend to increase purchase quantity
- SATISFACTORY 80-89 points Maintain current operations but require suppliers to continuously strengthen management mechanisms
- NEEDING IMPROVEMENT 70-79 points The total score of the supplier evaluation for the year is less than 80 points. Audit the supplier and provide guidance for improvement.
- The total score of the evaluation for two consecutive years is between 70-79 points. Discuss the purchase volume ratio with the supply chain management team.
- SIGNIFICANT DEFICIENCY 70 points or less Re-evaluation



2.6 Sustainable Supply Chain Management

Supply Chain Procurement Analysis

In addition to focusing on quality raw materials, R&D and manufacturing, and workplace safety, the Group's six major procurement categories also focus on operational use and delivery services, which are also an indispensable part of the procurement process.

➤ General Affairs and Labor Procurement

Focusing on the demand patterns of corporate procurement and the role of procurement change management, we formulate management systems, processes and procurement management strategies.

➤ Rough plastic

The upstream raw materials of plastic lenses are engineering plastic materials such as PC and PMMA, which are then cut and coated. Plastic lenses are made by combining multiple plastic lenses together and adding photosensitive elements.

➤ Rough glass

Optical glass blank factories process optical glass raw materials into various specifications of concave-convex lenses or prism blanks according to customer needs through processes such as cutting, weight control and hot pressing. When producing optical blanks, the material production will require different thicknesses due to the different shapes of the customer's optical lens designs (such as plano-convex lenses, bi-convex lenses, bi-concave lenses, etc.).

➤ Mold use

A mold is a tool used to shape a product. Depending on the material and properties of the product, the type of mold that is suitable for use will vary.

➤ Business and safety maintenance

Including all business expenses and equipment maintenance and safety costs.

➤ Transport business

Domestic inland transportation and container or air transport costs.

To ensure the responsibility and sustainability of the supply chain, we conduct a comprehensive social assessment of suppliers. This helps ensure a stable supply of raw materials, products and services, reduces operational risks, protects workers' rights, improves supply chain transparency, and ensures that suppliers comply with relevant social responsibility standards and corporate ethics. We conduct systematic analysis and assessment at every stage of the procurement process, covering the supplier's labor conditions, human rights protection, health and safety, community impact and other aspects to ensure that procurement decisions are not only cost-effective, but also in line with sustainable development goals and social responsibility commitments.

50% of suppliers will be audited by 2024, totaling 12 companiesFor supply chain analysis and definition, please refer to the 2024 Annual Report

Six major categories of procurement	Supplier Definition	Importance to AOET
Business and safety maintenance.	Enterprise-related workplace safety is related to operational needs.	Jointly maintain business operations Important strategic value partner.
Rough glass.	Quality raw material sources.	Jointly maintain the source of quality Important strategic value partner.
Blank plastic.	Quality raw material sources.	Jointly maintain the source of quality Important strategic value partner.
Other filters and plastic lens barrel components.	Quality raw material sources.	Jointly maintain the source of quality Important strategic value partner.
Use of machines and moulds.	During the development and production of the mold required for the finished product	Jointly maintain product formation
General affairs and labor procurement	Machine usage.	Important strategic value partner.
	Business operations and basic utilities.	
Freight transportation.	External clients land, sea and air delivery services.	Jointly maintain product transportation Important strategic value partner.

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### 03 Green Mirror-Environmental Sustainability and Operational Strategies

#### 3.1 Climate Action and Sustainable Strategy

#### 3.2 Greenhouse Gases and Action

#### 3.3 Energy Management and Application

#### 3.4 Water Resources Management

#### 3.5 Waste Management and Resource Recycling

SDGs:13,7,11,12

#### Chapter Highlights.

- Promote the feasibility of diversified net zero
- No harmful substances.
- .Phase-specific short-, medium- and long-term goals
- Environmental management of energy resources.
- Sustainable co-construction in line with international initiatives (Chapter 6)





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## 03 Green Mirror - Environmental Sustainability and Operational Strategy

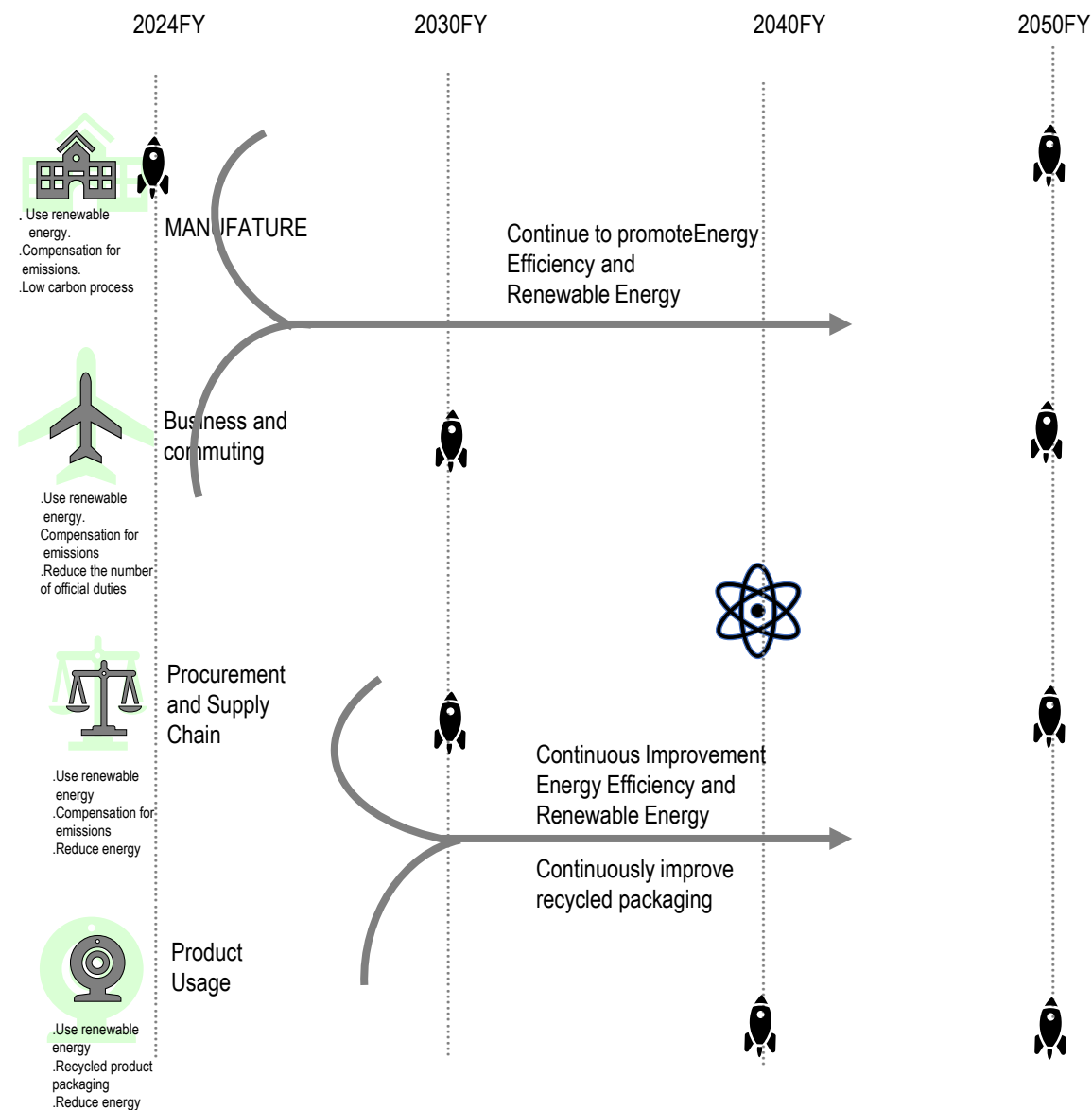
### 3.1 Climate Action and Sustainable Strategy

Greenhouse gas emissions and climate change have already had a significant impact on the global ecological and socio-economic systems, leading to frequent extreme climate events, rising sea levels, loss of biodiversity, water shortages and imbalances in the food system, further threatening the stability of corporate operations and the resilience of the supply chain.

In the face of these challenges, the world has gradually established common norms and standards for carbon reduction responsibilities and climate resilience. Governments and companies have made net zero commitments and promoted relevant regulations and market mechanisms. The ability to respond to climate change has become a key indicator of a company's international competitiveness.

In response to the Taiwan government's "2050 Net Zero Emissions Roadmap" and global climate action trends, the Group conducted its first independent greenhouse gas inventory in 2023. Currently, 2024 is set as the carbon management base year (factory expansion is in progress), and a full range of carbon reduction actions and net zero strategies have been launched. We simultaneously set short-, medium- and long-term climate goals, covering greenhouse gas management, energy transition, waste resource utilization and product carbon footprint management, to promote low-carbon transformation of the entire supply chain.

In order to align with international sustainability standards, the Group refers to the TCFD (Task Force on Climate-related Financial Disclosures) climate financial disclosure framework to comprehensively identify climate change risks and opportunities, strengthen governance, strategy, risk management and performance indicators (KPIs), formulate a carbon reduction path that is in line with the 1.5°C target of the Paris Agreement, and respond to future requirements of international investors for climate information disclosure and the SDGs (United Nations Sustainable Development Goals). The Group also actively pays attention to the EU Carbon Border Adjustment Mechanism (CBAM), the US SEC Climate Disclosure Standards, the IFRS/ISSB Sustainable Disclosure Standards and other international standards that are about to be implemented, in order to strengthen cross-border supply chain compliance capabilities and carbon reduction competitiveness in advance.





## 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.1 Climate Action and Sustainable Strategy

#### Climate Risk and Opportunity Assessment

In response to the operational challenges and transformation opportunities brought about by climate change, the Group's Sustainability Department is responsible for carrying out climate risk and opportunity assessments, while the General Manager's Office coordinates cross-departmental communication and collaboration mechanisms. In accordance with the TCFD (Task Force on Climate-related Financial Disclosures) guidelines, we have established a comprehensive risk identification process. Through cross-departmental discussion, stakeholder communication and external expert consultation, we specifically identify the main climate risks and opportunities faced by the Group and define their possible scenarios, impact levels and potential financial impacts.

On this basis, the Group conducted an overall inventory from the perspective of the entire value chain, covering the upstream supply side, internal operating processes and downstream market ends, to strengthen the systematic and forward-looking nature of climate change management. Especially in the areas of product innovation and supply chain management, in the face of raw material fluctuations, regulatory pressure and changes in market preferences caused by climate risks, the Group actively seeks transformation opportunities to promote the construction of low-carbon products and sustainable supply chains.

In addition, in response to the increasing global attention to the linkage between climate risks and financial impacts, the Group has explicitly incorporated climate financial integration into its sustainable governance strategy, focusing on five key management aspects:

Five sustainable action measures:

#### 1. Operational measures:

Optimize energy efficiency, introduce renewable energy and low-carbon technologies, and implement low-carbon operation transformation.

Strengthen the disaster resistance of facilities and reduce the risk of interruption of production operations due to extreme climate.

#### 2. Environmental measures:

Establish a greenhouse gas emission inventory and carbon reduction mechanism to promote environmental resource protection and pollution prevention.

Promote carbon footprint management and environmental performance monitoring system.

#### 3. Water Resources Measures:

Promote water conservation and water resource reuse plans to reduce the risk of water resource depletion.

Assess the potential impact of climate change on water supply stability and propose adaptation plans.

#### 4. Waste measures:

Develop circular economy strategies, improve resource reuse efficiency, and reduce the proportion of final waste disposal.

Promote recycling and waste reduction considerations in the product design stage.

#### 5. Supply chain measures:

Introduce a sustainable supplier selection mechanism to promote joint carbon reduction in the supply chain.

Strengthen climate risk disclosure and management guidance for suppliers to enhance overall supply chain resilience.

In the future, the Group will continue to follow the four core pillars of TCFD (governance, strategy, risk management, indicators and targets), combine international initiatives with sustainable development goals, deepen the integrated management of climate action and financial impact, strive to implement the 2050 net zero emissions vision, and play an active role in global climate governance and sustainable transformation.

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## 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.2 Greenhouse gases and actions

Through clear phased targets and a comprehensive governance structure, the Group is committed to building a climate-resilient operating model and a low-carbon value chain, and moving towards sustainable transformation. In the future, we will continue to follow international standards and initiatives, strengthen data transparency and performance management, and deepen the implementation of climate actions to achieve the long-term vision of net zero emissions by 2050, and contribute corporate responsibility and influence to the global Sustainable Development Goals (SDGs). The following are the Group's carbon reduction measures and net zero vision:

TERM	2024 TO 2026 FY SHORT TERM	2027 TO 2030 FY TERM	2031 TO 2050 FY TERM
TARGET	<ul style="list-style-type: none"> <li>● Greenhouse Gas Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) Carbon density decreases by 1% each year.</li> <li>(2) Reduce Scope 3 emissions by 5% and conduct self-inspections in advance.</li> </ol> </li> <li>● Water Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) 50% of the water used in factory operations is recycled.</li> <li>(2) Reduce water intake by 5%.</li> </ol> </li> <li>● Recycling and Waste Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) Reduce waste by 5%.</li> <li>(2) Increase recycled packaging materials by 5%.</li> </ol> </li> <li>● Electricity and renewable energy supply policy and governance structure:               <ol style="list-style-type: none"> <li>(1) Use 10% green electricity (self-generated and purchased).</li> <li>(2) Reduce environmental footprint.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>● Greenhouse Gas Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) Carbon density decreases by 1.5% each year.</li> <li>(2) Reduce Scope 3 emissions by 15%.</li> <li>(3) Deploy green electricity-powered official vehicles.</li> </ol> </li> <li>● Water Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) 80% of the water used in factory operations is recycled.</li> <li>(2) Reduce water intake by 10%.</li> <li>(3) Collect and recycle rainwater.</li> </ol> </li> <li>● Recycling and Waste Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) Reduce waste by 15%.</li> <li>(2) Increase recycled packaging materials by 15%.</li> </ol> </li> <li>● Electricity and renewable energy supply policy and governance structure:               <ol style="list-style-type: none"> <li>(1) Use 50% green electricity (self-generated and purchased) to reduce environmental footprint and product life cycle assessment.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>● Greenhouse Gas Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) Categories 1 and 2 are decreasing year by year. Towards net zero by 2050.</li> <li>(2) Reduce Scope 3 emissions by 50%.</li> <li>(3) Use green electricity for official vehicles.</li> <li>(4) Commercial use of renewable aviation fuel.</li> </ol> </li> <li>● Water Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) water resource circulation reaches 85% .</li> <li>(2) Reduce water intake by 35%.</li> <li>(3) Collect and recycle rainwater.</li> </ol> </li> <li>● Recycling and Waste Policy and Governance Structure:               <ol style="list-style-type: none"> <li>(1) Reduce waste by 45%.</li> <li>(2) Increase recycled packaging materials by 45%.</li> </ol> </li> <li>● Electricity and renewable energy supply policy and governance structure:               <ol style="list-style-type: none"> <li>(1) Use 100% green electricity (self-generated and purchased) to reduce environmental footprint, product life cycle assessment, and carbon neutrality.</li> </ol> </li> </ul>





## 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.2 Greenhouse gases and actions

Climate Policy Statement and Sustainable Action Commitment The Group faces up to the challenges that climate change poses to corporate operations and the environment. In line with its commitment to sustainable development, it has clearly put forward a climate policy statement and adopted a dual-track strategy of "mitigation" and "adaptation" to actively face the impact of global warming and extreme climate. The Group continues to conduct greenhouse gas emissions inventory and evaluates effective mitigation opportunities based on it, setting specific reduction targets and phased action plans, including short-term, medium-term and long-term target planning, to strengthen the forward-looking management and response capabilities of climate risks. At the same time, we also conduct risk warnings and assessments on production processes to enhance the overall resilience of operations and value chains, minimize potential environmental hazards and pollution factors, and strive to reduce the impact of climate change. In response to my country's "Net Zero Emissions Policy Path by 2050", the Group has initiated independent greenhouse gas inventory operations since 2023, focusing on carbon dioxide (CO<sub>2</sub>) emission factors that have the greatest impact on the environment, and combining global warming trends with scientific quantitative data for inventory and assessment. By submitting regular inventory reports, we can understand various emission sources and further plan future carbon reduction paths and carbon neutrality strategies to reduce our environmental footprint through practical actions.

2024 is the base year for the Group's greenhouse gas management. From that year onwards, energy-saving and cooling measures will be fully implemented in the factory, including indoor temperature regulation in compliance with regulatory restrictions, the introduction of sensor lighting equipment in public areas, and the initial version of Scope 1 and Scope 2 audits. In the future, we will continue to deepen our experience and data accumulation, expand coverage to Scope 3, and gradually promote the annual carbon reduction ratio to implement climate action and sustainable management. In addition, the company has obtained ISO 14001 environmental management system certification and implemented environmental management policies through continuous internal audits and external verification, including: reducing climate change risks, protecting natural resources and biodiversity, reducing the risk of hazardous substances. The group has introduced the PDCA (Plan-Do-Check-Act) management cycle to improve environmental performance and employee environmental awareness, and ensure that the management system is consistent with domestic and international regulations. This system covers management's commitment to sustainable development, risk and opportunity assessment mechanisms, specific goal setting, effectiveness review of emergency response measures and regular management reviews, and incorporates greenhouse gas reduction, waste management and green procurement into medium- and short-term performance indicators as the core of promoting sustainable management.

At the same time, we also focus on product life cycle management (Life Cycle Thinking), comprehensively analyzing and evaluating the potential impact on the environment from raw material acquisition, product design, manufacturing, transportation and distribution to customer use, and are committed to minimizing carbon footprint and resource consumption and practicing green transformation. Environmental management systems are key tools for companies to achieve a balance between the three major aspects of the environment, society and economy. They are also an indispensable part of companies' response to ESG responsibilities and implementation of the United Nations Sustainable Development Goals (SDGs). The Group will continue to improve its system construction and action implementation, and take concrete actions towards a sustainable future.

EMISSION SCOPE	2023 FY CO2 EMISSION (ton CO2e)	2024 FY CO2 EMISSION (ton CO2e)
Scope 1	32.328	1387.891
Scope 2	11402.987	17622.141
Scope 1 and Scope 2	11435.315	19010.032

The parent company will complete ISO140641 Category 1 and 2 inspections in 2023 and 2024. The company's quantitative principle is based on the emission coefficient method of greenhouse gas calculation. The formula is as follows:  $GHC = \text{activity data} * \text{emission coefficient}$  IPCC 2021 global warming coefficient. Due to the different greenhouse gas emission sources, the units must be converted into kilograms, liters, and degrees. The emission coefficients are based on the Greenhouse Gas Emission Factor Management Table Version 6.04 announced by the Climate Change Administration of the Ministry of Environment, Executive Yuan, the latest electricity coefficients announced by the Bureau of Energy, and the carbon footprint information announcement website. The calculation process refers to the data released by IPCC AR6 in 2021 and the greenhouse gas inventory login form of the Climate Change Administration of the Ministry of Environment as reliable data sources for quantification, and refers to the industrial development carbon emission system of the Ministry of Economic Affairs. All calculation results are uniformly constructed for CO<sub>2</sub> equivalent calculation, and the calculation unit is metric tons/year.

Note: The operating boundary is based on the parent company in Taichung, Taiwan, and Taichung will add operating targets in 2024. Further appropriate adjustments will be made in 2025.

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## 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.2 Greenhouse gases and actions

The Group has established an organizational-level greenhouse gas emissions inventory system based on the ISO 14064-1:2018 international standard, covering Scope 1 (direct emissions), Scope 2 (indirect energy emissions) and the gradually expanded Scope 3 (other indirect emissions), to ensure that all greenhouse gas emission sources are identified, calculated and recorded in the greenhouse gas inventory in accordance with the standard provisions.

#### 1. SCOPE1:

Direct combustion and fugitive emission sources (1) Fuel combustion emissions from official vehicles In accordance with Section 6.3.1 of ISO 14064-1, the Company considers gasoline used in official vehicles as a direct emission source: Calculation steps: Annual gasoline usage (liters) → converted to energy units (metric tons) Calculation of CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O emissions using the latest IPCC global warming potential (GWP) converted to carbon dioxide equivalent (CO<sub>2</sub>e) Data accuracy and expression: All emission values are expressed in metric tons CO<sub>2</sub>e, rounded to three decimal places or expressed in scientific notation with three significant figures. Fugitive emission sources According to Article 6.3.2, for fugitive emission sources that cannot be directly monitored (such as refrigerants, fire extinguishers, etc.), estimated emission calculations are adopted, using the IPCC recommended middle value as the source of emission coefficients. Sources of fugitive emissions include: air conditioning systems, refrigerators and water dispenser equipment, fluorine-containing fire extinguisher equipment, etc.

#### 2.SCOPE2:

Indirect Energy Emissions In accordance with Section 6.4 of ISO 14064-1, the Company includes indirect emissions from electricity purchased from external power suppliers (such as Taipower) as Scope 2 greenhouse gas emissions. Source: Electricity consumption is summarized based on annual electricity bills and meter records. The emission coefficient adopts the regional electricity emission coefficient (unit: kg CO<sub>2</sub>e/kWh) announced by the Environmental Protection Administration. Calculation method: Scope 2 emissions (metric tons CO<sub>2</sub>e) = annual electricity consumption (kWh) × electricity emission coefficient ÷ 1,000 Scope 2 emissions (metric tons CO<sub>2</sub>e) = annual electricity consumption (kWh) × electricity emission coefficient ÷ 1,000 Note: The Company calculates indirect greenhouse gas emissions caused by electricity consumption based on actual electricity usage data, and converts them into CO<sub>2</sub>e in accordance with IPCC and government standards. The "location-based method" is used for Scope 2 calculations. In the future, if green electricity procurement is involved, the "market-based method" reporting data will also be supplemented to enhance the completeness and international comparability of the report.

#### 3. Data Quality and Documentation:

To ensure the accuracy, consistency and verifiability of the inventory results, the Company collects and manages data in accordance with Articles 7.2 and 7.3 using the following principles: giving priority to the use of original first-hand data (such as fuel consumption bills, electricity bills). If some information is unavailable, the government or internationally established emission factors are used.

#### 4. Principles for setting and revising the base year:

Set 2024 as the greenhouse gas base year. If the following situations occur in the future, the base year data will be recalibrated in accordance with the provisions: organizational boundary changes (such as mergers and acquisitions, factory establishment) calculation methods or emission factors are updated. Emission corrections reach the significance threshold. All changes will be explained and recalculated to ensure the comparability and consistency of the data.

#### 5. Operation Scope:

Given the expansion of the Group's operating boundaries between 2023 and 2024, some of the newly incorporated business units and production lines are still in the integration stage and have not yet been fully incorporated into the existing greenhouse gas management system. Based on practical considerations, third-party external inspections are not currently included in the scope of 2024. In the future, after the operating boundaries are clearly established and the production line consolidation is completed in 2025, the Group will further carry out systematic inventory and third-party verification planning, fully incorporate the new boundaries and locations, ensure the integrity and consistency of the inventory results, and continue to strengthen the transparency of carbon management.

#### 6. Group Carbon Pricing:

Our company responds to international conventions and initiatives, similar to the Taiwan Carbon Exchange's Taiwan corporate carbon pricing and PCAF carbon intensity calculation. For non-high carbon emission industries, it is consistent with the corporate ICP internal carbon pricing, and defines the interval value of 0.99 to 1.01 as an intermediate definition. Therefore, the ICP internal carbon pricing is US\$10.

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### 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.2 Greenhouse gases and actions

7. Response to international carbon regulations:

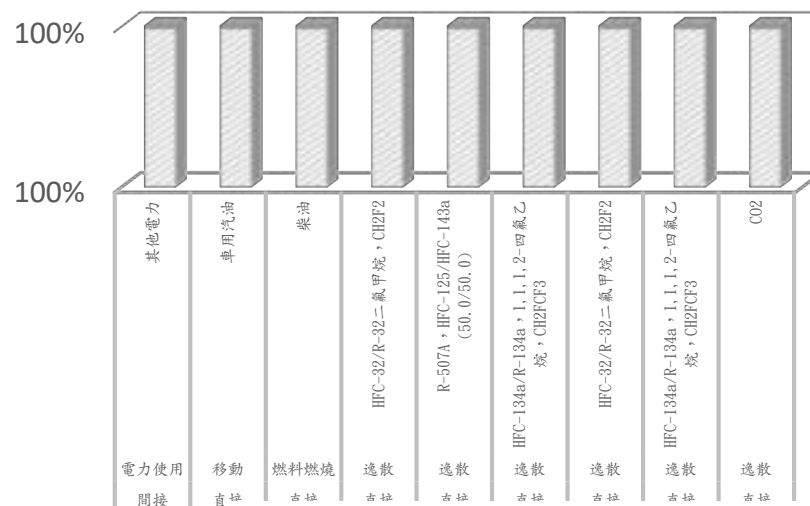
CBAM and CCAWith the global trend of carbon pricing and supply chain carbon disclosure, the Group closely monitors changes in climate policies in various countries, and conducts inventory and risk assessment on high-profile regulations such as the EU CBAM (Carbon Border Adjustment Mechanism) and the US CCA (Corporate Climate Accountability Act) to ensure compliance and competitiveness in the international market.

(1) CBAM:

**EU Carbon Border Adjustment Mechanism** The EU will enter the CBAM transition period from 2023. For high-carbon emission products such as steel, cement, aluminum, fertilizer, hydrogen and electricity, importers are required to declare the carbon emissions of their products. From 2026, a carbon border tax will be gradually levied, which will impose substantial cost pressure and data disclosure obligations on export-oriented industries. The Group's response measures: Strengthen the establishment and tracking of product carbon footprint data, improve data accuracy and consistency, establish a carbon inventory and product emissions corresponding database to facilitate transparent supply chain management, assess the risks of CBAM items that may be included in the supply chain, and formulate export strategies and cost warning mechanisms.

(2) CCA:

The Climate Corporate Accountability Act (CCA) is an important climate bill proposed by California. It requires companies with revenue of more than \$1 billion in California to disclose their scope 1, 2, and 3 greenhouse gas emissions, and publicly report their climate-related financial risks and mitigation plans, and include this disclosed information in official public information for future reference. Although the law has not yet been enforced nationwide, its impact has extended to global supply chain management. The Group's response: Refer to the complete carbon inventory format required by CCA, gradually improve the indirect emission data of Category 3 (including supply chain and logistics), strengthen the TCFD climate risk disclosure framework, combine the SBTi goals, enhance the transparency of climate governance, cooperate with customers and global buyers, and ensure that relevant emission information can meet the disclosure requirements of US regions or multinational companies.



Emission	TYPE	Name of the raw material	EMISSION(T CO2e/YEAR)
Name of the raw material	Power Usage	Other Electricity	17622.1419
Direct	Migration	Gasoline for cars	31.6215
Direct	Fuel	Diesel Fuel	0.5212
Direct	Emission	HFC-32/R-32 · CH2F2	54.16
Direct	Emission	R-507A · HFC-125/HFC-143a (50.0/50.0)	318.8
Direct	Emission	HFC-134a/R-134a · 1,1,1,2 · CH2FCF3	463.06
Direct	Emission	HFC-32/R-32 · CH2F2	56.868
Direct	Emission	HFC-134a/R-134a · 1,1,1,2 · CH2FCF3	462.8
Direct	Emission	Co2	0.06

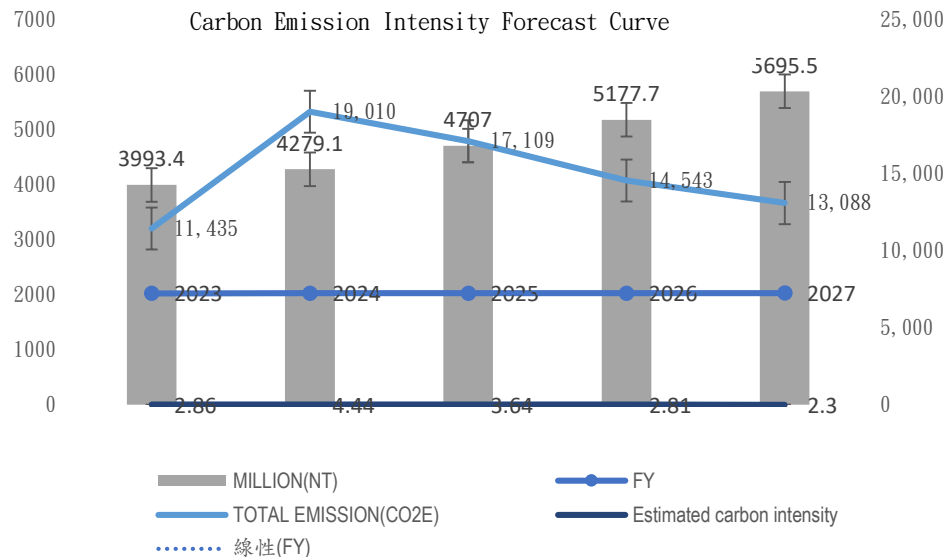
Emissions equivalent (metric tons CO<sub>2</sub>e/year) without biomass



03 Green Mirror - Environmental Sustainability and Operational Strategy

3.3 Energy management and application

Currently, 100% of the electricity used by the Group comes from Taipower, and the main source of electricity is still gas, which is still a long way from fully transforming to clean energy. Therefore, we are actively seeking alternative energy solutions, including developing solar energy, small hydropower and waste-to-energy, and gradually moving towards green energy transformation. In addition to basic energy-saving measures such as air conditioning power saving and lighting management, the Group has set up a real-time energy monitoring situation room to achieve transparency and real-time management of electricity consumption on production lines. Data-driven energy management (Energy Data Intelligence) uses data to identify "abnormal energy consumption", "waste in standby mode", and "equipment efficiency". It can not only instantly identify high-power-consuming equipment and effectively optimize energy distribution, but also reduce carbon emissions caused by ineffective startup. It improves energy efficiency through data-based management, and builds dashboards and visual charts for management decision-making in the future. At the operational level, we make extensive use of real-time video conferencing to reduce the carbon footprint of business travel, and continue to optimize logistics processes in supply chain management to improve warehousing efficiency, thereby reducing carbon emissions from air and land transportation. We recognize the important role of energy management systems in energy conservation and carbon reduction. Therefore, we continue to refer to the structure and spirit of the ISO 50001 energy management standard and plan to introduce smart energy monitoring equipment, including digital meters and analysis platforms, to collect and analyze energy usage data, helping managers to grasp energy consumption status in real time, and to make early warnings and adjustments. By the end of 2024, we have begun contacting Japanese and European energy management equipment manufacturers to understand their communication interfaces and data integration capabilities so as to subsequently introduce IoT and Industry 4.0 related applications to improve overall energy management efficiency. Currently, the Group's factories include both owned and leased ones, and comply with the power supply policy of the Central Science and Technology Administration. Due to the limitations of the original leased factory facilities, it is impossible to install a solar energy system. It will be relocated to the new factory purchased by Zhongke in 2024. At that time, a solar power generation system will be built in the park, and a green electricity self-sufficiency plan will be introduced. The company will actively seek relevant design and construction experience from peers to accelerate the company's decarbonization process and strengthen the foundation of the green supply chain. We firmly believe that green electricity supply will become a key node for enterprises to achieve net zero carbon emission goals. Therefore, we will continue to optimize factory space configuration, strengthen safety planning and energy recovery design in the future, hoping to provide a stable and sustainable green energy commitment to the earth's environment and supply chain partners.



Estimated turnover increase, carbon emission change factors and intensity descriptionElectricity coefficient emissions are based on the Ministry of Environment's electricity coefficient, and do not include green electricity coefficients

SCOPE	2023FY (ton CO2e)	2024 FY (ton CO2e)
Scope 1	32.328	1387.891
Scope 2	11402.987	17622.141
Scope 1 and Scope 2 Amount	11435.307	19010.032
Carbon Emission Intensity(million of NT Dollars)	2.8623	4.4436

In 2024, as the Company operated both its own factories and leased factories, production lines on both sides were put into use, the overall electricity usage increased significantly compared to the previous year. During this transition period, the parallel operation of the two plants resulted in duplicate energy consumption, which was also reflected in a significant increase in greenhouse gas emissions (especially Scope 2). This is a temporary phenomenon during the operational relocation and capacity transfer stage. In the future, as the new plant fully takes over production and is combined with green electricity and energy-saving measures, it is expected that energy efficiency and carbon emission intensity will improve year by year.

Note: In response to the optimization of the calculation method of carbon intensity indicators, the 2023 data has been recalculated and displayed here to improve reporting consistency and logical integrity.

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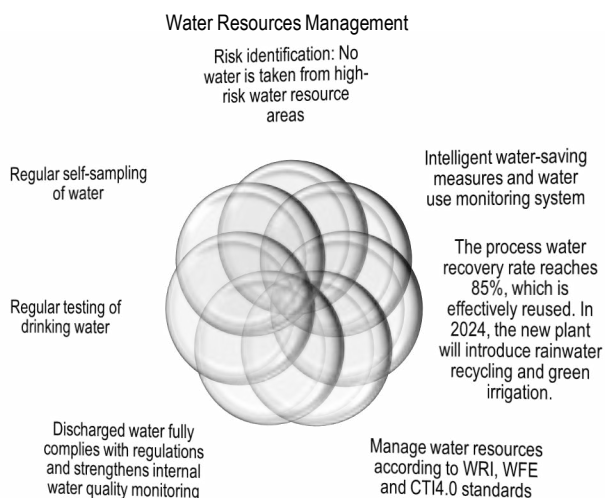
## 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.4 Water Resources Management

None of the Group's operating locations are located in areas with high risk of water stress, nor do they carry out water extraction operations in high-risk areas. To strengthen water resource risk management, the Group conducted a comprehensive assessment of each operating site with reference to the Water Risk Atlas of the World Resources Institute (WRI), covering key items such as water source acquisition, discharge destination, and water quality impact, in order to understand regional water resource pressure and potential environmental risks, and to establish a water resource risk map and response strategy for each site. In terms of operations, the Group has been actively implementing water-saving and water resource reuse measures in its factories since 2023, and has conducted employee water education in advance to enhance water-saving awareness and implementation of behaviors.

These include: using water-saving faucets and water pressure control systems throughout the factory; centralizing toilet water management and optimizing water pressure; introducing smart process water volume monitoring to adjust water-consuming equipment parameters in real time; and increasing the recycling rate of process water, which currently has a recovery rate of 85% and is widely used for non-drinking purposes. For the old leased factory area, due to limited facilities, the main focus is on personnel water-saving management; after the new factory building is put into use in 2024, the smart water resources monitoring system for the entire area has been introduced, and the rainwater recycling and filtration system has been further introduced to use the recycled water for factory cleaning, irrigation and other backup purposes. The Group also does not discharge any hazardous wastewater or untreated water into natural water bodies, ensuring that no pollution is caused to local water sources.

All discharged water complies with local environmental regulations and is internally managed and monitored according to ISO 14001 and QC 080000 standards. Indicators such as hydrogen ion concentration (pH), chemical oxygen demand (COD), and suspended solids (SS) are all stable and in compliance with specifications. In addition, the Group also refers to international water resource quantification and management frameworks such as WFE (Water Footprint Evaluation) and CTI 4.0, and continuously analyzes the water resource usage gap and optimization space in a data-based manner, which serves as an important basis for the company to promote sustainable water resource actions. The Group is fully aware that water resources are limited and difficult to store natural assets. In addition to introducing water-saving and recycling technologies, it is also committed to greening the factory area and utilizing rainwater, strengthening water and soil conservation and biodiversity conservation, and practicing long-term responsibility and commitment to the earth's resources in the blueprint for sustainable development.



AOET reviewed the greenhouse gas emissions, water consumption and total waste in the past two years, and formulated specific and phased environmental improvement plans based on actual operational changes and resource usage. Short-, medium- and long-term goals have been planned for greenhouse gas reduction, water efficiency improvement and waste management optimization, and risk identification and strategic response are carried out with reference to the TCFD (climate-related financial disclosure recommendations) framework. In the sustainability report, we disclose the progress and implementation results of sustainable development in each year in detail, including clear KPI indicators, action plans and current progress, and provide transparent and traceable data and actual case analysis for the three major aspects of environmental protection, social responsibility and corporate governance (ESG). In 2023 and 2024, AOET has fully disclosed greenhouse gas emissions, total water use and waste treatment status. The specific data are as follows:

2023 Group water use: 25,052 m<sup>3</sup>, water density 6.27  
2024 Group water use: 69,341 m<sup>3</sup>, water density 16.20

Note: In 2024, due to the expansion of the scope of operations and the addition of new operating locations, the total water use increased significantly.

Density is in metric tons per million turnover

The above data is mainly based on the AOET Plant in Taichung, Taiwan. For complete and audited sustainable information, please refer to the annual report and sustainability report of the public company disclosed by the company.

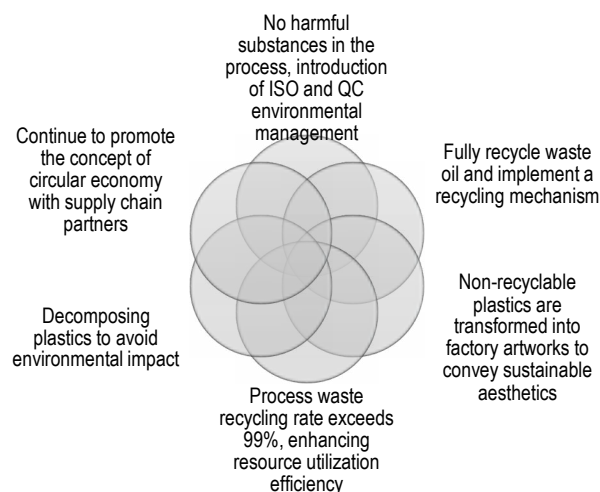


## 03 Green Mirror - Environmental Sustainability and Operational Strategy

### 3.5 Waste Management and Resource Recycling

The Group does not use or generate any hazardous substances or environmental pollutants in its production processes. It has introduced ISO 14001 and QC 080000 management systems to fully implement environmental laws and regulations, customer specifications and internal standards, and continuously strengthen the organization's responsibility for environmental protection. The relevant hazardous substance control and auxiliary material management are carried out in accordance with the company's internal operations (hazardous substance management) (auxiliary material management regulations), forming a systematic management process that complies with regulatory requirements. Although no harmful waste liquid is generated during the process, there is no need for further process recovery or outsourcing, but the waste oil is collected and reused by qualified manufacturers in a closed-loop model to ensure that there is no secondary impact on the environment. For the non-recyclable plastic blocks produced during the manufacturing process (which cannot be recycled and incinerated), the Group adheres to the concept of resource recycling and combines it with artistic creativity to turn them into factory installation artworks, such as snail shapes, Christmas trees and other visual works. This not only reduces the amount of waste disposal, but also practices environmental aesthetics and sustainable education. All materials used are non-toxic glue and non-toxic pigments, ensuring harmlessness to the environment and personnel, and taking into account both safety and aesthetics.

In terms of waste classification and information disclosure, the Group follows the GRI 306: Waste 2020 guidelines and clearly posts waste management instructions in Chinese, English and multiple languages within the organization. Taking into account the diverse nationality backgrounds of employees, the Group ensures information transparency and consistency in on-site identification. In addition, the Group actively refers to the relevant indicators of GRI 306-1 to further evaluate the impact of products and packaging in the upstream and downstream of the supply chain, including upstream raw material traceability, downstream product final disposal methods, and the ultimate possible impact on biodiversity. Although all plastic raw materials are currently virgin and renewable inflow materials have not yet been introduced, the reason is that Japanese technology and biomaterials are not yet popular enough to be replaced on a large scale. However, our company has cooperated with raw material suppliers to actively explore recyclable alternatives. On the process side, the Group has focused on improving the efficiency of waste recycling. Due to the high purity of raw materials, the recycling rate of scraps has exceeded 99%, and they are widely used in the production of secondary products and the recycling of plastic originals, practicing efficient resource circulation. In response to plastic waste that cannot be processed in the future, the Group also refers to the technical path promoted by the Ministry of Economic Affairs, Industrial Development Agency, which includes organic treatment and molecular chain breaking methods to convert high-molecular plastics into small-molecule chemicals such as fuel oil to reduce the risk of them falling into the environment and the ocean. These practical experiences and technical applications are also actively shared with downstream partners and value chain partners to promote the overall supply chain's understanding and consensus on waste management and green innovation, and to implement sustainable development with the enterprise at the core.



The Group reviewed its greenhouse gas emissions, water consumption and total waste generation over the past two years, and developed specific and phased environmental improvement plans based on actual operational changes and resource usage. We have planned short-, medium- and long-term goals for greenhouse gas reduction, water efficiency improvement and waste management optimization, and have used the TCFD (TCFD) framework to identify risks and respond strategically. In the sustainability report, we disclose in detail the progress and implementation results of sustainability promotion in each year, including clear KPI indicators, action plans and current progress, and provide transparent and traceable data and actual case analysis for the three major aspects of environmental protection, social responsibility and corporate governance (ESG).

In 2023, the Group's business waste will be 124,161 tons and recycled waste will be 20,901 tons.(Non-harmful)

In 2024, the Group's business waste will be 47,070 tons and recycling waste will be 15,790 tons.(Non-harmful)

Waste intensity in 2023:36.31

Waste intensity in 2024:14.69

Density is in metric tons per million turnover

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## 04 Digital Optoelectronics-Smart operation and win-win cooperation

### 4.1 Technical Security and Risk Management

### 4.2 Information Security and Customer Privacy

### 4.3 Customer Service Quality and Satisfaction

SDGs:15 · 6

#### Chapter Highlights.

- Set up a power situation room and prepare intelligent data.
- Terminal maintenance and virtual desktop.
- Incorporate cybersecurity risk considerations.
- Reliable performance of regular satisfaction





## 04 Digital Optoelectronics - Smart Operation and Win-win Cooperation

### 4.1 Technical Security and Risk Management

#### Technology security and risk management: Face to Risk-driven information security strategy

##### 1. Constructing a risk-oriented information security policy Based on the information risk assessment results:

We refer to the ISO 27001 information security management standard to establish comprehensive information security policies and operating procedures, and a professional information security team continuously maintains system security. The construction of the information security system not only complies with regulatory requirements, but also incorporates the company's own operational goals and industry characteristics. In particular, it introduces an independent system maintenance mechanism to enhance operational resilience in response to the digital transformation needs of the optoelectronics industry.

##### 2. Perpetual Information Security:

From regulatory compliance to core corporate strategy, the company takes sustainable cybersecurity as its core driving force and regards cybersecurity strategy as an important foundation for the long-term development of the company. Through virtual desktop infrastructure (VDI) technology, flexible office and mobile management are implemented, while ensuring the security of servers and mail domains, and regularly tracking system upgrades. The establishment of the information security architecture not only focuses on existing threats, but also emphasizes the continuity and scalability of the future network security framework.

##### 3. Information security protection and simulation applications driven by artificial intelligence:

In response to emerging technologies and market changes, we actively develop standards and principles for their safe use within the enterprise. At present, a Security Operation Center (SOC) monitoring facility has been established to conduct real-time detection and response to information security incidents. Through simulation exercises, we vertically integrate intelligent analysis and information security strategies to predict potential threats and risk trends, thereby improving decision-making flexibility and adaptability.

##### 4. Digital Trust and Smart Cloud Integration is centered on digital trust:

Our company's information security mechanism covers traditional firewalls, anti-virus scanning and email filtering technologies, and also extends to cloud storage integration and intelligent computing platforms. The data is stored in the data center throughout the process to avoid being scattered across terminal devices, effectively reducing the risk of data leakage. Endpoint devices (such as employee laptops and mobile devices) are deployed through virtualization to achieve remote and secure operations, and can perform key business functions without relying on high-performance local hardware.

5. Integration of smart information security strategy and long-term value chain Information security strategy is no longer just a protective measure at the IT level, but a core element that runs through the overall operation and business strategy of the enterprise. The company combines the smart cloud platform with intelligent applications in the optoelectronics industry and regards information security as an important engine to promote industrial upgrading and value chain integration. IT departments can fully control the deployment environment, including file downloads, malware protection, and virus code updates, ensuring that data is in a controllable, traceable, and secure state. Achieve flexible defense and real-time maintenance from data centers to terminal devices.

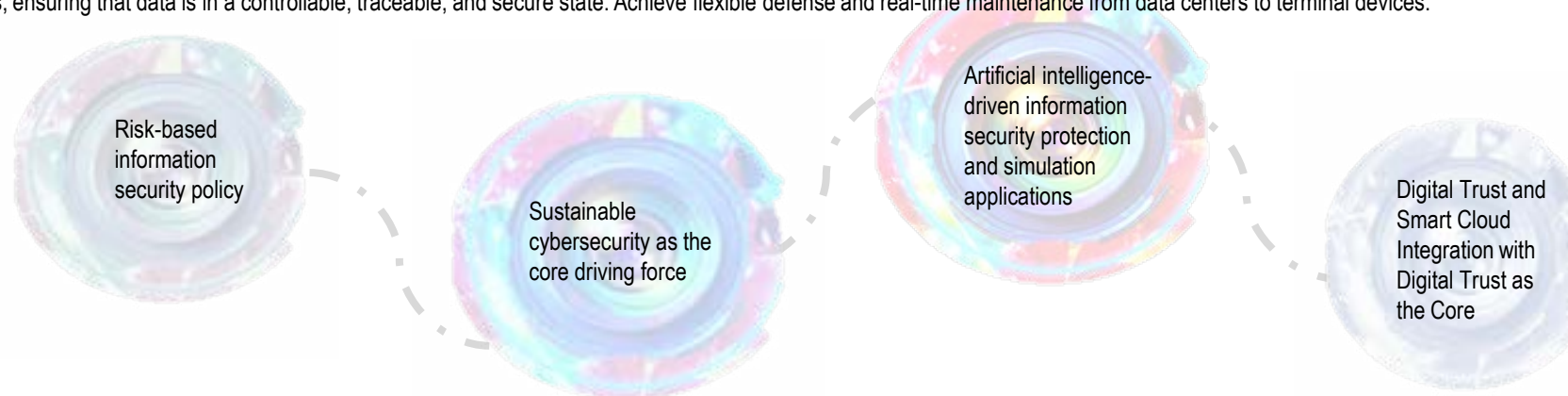


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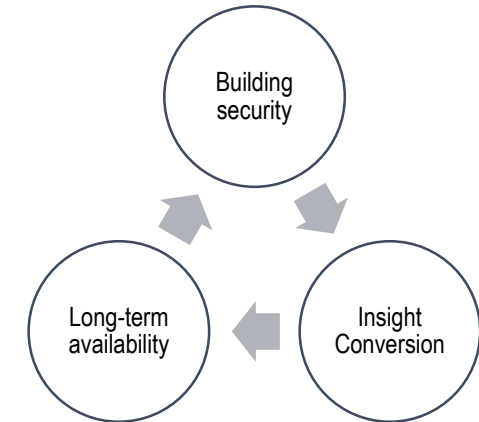


## 04 Digital Optoelectronics - Smart Operation and Win-win Cooperation

### 4.1 Technical Security and Risk Management

In order to strengthen corporate information security and enhance operational resilience, the Company has established a comprehensive information security management mechanism and combined risk assessment and protection measures to ensure that the information system can operate stably in the face of various internal and external threats, and to protect the confidentiality, integrity and availability of customer data and company operational information.

1. Information Security Management Mechanism The company has established the following information security management framework: Information room security: Strengthen the control of access to the information room, and implement multiple protection mechanisms such as fire prevention, theft prevention, waterproofing, and dust prevention. Computer information files and email security: Protect the security of internal and external communications through encryption, anti-virus and spam filtering systems. Network and system access control: All information systems have identity authentication and permission control, and access permissions are configured according to user responsibilities to implement the principle of least privilege.
2. Information Security Organization and Responsibilities The company has a dedicated information security team responsible for the following duties: Information security policy formulation and implementation Network security monitoring and defense Real-time notification and response of information security incidents Continuous information security education and awareness enhancement
3. Risk Control of Outsourcing Operations Before outsourcing the development of information systems, we conduct a comprehensive risk assessment and sign a legally binding information security agreement with the manufacturer to clearly define information security responsibilities and obligations to ensure that outsourcing services will not affect the company's information security.



4. Technical Protection Measures To ensure the security of the system and data, the company implements the following technical control measures: Communication encryption and protection: Strengthen network security defense and encrypt data in transmission to prevent data from being stolen or tampered with. Isolation of critical systems and firewall control: Firewalls or equivalent security equipment are deployed on important websites and server systems and are managed by dedicated personnel. Changes to settings must be approved by the supervisor, and all records must be retained for future reference. External service control: Before introducing third-party services, conduct risk assessments, agree on security control conditions, and include them in formal contracts for joint compliance. Fault response: If an equipment or line abnormality occurs, the information unit will immediately handle it and notify the manufacturer or telecommunications unit as appropriate to ensure that the system is quickly restored to operation.

5. Data centralization and virtualization technology are applied in major disasters (hackers). Centralized data management demonstrates high stability and effectively supports the continuous operation of enterprises. To improve flexibility and remote response capabilities, our company has introduced desktop virtualization (VDI) technology as the core of its IT infrastructure. This technology allows employees to securely access company resources through any device, at any time and place; as long as the server and storage system are normal and the network is not interrupted, the organization's productivity can be maintained; and the impact of emergencies (such as suspension of work and classes) on business operations can be greatly reduced.



## 04 Digital Optoelectronics - Smart Operation and Win-win Cooperation

### 4.2 Information Security and Customer Privacy

➤ Modernize your security defense line with virtualization technology and data governance practices

In order to strengthen corporate information security and customer data privacy protection, We fully introduced Virtual Desktop Infrastructure (VDI) technology to achieve protection integration from terminals to data centers. Through the virtual terminal mechanism, IT administrators can centrally run virtual machines in data center servers, centrally manage user desktop environments and applications, and effectively reduce potential risks caused by information dispersion. Under the VDI architecture, operating systems and application data are stored uniformly on backend servers and enterprise storage devices. Through data centralization and unified backup mechanisms, data integrity and business continuity are improved. Even if the front-end equipment is damaged, users can still seamlessly restore the working environment through the backup node.

➤ Data security and user behavior monitoring

Enterprises can force users to store files in the backend data center, effectively preventing data leakage through USB or external devices. The VDI management interface can set policies to restrict the use of USB, optical drives and portable devices. It also supports User Behavior Analytics, which monitors abnormal behavior in real time and combines intrusion detection systems and protection mechanisms to reduce the risk of internal data abuse. The VDI environment also supports running multiple versions of applications simultaneously without having to consider terminal device compatibility, and optimizes computing efficiency and resource utilization through flexible resource orchestration to establish a smart, stable and secure operating environment.

➤ Data Governance and Compliance

In order to implement customer data privacy protection, the company has established a rigorous data access audit and tracking mechanism in accordance with Article 22, Paragraph 2 of the Personal Data Protection Act. For personal data or data files that can be considered as evidence, the data name, quantity, owner, storage or copying location and time must be fully recorded, and a record report must be published to ensure that the data is used within a traceable and legal scope. All customer sensitive information is encrypted during storage, transmission and processing (Data Encryption at Rest & in Transit), and is jointly supervised by the Data Governance Framework and the legal department. The Finance Department also complies with confidential information handling regulations when executing external cash flows and payment collection and collection operations, and works with the Audit Office to ensure information security.

➤ Information security governance system and organizational responsibilities

The company's information security governance structure is coordinated and implemented by the Information Department, covering information security policy formulation, education and training, incident reporting and technology introduction. Internal responsibilities are as follows: Information Specialist: Responsible for the overall planning and management of the information system, integrating the computerization needs of various departments, evaluating software and hardware procurement and system security, and managing information personnel and operations. Information Management Engineer: Assists in the execution of information management tasks, including data security, audit assistance, and coordination with supervisors. Network management engineer: responsible for enterprise network architecture optimization, communication system maintenance, equipment monitoring and information security defense mechanism implementation. The Group regularly revises its information security management measures every year, establishes data access rules based on departmental functions, implements information security policies, prevents unauthorized use and data tampering, and continuously enhances the information security awareness of all employees, moving towards establishing a smart information security culture with both high trust and resilience.

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## 04 Digital Optoelectronics - Smart Operation and Win-win Cooperation

### 4.2 Information Security and Customer Privacy

#### Information security objectives

The company is committed to building a secure, trustworthy and traceable digital operating environment. By integrating artificial intelligence and automation technology, the overall security of information systems, network equipment and data centers is strengthened to protect corporate assets, operational stability and customer privacy. Information security covers the following key areas:

- Personnel management and information security awareness education:  
Promote information security content for different positions.
- System and data access control:  
Introducing smart identity authentication to enhance access security.
- Network Security Management:  
Apply machine learning models to monitor abnormal traffic and conduct real-time defense, and strengthen prevention against malicious attacks and intrusions.
- System resilience and sustainable operations:  
Automatic backup and disaster recovery mechanisms ensure that the system can quickly resume normal operations in the event of natural disasters, power outages, or network outages.
- Information Entity and Asset Management:  
We have fully built an asset visualization platform and are conducting scientific management and life cycle tracking of computer equipment and storage devices.

Modernize your security defense line with virtualization technology and data governance practices

Data security and user behavior monitoring

Data Governance and Compliance

Information Security Framework

Information security governance system and organizational responsibilities

**Information Security Principles and Regulatory Compliance** The company has formulated and continuously optimized the following information security principles in accordance with the Personal Data Protection Act and international information security standards (such as ISO/IEC 27001):

1. Education and training and strengthening of risk awareness Information security education and training are conducted regularly every year. The course content includes security policies, regulatory compliance, social engineering prevention, malicious program identification, etc., to improve the quality of training and learning effectiveness. Improve employees' resilience and risk awareness through simulated attack drills and penetration tests.
2. System security and data protection mechanisms prohibit the use of unauthorized software and strengthen legal authorization management. Classify and label sensitive data (such as salary and personal information) and control access risks.
3. Operational specifications and physical management Computer systems and hardware equipment are included in the digital asset registry for intelligent maintenance and life prediction. It is strictly prohibited to take out, loan out or destroy computer data and equipment without authorization. Disciplinary procedures will be initiated for violations. When the operation is completed or there is no operation for a long time, the system will automatically log out to prevent data leakage.
4. Resignation and Account Control Mechanism When an employee resigns or changes his/her position, the system permissions will be revoked by the automated account management process and recorded in the "System Suspension Record Table" for subsequent audit.
5. Sensitive Areas and Data Control Access to the data center and sensitive areas is subject to multiple verifications and A monitoring system review, and unauthorized persons are not allowed to enter.



## 04 Digital Optoelectronics - Smart Operation and Win-win Cooperation

### 4.3 Customer Service Quality and Satisfaction

Strengthen service quality with data orientation and improve overall customer experience. AOET Electric adheres to the "customer-oriented" business philosophy and has long been committed to strengthening customer service quality and customer satisfaction. Through the systematic collection and analysis of customer feedback data, we continuously optimize products and service processes and establish a customer satisfaction management system that is measurable, predictable and has a tracking mechanism.

Systematic customer complaint handling and data feedback integration Customer complaints are seen as valuable opportunities for improvement

- AOET Electric builds a digital customer complaint management system (Customer Complaint Management System)

From problem raising → identification → classification → analysis → correction → learning the complete tracking process, and introduce the following management mechanisms:

Determine the type of abnormality based on the data (such as transportation abnormality, quality abnormality, shipping error) and automatically assign it to the relevant unit for processing.

The problem solving results will be incorporated into the Lessons Learned combat readiness learning database as a basis for subsequent internal training and systematic improvement.

Combined with BI business intelligence tools, we analyze historical customer complaint data and heatmaps to identify service bottlenecks and repeated product defects.

Provide feedback to senior management in the form of visual reports as a basis for decision-making, and practice a data-driven improvement culture.

- Digital feedback process and early warning mechanism for customer feedback and satisfaction data

Integrate customer journey data and conduct correlation analysis between customer feedback and purchasing behavior to provide more accurate follow-up customized services or remedial measures.

Service Quality Improvement Results and Future Outlook According to the 2024 analysis data, compared with 2023, although some delivery times were delayed due to global logistics fluctuations, overall customer satisfaction has increased.

Optimization of electronic operation process: everything from quotation, ordering, shipment to after-sales service can be completed online, reducing human delays.

The average response time has been shortened to within 4 hours. The implementation of the quality improvement plan has resulted in a decrease in product defect rate and number of customer complaints.

- Looking ahead, AOET will introduce a response module to optimize the quality of first-line customer service questions and answers and enhance customer interaction experience.

Through continuous deepening of data integration and customer relationship management strategies, we will establish intelligent, transparent and satisfaction-oriented customer service

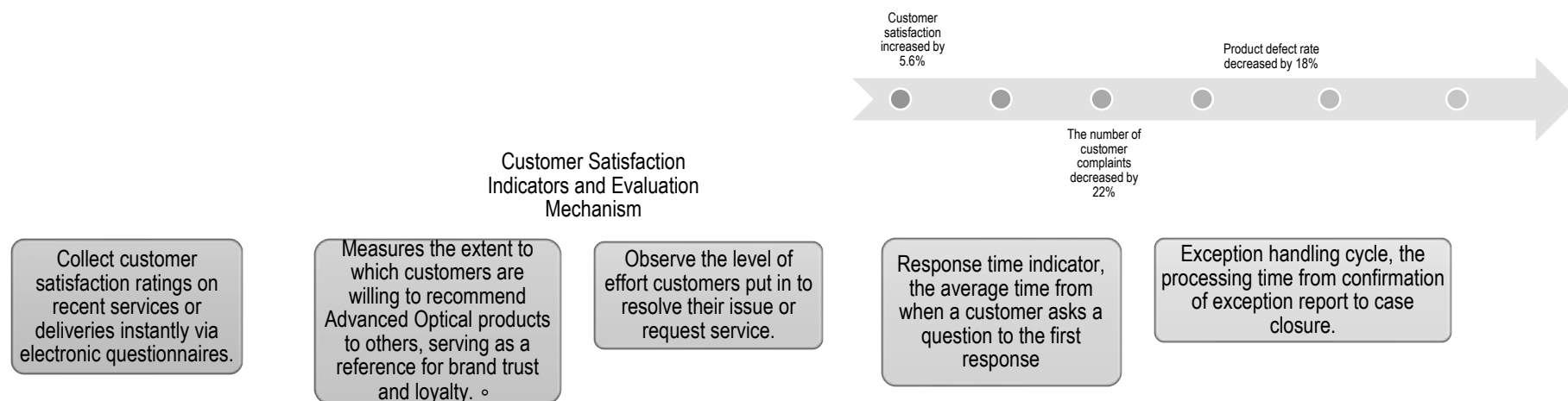


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## 04 Digital Optoelectronics - Smart Operation and Win-win Cooperation

### 4.3 Customer Service Quality and Satisfaction

Systematic operation management enhances customer satisfaction and corporate competitiveness

AOET Group has introduced the international quality management system ISO 9001 and established an integrated process control mechanism from "order receiving → production → quality inspection → shipment → customer service".

Fully control the product life cycle and improve process efficiency and customer satisfaction through information systems and data-based monitoring.

1. System Integration and Quality History Establish group-wide relational management and integrate key process information, including: order management, supplier and material management, process and equipment maintenance, quality control (QC) and quality assurance (QA). Ensure system scalability and data connection, provide real-time status notification of on-site emergencies, accelerate decision-making response, and reduce operational risks.

Through systematic tracking, we fully record the production process and exception handling records of each batch of products, establish the product's entire process history and traceability, form the data foundation for quality management, effectively reduce customer complaints and increase repurchase rates.

2. Performance Management and Continuous Improvement (PDCA) To enhance quality and customer service performance, the Group follows the PDCA (Plan-Do-Check-Act) management cycle and promotes the following management mechanisms: Goal setting and achievement plan:

Set specific and measurable quality and service goals for each operating cycle. Execution audit and gap analysis: Conduct mid-term review and variance assessment based on performance data.

Strategy formulation and standardization:

Propose specific improvement measures and standardize operating procedures for anomalies or performance deviations. Final review and data consolidation:

Document all execution processes and decision records and incorporate them into the basis for improvement in the next cycle.

3. Risk Orientation and Stakeholders' Concerns Risk Thinking Orientation in Response to the New Version of ISO 9001

The Group transformed "preventive measures" into "risk management processes" and expanded its quality focus to include customer expectations and satisfaction, supply chain collaboration stability, and the needs of international stakeholders (such as foreign customers and agents). At the same time, it strengthened the organization's internal perception and response capabilities to changes in the external environment, and incorporated "organizational knowledge management" into the quality strategy, so that improvement processes and innovation energy can be continuously accumulated and upgraded.

4. Yield Management and Manufacturing Precision Control

Extremely sensitive to process yield and detail errors. Even the slightest variation in the manufacturing process may result in a defective finished product, affecting costs, delivery time and customer trust. To this end, the Group has implemented the following control measures: Establishing a real-time monitoring mechanism for key process parameters (KPIs) Using data science analysis to identify potential anomalies Promoting yield target management and cross-departmental process improvement teams to strengthen overall process stability Through these measures, we can not only effectively reduce the defect rate and scrap costs, but also further enhance the overall product value and customer satisfaction.

5. Customer Relationship Management and Satisfaction Evaluation Faced with diverse customer groups from domestic and overseas markets, the Group has established a comprehensive customer integration system to integrate customer feedback, after-sales service and satisfaction tracking, and conducts regular sampling surveys and performance evaluations.

Number of valid questionnaires collected from 14  
core customers of sample survey

10 Overall satisfaction rate reached 70%

Main feedback topics: logistics, price sensitivity,  
exchange rate fluctuations and the impact of interest  
rate hikes

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05Talent Vision-Diversity, Co-Prosperity and Happiness Structure

5.1 Employee care and comprehensive benefits

5.2 Talent Development and Maintenance Policy

5.3 Talent Recruitment and Development

SDGs:5

Chapter highlights:

- Factory doctor on-site
- Continuous human rights goals
- Happy enterprise, transparent performance assessment
- Average number of employees of both genders Labor-management meetings are held regularly



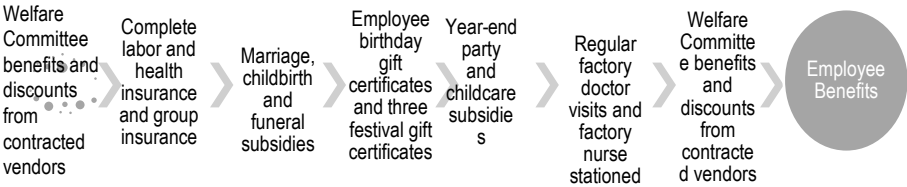


05 Talent Vision-Diversity and Prosperity and Happy Structure

5.1 Employee Care and Comprehensive Welfare

Description of Employee Health and Safety Care Policy The Group is committed to creating a safe and healthy working environment, actively promoting diversified employee health care measures, and implementing a workplace health management mechanism. The following are the main implementation projects and policy contents:

1. Health Checkup and Occupational Health Services We provide regular health checkups to employees every six months to one year, and our factory doctors and medical nursing team provide on-site health services. Strengthen health promotion and prevention measures related to occupational diseases and ergonomics, such as the prevention and treatment of musculoskeletal diseases, conduct work posture and load assessments for common shoulder and neck pain and wrist discomfort in office workers, or lumbar spine, shoulder, and wrist injuries that are prone to occur in workers engaged in manual labor, and provide improvement suggestions.
2. Occupational Disease and Overwork Risk Management The medical team conducts workload and overtime hours assessments for high-risk groups (such as patients with hypertension and diabetes) to identify whether they have potential risks of cerebrovascular and cardiovascular diseases due to overwork, and provides overtime restrictions or health advice to help employees maintain good health.
3. Prevention of Workplace Violence and Unlawful Aggression: Establish a workplace violence prevention and control mechanism that covers physical violence, mental violence, sexual harassment and sexual assault, and set up a reporting and handling process to ensure employee safety. Implement prevention education for verbal, psychological and physical violence to make the workplace a respectful and safe space.
4. Physical, mental and spiritual care and counseling support: Regularly care for employees' mental and emotional state, and provide psychological counseling services to help employees relieve stress and maintain mental health. Pay attention to maternal health, conduct risk assessments on work that may endanger the health of the fetus, adjust work content or environment when necessary, and track health examination results.
5. Multiculturalism and Equality Principles The Group respects and accepts employees with diverse cultural backgrounds. In particular, there are many foreign employees in the factory, and a dedicated window is set up to help them deal with their living and psychological needs. All employees receive starting salaries in accordance with regulations, and are provided with a reward system and a comprehensive meal plan that is superior to industry standards, and we are committed to achieving fairness at work. Establish an anonymous suggestion box to encourage employees to express their opinions and participate in workplace improvements.
6. Retirement and Life Planning We handle retirement benefits in accordance with the law and encourage employees to plan their retirement life in advance and participate in social welfare activities to promote physical, mental and spiritual balance.
7. Salary equality and gender-friendly workplace The gender ratio within the group is balanced, and the average salary is close to 1:1, ensuring fair pay. We value diversity, inclusion and respect, and our employees' personal qualities and experiences are considered core assets for corporate innovation and service quality improvement.



Policy Projects	illustrate
Maternal health protection	Assess whether female workers are exposed to working environments that are harmful to maternal health and take protective measures.
Human Harm Prevention Program	Prevent and reduce repetitive musculoskeletal injuries through optimization of work posture and process.
Prevention of illegal infringement	Take preventive measures against illegal physical or psychological infringements and establish a reporting and handling system.
Workload Assessment	Evaluate work patterns and time allocation to prevent overwork and related occupational diseases.
Health Check and Tracking	Conduct preventive health examinations for occupational diseases and follow-up management.
Return to Work Mechanism	Establish a health assessment and work adaptation mechanism for employees returning to work to ensure their smooth return to the workplace.

Note:

- .Average employee benefits: 815
- .Average employee salary: 673
- .Percentage of female managers: 20.66%
- .There is no significant fluctuation in the number of employees during the reporting period and the number of employees during the previous year
- .All operating activities of the company are performed by formally employed employees, and no non-employed employees are usedFor other relevant information, please refer to the annual report

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## 05 Talent Vision-Diversity and Prosperity and Happy Structure

### 5.1 Employee Care and Comprehensive Welfare

#### Employee childcare support and workplace-friendly measures

The Group attaches great importance to the needs of employees during the child-rearing stage and actively promotes friendly workplace policies to support employees in balancing family and work. Every year, male and female employees apply for parental leave and community childcare subsidies, reflecting the practice of gender equality and deepening the comprehensive care for employees. In addition to basic health checks, birthday and wedding gifts, and childbirth benefits, the Group has also established a childcare subsidy system to help employees reduce the burden of raising children so that they can focus on their work. The factory also has a dedicated nursing room and refrigeration equipment to facilitate female employees to store breast milk, and provides childcare subsidies to encourage women to return to the workplace smoothly and create a gender-friendly working environment. In order to enhance emotional communication among employees and corporate cohesion, the Welfare Committee regularly organizes various activities to promote interaction and a sense of belonging among employees and create a positive corporate culture atmosphere. The Group also performed robustly in terms of gender equality, with a balanced gender ratio of employees and minimal salary differences, ensuring that the principle of equal pay for equal work is implemented in practice. Currently, there are no employees who have reached retirement age within the Group, but the Group has already planned in advance the development direction of future employees after retirement, promoted the concept of "retirement but not rest", assisted employees in planning the possibility of part-time work and continuous learning, and extended their career value and social participation.

The Group also pays attention to the emotional labor and adaptability responsibilities that women bear in the workplace, and believes that women play an indispensable role in the workplace and society. Although the private sector generally has confidentiality clauses to protect business secrets, companies need to show more active actions in promoting gender equality and social responsibility, and regard "equal pay for equal work" and "fair assessment" as important indicators for the practice of sustainable development.

AOET is reflecting on the value of work and has found that women also need considerable emotional labor and adaptability. Women are also important pillars of society at work. In addition to the rewards given by companies, the confidentiality clauses in most employment contracts are also key to the treatment of women in the private sector. However, this is a corporate social responsibility in the sustainable value of the company and cannot be ignored. Equal working hours and salary assessment systems have become universal values. In 2024, the number of women returning to work due to childbirth will reach 90%.

The total number of employees, as well as the breakdown of full-time employees, part-time employees and other types by gender and region are detailed in the annual report.

#### Average length of service and education level of employees (Financial report scope)

YEAR		113FY	112FY
STAFF	Production	687	634
	Management	101	84
	RD	64	61
	MAMOUNT	852	77
Average age		36	35
Average service years		4.14	4
Education %	PhD	0.47	0.51
	Master	7.98	7.7
	College	49.77	52.25
	High School	37.44	34.53
	Below	4.34	5.01

#### Implementation of employee education and training (Financial report scope)

COURSE	Hours	ttl Hours	No.of people
Administration	7	1665.5	1440
Human Resources	15	3218	1082
Manufacturing	43	1080.5	529
Audit	4	443	271
Financial	4	30	2
RD	10	524	27

Note: The average length of service and education level of employees, as well as education and training are mainly published in the annual report.

	2024FY	MALE	FEMALE
TW	Full-time	408	449
	Temporary	0	0
	New employees	131	137
CHINA	Full-time	49	100
	Temporary	0	0
	New employees	10	8
VN	Full-time	129	229
	Temporary	22	88
	New employees	75	151

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## 05 Talent Vision-Diversity and Prosperity and Happy Structure

### 5.1 Employee Care and Comprehensive Welfare

- Environmental and equipment safety management and risk assessment report

To ensure the health of employees and a safe working environment, the Group continues to promote various environmental and equipment safety management measures, and conducts routine testing and risk control in accordance with relevant laws and internal management regulations. The following is a description of the current status of major facility management and risk assessment:

1. Drinking water equipment management content: In accordance with the relevant operation management regulations of the Environmental Protection Administration, the Group not only conducts water quality testing on its own on a regular basis, but also entrusts professional and qualified manufacturers to perform maintenance and third-party testing to ensure drinking water safety. All drinking and clean water comes from the municipal tap water system, and ensure that the drinking water equipment is inspected and certified by units approved by the central competent authority.

Detection achievement rate: 100% Risk assessment: If drinking water equipment is not managed properly, employees may drink unclean water and cause health problems such as gastrointestinal diseases, further affecting employee attendance and work efficiency. After effective testing and dual management (internal and external commission), the risk is low.

2. Air conditioning equipment management: The air conditioning system is regularly maintained and serviced according to facility management standards, including duct cleaning, filter replacement, refrigerant inspection, and electrical system inspection such as wires and insulation conditions, and is controlled through a management checklist system. \*\*Detection Achievement Rate: \*\*100% Risk Assessment: If the air conditioning system is not properly maintained, it may lead to deterioration in air quality, abnormal equipment failure, and even cause safety incidents such as electrical wire fires. Through institutionalized maintenance procedures and inspection record control, the current equipment risk is low.

3. Indoor air quality monitoring and management content: In accordance with the "Indoor Air Quality Management Law", carbon dioxide concentration testing is carried out in offices and work spaces every six months, and random inspections are strengthened from time to time depending on the situation to ensure that the indoor air is fresh and well ventilated. Detection Achievement Rate: 100% Risk Assessment: Poor air quality may cause employees to have headaches, fatigue or lack of concentration, affecting their work performance and occupational health. Through regular monitoring and mobile random inspections, risk control is good and the risk level is low.

4. Site safety protection management content: Each work site shall implement on-site inspection and maintenance in accordance with occupational safety regulations to prevent workplace accidents such as falls, slips, injuries from stepping on, objects rolling down, etc. caused by slippery floors, improper stacking of items, lack of protective measures, etc. \*\*Detection achievement rate: 100% Risk assessment: Field risks involve physical injuries, which will cause serious occupational injuries if not managed properly. Effective prevention is achieved through anti-slip treatment of the ground, warning signs, and traffic flow planning. Regular site risk audits are conducted, and the risk is currently classified as medium-low risk. Employee safety awareness and education and training are continuously strengthened.

- Occupational Safety and Health Policy and Management Implementation Notes

In order to prevent occupational hazards, create a friendly and safe working environment, and protect the workplace safety of company employees and contractors, the company has formulated the "Occupational Safety and Health Policy" in accordance with relevant laws and regulations. The company's occupational safety and health management policy follows the relevant laws and regulations on labor safety and health, formulates and plans safety and health management matters for each workplace, including education and training, disaster prevention and emergency response, and provides practical suggestions and implementation guidance to ensure the implementation of safety measures in each unit and the strengthening of immediate response capabilities. At the same time, in accordance with environmental laws and regulations, we actively promote measures such as the prevention and control of environmental pollution in laboratory sites, the listing and safety management of toxic chemical substances, and the establishment of a resource recycling system. We also advocate the implementation and promotion of green procurement and sustainable energy conservation, in order to take into account environmental protection and corporate sustainable development in addition to safety management. In order to strengthen the workplace safety supervision and management mechanism, the company has set up an annual safety inspection team, with the general manager as the chief convener to coordinate the implementation of the annual safety inspection plan. The team clearly defines safety-related KPIs (Key Performance Indicators) as the basis for measuring audit focus and performance. Audit operations are managed and recorded using the Work Safety Audit System, and regular safety training courses are conducted to gain a deeper understanding of the company's unique safety risks. For deficiencies found during the audit process, the system logs in the recommended improvement measures and specific improvement progress, and provides online access, reference and implementation for each unit. In addition, the team holds regular meetings to review audit results and improvements, and tracks audit recommendations item by item. Through the monthly tracking and feedback mechanism, we gradually establish a positive safety culture so that safety responsibilities are shared by all employees, forming a positive cycle. Looking forward to 2024, the company will achieve the goal of "zero major workplace accidents". In the future, the company will continue to strengthen safety education, implement an audit and improvement system, and strive to establish a corporate safety culture with the participation of all employees, improve the overall workplace safety level, and ensure that all employees can work with peace of mind in a healthy and safe environment.



## 05 Talent Vision-Diversity and Prosperity and Happy Structure

### 5.1 Employee Care and Comprehensive Welfare

#### Occupational Safety and Health Management

Implement safety culture through systematic management to create a healthy and sustainable workplace environment. In a highly volatile and competitive industry environment, the health and safety of employees is the cornerstone of a company's stable operation and sustainable development. AOET deeply understands the key role of occupational safety and health management in corporate governance, risk control and social responsibility practice. It actively introduces systematic management, comprehensively strengthens safety culture, and is committed to creating a healthy, safe and resilient workplace.

1. Regulatory Basis and Policy Implementation The company's occupational safety and health management system is implemented in accordance with the following domestic and international laws and standards to ensure comprehensiveness and compliance. "Occupational Safety and Health Law" and its implementing rules "Labor Health Protection Rules" "Hazardous Machinery and Equipment Safety Inspection Rules" "Institutional Disaster Reporting and Investigation Rules" "Toxic and Concern Chemical Substances Management Act" "Waste Disposal Act" and "Air Pollution Control Act" The company also formulates an "Occupational Safety and Health Policy" which is supervised and implemented by senior managers. The core principles include: prevention as the core, comprehensive implementation of hazard identification and risk assessment (HIRA) Comply with regulations and introduce international certification (such as ISO 14001, QC080000) Establish (SOP) and hazard control mechanism Regular audit, accident investigation and continuous improvement mechanism Strengthen full participation and internalization of safety awareness.

#### 2. Implement workplace safety and health management

01. Hazard Identification and Risk Assessment System (HIRA) Each unit regularly conducts potential hazard identification in the workplace, covering risk categories such as chemicals, equipment operation, working at heights, and ergonomics. Through risk matrix analysis, we conduct hierarchical management and set appropriate control and prevention measures according to risk levels to effectively reduce operational risks. 02. Accident Investigation and Disaster Notification We have established a comprehensive accident investigation procedure and immediately activated a disaster investigation team after each accident to conduct a root cause analysis (RCA) and propose specific improvement measures to prevent similar incidents from recurring. Implement immediate notification in accordance with the Disaster Notification and Investigation Rules to ensure transparency and response efficiency. 03. Safety Management for Contractors Establish safety rules and education and training mechanism for contractors entering the factory. Contractors must pass training and review before entering the site for operations. An accident reporting and responsibility division system is also in place to ensure that external parties comply with the company's safety regulations. 04. Emergency response and disaster drills We plan multiple field drills every year, including firefighting, chemical leaks, high-risk equipment failure simulations, etc., to improve response capabilities and cross-departmental collaborative work efficiency, and continuously review drill results and refine plans.

3. Safety Culture and Education and Training AOET firmly believes that "the core of safety culture lies in people" and promotes a culture of occupational safety with full participation: all employees (including supervisors) are required to participate in occupational safety and health courses and practical training. Education content covers the use of PPE, human factors engineering, risk control, fatigue and mental health management. An anonymous suggestion box and reporting mechanism are set up to encourage employees to put forward improvement suggestions to build a "bottom-up" safety management culture.

4. Transformational Leadership and Collective Safety Behavior The company encourages supervisors to adopt transformational leadership, lead by example, and clearly convey the safety vision, and improve the team's safety participation awareness through incentive mechanisms: strengthen cross-departmental communication and risk sharing culture to establish a safety trust atmosphere, strengthen peer supervision and self-management to implement collective social learning mechanisms, cultivate consistent "safety values" to promote employees' active participation in risk assessment and accident prevention measures, and achieve a "zero accident culture."

5. Combining the practice of sustainability and ESG goals Occupational safety and health management to achieve ESG goals: SDG 3: Ensure the health and safety of employees and reduce the risks of occupational diseases and accidents SDG 8: Promote labor protection and dignity at work, and improve overall productivity SDG 12: Strengthen hazardous substance management and process safety SDG 13: Incorporate climate risk adaptation strategies to enhance factory operational resilience

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## 05 Talent Vision-Diversity and Prosperity and Happy Structure

### 5.1 Employee Care and Comprehensive Welfare

#### Employee safety and health work environment management measures

In order to protect the work safety and physical and mental health of all employees and provide a high-quality, safe, and legally compliant workplace environment, the company continues to implement various safety and health management measures and education and training systems, and conducts regular reviews and improvements to strengthen risk awareness, prevent disasters, and create a friendly and sustainable working environment.

There will be no risk or frequency of shutdowns and production in 2024, and no operational impact from idle shutdowns.

#### A. Safety and health measures and education and training system

**Safety management measures** Emergency eye flushing device installation: Emergency eye flushing devices are installed in each hazardous work area. When employees accidentally come into contact with chemical substances, they can be immediately flushed and treated to reduce the risk of injury. Work environment monitoring: A third-party professional organization conducts work environment testing once in the first and second half of each year, and analyzes the potential impact of the work site on employee health through monitoring data. Provision of personal protective equipment: Provide appropriate personal protective equipment (PPE) based on the nature of the work and the risk level to ensure that employees minimize risks during operation. Emergency stop device: All major machines and equipment are equipped with emergency stop switches to prevent sudden abnormal conditions and ensure the safety of operators. (2) **Education and training measures** New employee training: All new employees must complete at least 3 hours of training before joining the company, including workplace risk identification, equipment operation, emergency response and company environmental safety regulations. On-the-job training: At least 2 hours of on-the-job employee safety and health courses are arranged each year, and explanations and operation training are provided for regulatory updates and revisions to internal operating standards (SOPs) to ensure that employees have the latest safety knowledge. Emergency response training: Fire or other emergency situation drills are held every six months, including simulations of escape and evacuation, initial fire fighting, and notification procedures, to strengthen response skills, avoid panic in times of crisis, and improve response efficiency. Environmental protection education: Continuously promote concepts such as resource conservation, garbage classification, and recycling and reuse, strengthen employees' environmental awareness and responsibility, and protect nature and ecological sustainability. (3) **Health promotion and medical support** Set up occupational health care staff: Provide employees with daily health care and disease prevention consultation, and help identify potential health risks and stress conditions. Monthly on-site medical services: The company cooperates with contracted medical institutions to arrange professional practitioners to stay in the factory for 4 hours each month to provide medical consultation, physical and mental health management advice and other services to promote the overall health of employees. (4) **Implementation results (2024)** Project category Implementation times Occupational safety training 62 times, environmental safety training 58 times, emergency response drills 11 times

#### B. International certification and standard introduction ISO 14001 environmental management system

All our factories in Taiwan and overseas have completed ISO 14001 certification in accordance with local laws or customer requirements, implemented environmental protection and risk prevention, and enhanced the company's sustainable business competitiveness.

#### C. Employee occupational disaster statistics and improvement measures (2024) Number of occurrences

A total of 36 occupational disaster incidents occurred, accounting for 0.04% of the total number of employees. No fire incidents.

**Improvement measures:** Strengthen the revision of work safety SOPs Increase protection facilities in high-risk areas Expand the frequency of on-site inspections and real-time reporting procedures Add visual warning signs and safety guidelines D. **Traffic safety promotion** Continue to play traffic safety videos through internal briefings, digital bulletin boards and safety day activities, and carry out related knowledge promotion, such as drunk driving prevention, safe driving, pedestrian safety, etc., to enhance employees' awareness of traffic safety during commuting and avoid external accidents. E. **Accident Analysis and Prevention Measures** Conduct in-depth accident analysis for each occupational hazard or potential abnormal event, including: Basic cause analysis: such as bad work habits, insufficient education and training Direct cause analysis: such as failure to wear protective gear, equipment failure Indirect cause analysis: such as poor work flow, lack of warning signs Follow-up discussion and implementation of improvement measures based on the investigation results, including: Modify or strengthen the standard operating procedure (SOP) Adjust the work schedule or process method Strengthen the personnel handover and work training system F. **Fire prevention and drill results** Fire record in 2023: zero fire incidents, zero casualties. Improvement and prevention measures: Conduct fire response training and equipment inspection regularly Strengthen the management of flammable storage areas Provide fire extinguisher use teaching Update fire equipment and escape indicator lights

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05 Talent Vision-Diversity and Prosperity and Happy Structure

5.1 Employee Care and Comprehensive Welfare

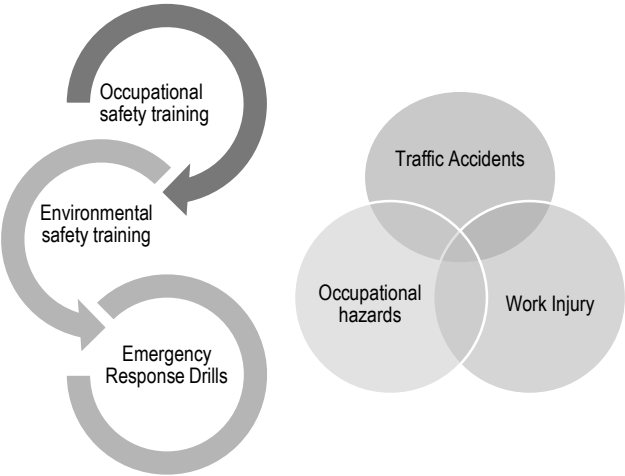
Employee work-related injuries and traffic safety management measures

The Group continues to uphold the core values of “zero workplace accidents” and “people-oriented” and is committed to enhancing the all-round safety protection of local and foreign employees in the workplace and on their way to and from get off work. From institutional protection in the workplace to behavioral advocacy for commuting, all are incorporated into the management mechanism to establish a comprehensive occupational safety culture and prevention system.

1.Workplace safety education and work injury prevention In order to strengthen employees' safety awareness and operational skills, the company continues to promote the following measures: Safety promotion and training for new employees: All new employees must complete safety regulations and operating rules education before joining the company to establish basic protection concepts. Annual occupational safety re-education and testing: For employees, we organize workplace safety education courses and conduct tests every year to ensure that standard updates can be implemented on the front line. Standardized operating procedures (SOPs) and on-site safety guidelines: including the use of protective equipment, risk identification signs, operating specifications, etc., are posted in each process area. In 2023, the Group had a total of 1 workplace injury incident. An employee was cut by the sharp blade of the tape machine while performing packaging operations at the end of the process. After emergency treatment, there were no serious sequelae. The relevant SOPs have also been revised and protective devices have been added. In addition, all process areas of the factory are clean-room grade working environments, and personnel are required to wear a full set of protective clothing before entering to effectively reduce the risk of work exposure. In particular, safety protection for female employees (such as the risk of hair entanglement) has also been strengthened. No related accidents occurred in 2023, nor were there any cases of occupational diseases or work-related deaths.

2. Commuting safety management and data results The Group pays special attention to the traffic safety of employees on their way to and from get off work, strengthens traffic risk identification and prevention education, promotes it equally to both domestic and foreign employees, and includes it in the annual occupational safety education priorities. Measures include: Traffic safety knowledge promotion and video screening Accident case sharing and prevention drills Regular surveys of commuting traffic patterns and route risk analysis Safety guidance for non-motorized vehicles, pedestrians and public transportation Since the launch of the "Commuting Safety Enhancement Action" plan in 2021, the results have been remarkable. As of the end of 2024: ⑧ The proportion of traffic accidents has dropped to 0.03%, and continues to show a downward trend. An overview of traffic accidents that occurred in 2024 is as follows: 2 minor traffic incidents, neither of which were caused by employees: 1 incident was caused by a car turning illegally without turning on the turn signal, resulting in an employee being injured while commuting. One case involved an employee who was commuting alone on public transportation and accidentally fell and was injured while getting on or off the vehicle. All accidents were minor injuries with no major medical needs or long-term effects, and no occupational accident disputes arose.

3. Continuous Improvement and Preventive Measures In response to the aforementioned cases of work-related injuries and traffic accidents, the company has taken the following improvement actions: Adding protective devices for work tools (such as safety baffles for tape machines), adjusting employee hand operation SOPs and distributing anti-cut gloves, strengthening long hair binding regulations and factory entry protection for female employees, re-inspecting and strengthening the safety recommendations for public transportation commuters, and regularly tracking and analyzing commuter traffic accident trends.







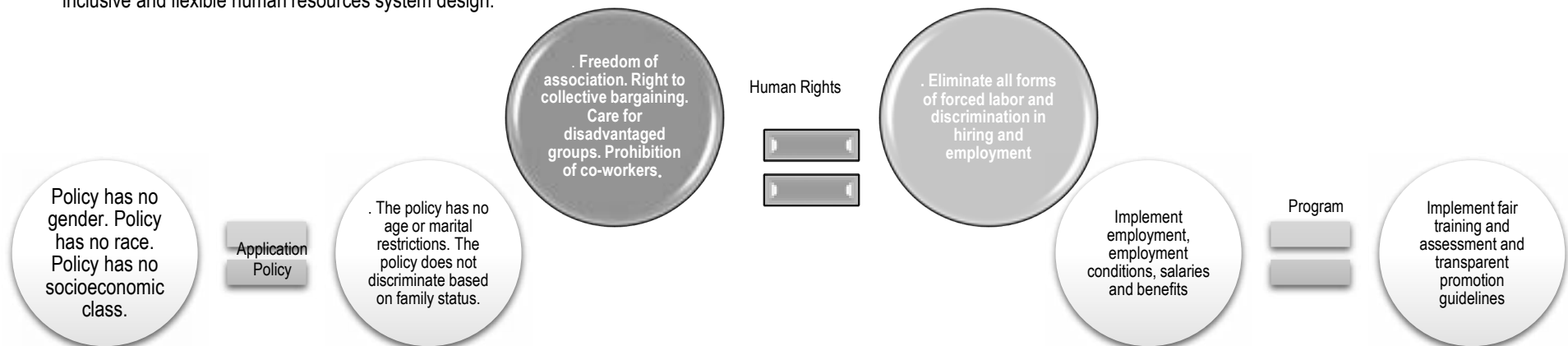
## 05 Talent Vision-Diversity and Prosperity and Happy Structure

### 5.1 Employee Care and Comprehensive Welfare

- Respect for human rights and labor protection policies

The Group attaches great importance to the protection of human rights, actively follows and practices the spirit of international human rights conventions such as the Universal Declaration of Human Rights and the International Labor Organization (ILO) Core Labor Standards, fully implements humanitarian values in corporate operations and labor-capital relations, and is committed to creating a fair, safe and respectful working environment.

1. Human Rights Policy and Management System Human Rights Policy Statement: The Group has formulated a clear "Corporate Human Rights Policy" and publicly pledged to protect the basic human rights and work dignity of all employees, and serves as the principle basis for internal operations and external supply chain management. Operational Human Rights Impact Assessment: Regularly identify risks and conduct human rights impact assessments on corporate activities, management behaviors, and employee management, and initiate disposal procedures when necessary to ensure that all operational behaviors do not infringe on the basic rights of employees or stakeholders. Formulate specific handling procedures: Establish standardized operating procedures (SOPs) to initiate investigations, responses, and corrections for discovered or suspected human rights violations, with the HR and compliance departments responsible for tracking and improving the situation.
2. Anti-discrimination and equal employment The Group strictly prohibits any form of discrimination based on gender, race, religion, age, nationality, marital status, physical or mental disability or political stance. Implement the principles of equal employment, promotion, education and training, and salary and benefits to ensure that both domestic and foreign employees enjoy fair treatment and career development opportunities. We promote a "diversity and inclusion culture" and encourage employees from all backgrounds to express themselves freely and contribute their expertise, thereby creating an open and friendly workplace environment.
3. Labor complaint and negotiation mechanisms should establish smooth, anonymous and multiple complaint channels (e.g., opinion mailboxes, human resources windows, supervisory meeting communications, online systems, etc.), which will be handled by dedicated units to ensure the privacy and fairness of complaint cases. Regularly hold employee seminars and dialogue activities to listen to employee opinions and promote mutual trust between labor and management. Respect employees' rights to express their opinions and participate in negotiations on working conditions in accordance with the law, and do not interfere with trade union organizations and collective bargaining actions. Provide all employees (including foreign employees) with relevant legal knowledge, rights and interests information, and life information to ensure that they clearly understand and exercise their rights.
4. Legal compliance and ethical commitment: No child labor is used and the minimum legal age for employment in various countries and regions is complied with. There is no forced labor or illegal restriction of personal freedom, and all employees sign labor contracts based on their own free will. Unrestricted freedom of association and group negotiation events, supporting employees to freely organize and participate in labor-management negotiations. There are no incidents of violation of professional ethics. The company has established a code of integrity and a whistleblower protection mechanism to prevent improper behavior or illegal incidents.
5. Continuous Improvement and Social Responsibility The Group regards "respect for human rights" as an important cornerstone of corporate sustainable development. In the future, it will continue to: regularly review whether policies and processes comply with the latest international standards and local regulations; strengthen employees' awareness and education and training on human rights; expand the scope of risk assessment to supply chain partners and external cooperative manufacturers; and promote a more inclusive and flexible human resources system design.






## 05 Talent Vision-Diversity and Prosperity and Happy Structure


### 5.1 Employee Care and Comprehensive Welfare



#### Human Rights Policy and Sustainable Development Commitment


The Group firmly believes that respecting and protecting human rights is a core element in achieving sustainable corporate development, and is also an indispensable foundation for promoting diversity and inclusion, deepening international partnerships and implementing the United Nations Sustainable Development Goals (SDGs). We use the Responsible Business Alliance Code of Conduct as the basis, and refer to the International Covenants on Human Rights, the Universal Declaration of Human Rights, the International Labor Organization (ILO) Core Labor Standards and the relevant indicators of GRI 409-1 as the basis for formulating the group's human rights protection policy, risk identification, management procedures and stakeholder disclosure mechanism.

1. Policy formulation and scope of application The Group has formulated a Human Rights Policy Statement, publicly committed to protecting human rights, covering the following key areas: Prohibition of child labor and forced labor Prohibition of any form of discrimination (gender, age, religion, race, marriage, physical and mental disabilities, etc.) Support for freedom of association and collective bargaining Fair treatment of labor conditions and reasonable wages Prevention of sexual harassment and gender equality Healthy and safe working environment protection  Applicable objects: Not limited to the company's internal employees (including foreign workers), but also covers human rights risk control in the upstream and downstream of the supply chain such as clients, suppliers, contractors, and partners.

2. Human Rights Risk Assessment and Management Mechanism To prevent human rights violations, the Group conducts risk identification, review and implementation of management measures in accordance with the GRI 409-1 indicator and RBA guidelines. The specific implementation is as follows: Human Rights Risk Assessment: Regularly review the supply chain and Group operations to identify high-risk groups or work types (such as dispatched, temporary, and low-paid foreign workers). Education and Training: Annual human rights and workplace ethics training is held for different departments to cultivate employees' sensitivity and responsibility to respect and protect human rights. Anonymous questionnaires and internal feedback mechanisms: Regularly issue anonymous surveys to listen to employees' voices and examine employment inclusiveness, and continuously improve work happiness and equal rights perceptions. Disclose the handling procedures and complaint channels: Establish a diverse and anonymous complaint mechanism (mailbox, digital platform, human resources window) to ensure confidentiality, fairness and accessibility. All complaints are accepted, tracked and responded to by the dedicated unit and incorporated into the improvement process. If human rights violations occur, an investigation will be initiated and the handling of the incident and the response procedures affecting stakeholders will be disclosed.

3. Practical implementation and results display  Summary of 2024 results: No child labor and forced labor cases No cases of restricted freedom of association and collective bargaining No sexual harassment or gender discrimination cases All human resources policies and systems have been reviewed No concerns about differential treatment

 Human rights implementation measures include: annual review of the Human Rights Policy Statement and operating guidelines; each department sets measurable human rights sustainability goals and annual action plans; procurement contracts include clauses for suppliers to comply with the human rights code of conduct, and conduct audits and sign commitments; IV. Future Outlook: Sustainable Human Resources Development and Social Impact; In response to the global attention to corporate social responsibility and sustainable manpower, incorporate stakeholder opinions and social expectations  Incorporate human rights governance into ESG performance appraisal and board oversight framework.

 Human rights are not an added value of a business, but an essential part of its operations. We will continue to uphold integrity, respect and responsible business practices, and work with all stakeholders to implement social values of fairness, inclusion and justice, and achieve truly resilient and sustainable corporate development.

Key points of labor-management meeting: The status of the implementation of the resolutions of the previous meeting. The number of employees and the status of labor changes. The production plan, business overview and market conditions of the enterprise and other production information. Labor activities, welfare projects and work environment improvement and coordination of labor-management relations, promotion of labor-management cooperation, labor conditions, labor welfare planning, improvement of work efficiency, selection and dismissal of labor-management meeting representatives, as well as the operation of the council and other discussions.



Key points of the sexual assessment meeting: Implement education and training to prevent and treat sexual harassment. Issue a written statement prohibiting sexual harassment in the workplace. Specify the complaint procedures for handling sexual harassment incidents and designate individuals or units to be responsible. Handle complaints in a confidential manner and protect complainants from any retaliation or other adverse treatment. The investigation is handled in a disciplinary manner.



## 05 Talent Vision-Diversity and Prosperity and Happy Structure

### 5.2 Talent Development and Maintenance Policy

#### Function-oriented assessment and sustainable talent development strategy

The Group adheres to the concept that "talent is the most important asset of an enterprise" and continues to optimize the employee training and performance assessment mechanism, committed to creating a diverse, equal and inclusive working environment, and in line with international trends to enhance corporate competitiveness. In terms of functional assessment, we have introduced a functional-oriented assessment system and combined it with Management by Objectives to establish clear and measurable performance standards. Functional assessment is conducted through the "importance order method" and "ranking method", emphasizing the two-way interaction between employee self-examination and supervisor feedback to ensure fairness and transparency in the assessment. All performance evaluation data are incorporated into the employee promotion and reward system to enhance employee participation and sense of achievement. In terms of talent retention and cultivation, the Group has established a complete education and training system, including internal professional skills training and external further study subsidies, to encourage employees to continue learning and cross-field development. The training content covers practical courses such as leadership, crisis management, change management and digital transformation, in line with business needs and industry trends to comprehensively enhance the competitiveness of employees. In addition, we attach importance to cross-generational inheritance and cultural integration, and implement the "mentor-apprentice system" where senior employees help new colleagues quickly adapt to organizational culture and work processes. The Group also Reference the concept of DEI (Diversity, Equity, and Inclusion) to ensure that all employees are not treated differently due to gender, age, race or background, and to implement equal pay for equal work and equal economic opportunities. In response to ESG corporate sustainability responsibilities, we make good use of local human resources and promote local economic development and social participation through our business model. In the future, the Group will use international standards such as the TALENT sustainable talent index as a reference framework to strengthen its human capital strategy, closely integrate talent development with the company's long-term growth goals, practice corporate social responsibility and build a sustainable organization.

#### Optimization of performance management system and talent growth-oriented strategy

Performance management is an important bridge connecting individual behavior and organizational goals. Only when the indicator design and goal setting are highly aligned with the corporate strategy can the performance system realize its true value. To this end, we are committed to establishing a clear, consistent and flexible performance evaluation mechanism so that every employee can demonstrate their self-worth under fair and transparent conditions. In practice, we adopt a structured performance indicator setting method and combine it with the SMART principle (specific, measurable, achievable, relevant and timely) to ensure that each goal is consistent with the department's operating indicators and the group's development direction. Performance standards also continue to develop towards institutionalization and consistency to reduce deviations caused by subjective cognitive gaps in assessments and to improve the objectivity and credibility of assessments. At the same time, we are also aware of the potential risks brought about by "forced distribution" in the traditional performance system, including damage to team atmosphere, reduced opportunities for healthy cooperation, and decreased psychological security of employees. To address this issue, the Group adopts a more flexible and people-oriented performance management approach that does not aim for ranking, but instead focuses on "continuous dialogue", "developing potential" and "enhancing contribution". We emphasize two-way communication between supervisors and employees, and introduce regular reviews and rolling target adjustments (Continuous Performance Management), making performance feedback a part of daily conversations.

In order to ensure that the performance system can truly support the career development of employees, we strengthen the role of supervisors in performance feedback and talent development, and train them to become coaching leaders who not only provide guidance but also help employees clarify their goals and plan their growth paths. Every performance review should be an inspiration, an exploration of future possibilities, rather than a mere report card. We believe that the ultimate goal of the performance system is not only to score, but also to motivate. Through a performance framework that is both institutional and humane, and combines employees' personal goals with the organization's vision, we are not only evaluating performance, but also building a corporate culture that values growth, dialogue and common good.

The company has not signed a collective agreement at this stage, but through the labor contract established in accordance with the law and the company's internal management system, it ensures that the working conditions of all employees are protected. Currently, the union and the company continue to communicate regularly and move towards establishing a more formal labor-management agreement system.

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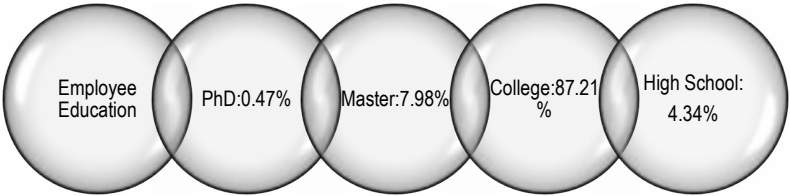
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5.3 Talent Sustainability and Cultivation and Development



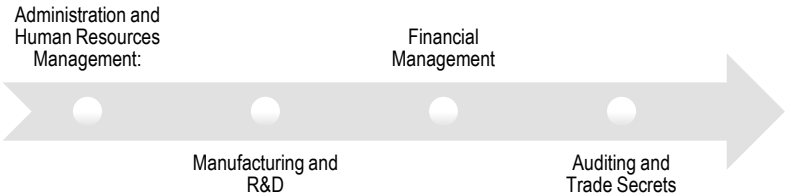
Performance appraisal system and sustainable salary policy

AOET adopts an annual performance appraisal system to comprehensively review the work performance of employees in that year. The assessment content includes both quantitative objectives and qualitative functional behaviors, and incorporates risk management indicators that are highly relevant to operations and sustainability to ensure that the assessment content is comprehensive and forward-looking. In addition to work effectiveness, specific assessment items also cover workplace safety, environmental protection (including carbon emissions and wastewater discharge control), product and service quality, information security, gender equality and human rights protection, fully reflecting the spirit of integration of corporate governance and corporate social responsibility. The company uses performance results as an important basis for operational management and sustainable development strategies, not only to motivate employee performance, but also as an important reference for human resource planning, talent retention and career development. Through the promotion of the performance system, the organization strengthens the internal implementation of ESG (environmental, social, and governance) indicators, so that sustainable management is deeply rooted in daily operations. In terms of salary structure, the Company adheres to a fair and reasonable salary policy. The average monthly salary of grassroots employees is higher than the statutory minimum wage in Taiwan, and the overall salary is also better than the industry standard. The company ensures that the salary system does not discriminate based on gender, age, race, nationality or other non-performance related factors. In 2023, there was no significant difference in the salary ratio of male and female employees in Taiwan between supervisory and general positions, which specifically demonstrates the commitment to gender equality and workplace fairness, and also echoes domestic and international sustainable disclosure standards (such as GRI 405-2). In addition, in order to strengthen employees' sharing of the company's operating results and implement talent retention policies, when the company makes an annual profit, it will set aside no less than 5% to 12% of the net profit before tax for the year as employee remuneration in accordance with the provisions of the Articles of Association, and set aside no more than 3% as director remuneration. However, if there are any accumulated losses during the year, they shall be retained first to meet the losses and then the surplus shall be distributed. In addition to the company's employees, employee remuneration is also distributed to eligible employees of affiliated companies, reflecting the Group's long-term value commitment to all talents, implementing corporate social responsibility in human resource management practices, and continuously promoting corporate sustainable operations. Please refer to the annual report for details of the remuneration policy. In 2024, the average employee benefits are 815 (thousands), the average employee salary is 673 (thousands), the adjustment changes are 0.9%, and detailed information on the salary policy can be found in the annual report.

The Company is committed to creating a diverse, equal, and inclusive work environment that respects the differences of all employees and corporate culture > human resource policies. In terms of diversity, we encourage and support the inclusive development of talents of different ages, genders, races, cultures, religious backgrounds, and physical and mental characteristics, and actively increase the proportion of women in middle and senior management positions to develop women's leadership potential. Gender ratio indicators are also included in the sustainable management KPI for regular tracking to ensure that gender equality is implemented in the organizational structure. To promote equality in the workplace, the company adopts an equal pay policy for equal work and conducts regular salary structure analysis to ensure that there is no unreasonable pay gap between different genders or groups. In addition, facilities such as breastfeeding rooms and friendly toilets are set up, and flexible working hours and parent-friendly policies are implemented to improve workplace inclusiveness and employee quality of life. In terms of inclusive practice, we have established a workplace sexual harassment prevention and reporting mechanism and conducted annual gender equality and human rights training courses to enhance all employees' awareness and behavioral awareness of respect and inclusion, so that diversity can truly become a driving force for the company's innovation rather than a source of estrangement.



The proportion of employees with a master's degree increased by 3% compared with last year, indicating that the company's talent structure continues to be optimized.



Four major aspects of employee education and training

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## 06 Sustainable Action-Social Influence and Common Development

6.1 Social Innovation and Corporate Participation

6.2 Social risks and social value contribution

6.3 Community Prosperity and Collaborative Development

SDGs:14

### Chapter highlights:.

- Respond to government employment matchmaking.
- Responding to vulnerable groups and New Year activities.
- International Initiatives Links.
- Localized sustainable living environment





## 06 Social Sustainability-Social Influence and Common Development

### 6.1 Social Innovation and Corporate Participation

#### Social innovation and corporate participation in the development of AOET industry

Transformation thinking from lens manufacturing to smart applications. Introduction: In the context of rapid changes in the digital economy, enterprises are no longer just value creators in the economy, but also drivers of social innovation. As an important member of the optical lens industry, its recent layout of capacity expansion, product application diversification and international cooperation is gradually demonstrating the potential and intention of the enterprise to participate in social innovation. The group will expand its new plant in Taichung in 2024 to meet market demands for laptops, automotive, and robotic vision, especially the layout of automotive lenses and AI vision applications, reflecting the company's forward-looking thinking in response to the development of smart cities and automated society. Connecting machine vision with social needs through technological innovation As social issues such as smart healthcare, unmanned vehicles, remote care and educational technology emerge, the importance of optical and visual sensing technology is increasing. AOET technology will be applied by customers to areas such as care equipment for the disadvantaged in society, remote medical devices, and environmental monitoring systems, thereby realizing the social value transformation of the technology itself and creating common benefits. As Taichung City faces challenges such as an aging workforce, declining birth rates, and an outflow of young talent, the city government is actively promoting a series of recruitment activities called "Full City Taichung, Employment Success" that aim to enhance job market vitality and promote youth employment and industry talent supply through policy intervention and industry cooperation. The Group responded to the city government's multiple recruitment activities, including large-scale job fairs and regional recruitment activities, inviting more than 100 companies to provide more than 6,800 job vacancies covering multiple industries such as technology, manufacturing, services, and green energy. To strengthen industrial chain cooperation, it is recommended that the municipal government and enterprises establish a long-term cooperation mechanism to jointly develop talent training programs, shorten the gap between industry demand and talent supply, and improve the matching degree of the employment market. Promote lifelong learning and skills improvement With the advancement of technology and industrial transformation, it is recommended that the city government cooperate with educational institutions to provide lifelong learning opportunities for working people and job seekers to enhance their competitiveness in the workplace. Through policy innovation and industrial cooperation, remarkable results have been achieved. In the future, it is recommended to further strengthen industrial chain cooperation, promote lifelong learning and skills improvement, and strengthen digital platform construction on the existing basis, so as to continuously improve Taichung's job market competitiveness and achieve common economic and social development.

In 2024, there will be changes in the operating field, so many charity activities cannot be participated in one by one. AOET continues to uphold corporate social responsibility and completes multiple charity donations through the Huashan Foundation's online donation platform to support the "Protecting the Vulnerable Elderly" plan, hoping to accompany the corners of society that need care most with practical actions. This donation will help the Huashan Foundation continue to promote local services, including providing home visits, material assistance, and life companionship for elderly people living alone, elderly or disabled, so that the elderly can receive dignified life care in a familiar community. The influence of a company is not only reflected in products and technology, but also in social welfare, conveying the warmth and power of light. The Huashan Foundation provides this meaningful connection, giving us the opportunity to contribute to Taiwan's aging society. AOET will continue to invest in various charity actions, combining core technology with humanistic care, practicing the concept of technology and kindness, and contributing to creating a warmer society.

AOET actively responds to the Sustainable Development Goals (SDGs), continues to deepen corporate responsibility and global integration as a citizen of the earth, and continues to support global net zero emissions goals and climate actions with practical actions. The company believes that carbon reduction and promotion of sustainability are not only an international trend, but also a core responsibility that cannot be ignored in the development of the optoelectronics industry. In order to deepen the awareness of sustainability, we have gradually launched internal cross-departmental communication, policy advocacy and education training, and strengthened colleagues' understanding and participation in sustainable issues such as carbon management, green manufacturing, and electronic material recycling, and gradually implemented ESG concepts in daily operations. In 2024, participate in the following online seminars and international forums on important sustainability issues to learn from global trends and keep pace with the times:

✎ List of key sustainable participation activities in 2024:

Global Sustainability Trends: From Regulations to Operational Strategies (SGS) 📅 Date: March 28, 2024 The content focuses on the evolution of international sustainability regulations and how companies can formulate corresponding strategies.

Electronic Material Recycling and Quality Management Practice Webinar (SGS) 📅 Date: May 23, 2024 Discuss new practices of resource recycling and supply chain quality control under the ESG framework.

GRI Report Practical Training and Analysis 📅 Date: October 29, 2024 Strengthen the team's understanding and application of the GRI (Global Reporting Initiative) disclosure framework.

Policy Enablers for Private Sector SDGs 📅 Date: October 31, 2024 Focus on how companies can strengthen their contribution to sustainable development through policy mechanisms and indicators.

COP29 Global Climate Change Conference Review and Analysis 📅 Date: November 26, 2024 Starting from the review of international climate policies, we will think about the practical path for companies to move towards net zero.

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## 06 Social Sustainability-Social Influence and Common Development

### 6.2 Social Risk and Social Value

#### Create social value together 🌐

2024 is a landmark year for AOET, with revenue growth and increased operations, business expansion into multiple markets around the world, and breakthroughs in multiple technological fields. However, this achievement from economic development is not accidental. It reflects our efforts in deepening market penetration, innovating technology and fine management. Nevertheless, as our revenue grows, we realize more clearly that as a modern enterprise, we must face and properly deal with the social risks that come with it, and integrate social responsibility into every aspect of our corporate development. The value of a company is not only reflected in its financial statements, but also in its long-term impact on society, the environment and its employees. Innovative achievements in the field of optoelectronic technology continue to emerge, and a number of advanced products with strong market demand have been successfully launched, including high-efficiency optoelectronic components and the application of sustainable materials. These innovations have not only enhanced product competitiveness, but also promoted the company's internationalization pace.

Actively exploring international markets, especially in Southeast Asia, Europe and the Americas, provides a solid foundation for AOET's business expansion. As global market demand grows, the company's international business has reached new heights. As our revenue and scale expand, we also realize that the social risks and challenges faced by enterprises are becoming increasingly complex, requiring us to pay more attention and actively respond.

#### Environmental risks and sustainable development 🌐

As the scale of our business expands, the environmental risks we face also increase. Problems such as water resources, soil pollution, and climate change are becoming increasingly serious. These problems not only affect the operation of the Zhongke Park, but also affect the quality of life of residents in the surrounding communities. To this end, AOET actively responds to environmental challenges, formulates and implements green production policies, and promotes resource conservation and energy efficiency.

**Water resource protection:** We have stepped up monitoring of water resources, implemented strict water treatment regulations, ensured that all discharges meet national standards, and conducted research on water-saving and recycling technologies to reduce consumption of local water resources.

**Waste Management and Circular Economy:** In terms of waste management, we actively promote garbage sorting, resource recovery and hazardous substance treatment, reuse recyclable resources in a large number of production processes, and strive to find long-term solutions to reduce waste generation.

**Employee welfare and occupational safety:** As the scale of the company expands, how to ensure the safety and welfare of employees has become an important issue we face. To this end, we have not only increased the salary and benefits of employees, but also increased investment in occupational safety and health protection.

**Health and safety assurance:** Regularly conduct occupational health examinations for employees, implement targeted safety training and emergency drills based on the particularities of the working environment, and ensure the safety of employees during work.

**Career Development and Equal Opportunities:** Providing continuous learning and growth opportunities and ensuring that all employees have equal opportunities for development within the company, regardless of gender, age or background.

**Social responsibility and public welfare:** AOET believes that the development of an enterprise should not be based solely on financial performance. We should also actively give back to society and support social welfare undertakings. In 2024, we showed our concern for vulnerable groups in society and launched a series of social responsibility projects. In addition to donating materials and cooperating with non-governmental organizations to carry out assistance programs, we are committed to improving the living conditions of vulnerable groups, and through cooperation with social enterprises, we jointly solve local social problems and improve the overall welfare of society. Long-term development and responsibility Along with the steady growth of revenue, we also focus on how to transform these economic benefits into social value. We always believe that the success of an enterprise should be based on social responsibility. Only by incorporating social responsibility into corporate strategy can we achieve long-term sustainable development. The Group regularly presents its achievements and future plans in environmental protection, employee development and social welfare in its annual report and sustainability report. In future development, AOET will further strengthen the coordinated development of environmental protection and social responsibility, actively respond to government policies, and promote the green transformation of the local economy. Creating jobs and promoting social stability: Through corporate expansion and in-depth practice of social responsibility, we will provide more employment opportunities, actively promote employee vocational skills training, and enhance the overall competitiveness and stability of society.

The program to help disadvantaged groups is carried out irregularly. Out of respect for the association's wishes, not all relevant information of all units will be made public, in order to demonstrate our emphasis on corporate social responsibility.

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## 06 Social Sustainability-Social Influence and Common Development

### 6.3 Social Prosperity and Collaborative Development

#### Building a sustainable living community in China through local connections 🌐

As a member of the Central Taiwan Science Park, AOET is well aware that business operations are not only related to economic benefits, but are also closely related to the environmental health and well-being of the residents in the community. The Group has long been actively promoting independent management of emissions and identification of pollution sources, and strengthening substantive actions for environmental protection. We believe that sustainable development should not be limited to the maintenance of natural resources, but should also include the overall consideration of the human environment and social structure. In an era where environmental risks and social dynamics are inseparable, the Group advocates starting from the tripartite interaction of "nature-society-community" to deeply understand the local history and cultural context, and avoid the loss of local memory and weakening of residents' sense of identity caused by excessive homogenization of urban development. As a core cluster of science and technology industries, Zhongke is also tasked with creating a livable living circle. How to rebuild residents' sense of participation and belonging to the community in the context of high industrialization is our focus. We have observed that traditional community development policies tend to focus on social and economic aspects, but pay insufficient attention to environmental issues, intangible culture and quality of life. Therefore, the Group, based on corporate influence, refers to the following community sustainability practices: Establishment of community environmental risk communication mechanism: Regular communication meetings with neighboring residents, publicizing environmental management information, and promoting understanding and trust. In the future, we will promote the planning of sustainable living circles: cooperate with local schools and communities, advocate green energy education, environmental protection and youth return home to create vitality. Introducing the concept of community co-governance: Using a cooperative governance model, combining the power of the public sector and citizens to jointly participate in community growth and risk governance. We firmly believe that only by balancing economic development, social equity and environmental sustainability can a community truly become a place where residents can live in peace and a sound and resilient development environment can be established for businesses. 2024 is a year when our operating areas are increasing. We may not be able to deepen our local presence this year, but we firmly believe that in the future, the Group will continue to follow international indicators and local governance models for sustainable urban and rural development, expand its connectivity with the community, and realize the vision of achieving a better life through technology. Only by balancing economic development, social equity and environmental sustainability can a community truly become a place where residents can live in peace and can a stable and resilient development environment be established for businesses.

#### Collaborative Development 🌐

As an important science and technology industrial center in Taiwan, the Central Science Park has a large number of professional talents from all over the world. With the rapid development of the industry, the living and working environment in the region is also facing challenges. In this context, AOET responds to social responsibility and is committed to creating an inclusive and sustainable living environment. We promote a series of social innovation and inclusion programs, and are committed to solving problems in the communities surrounding the Zhongke Park, including: Improving the quality of life: promoting community greening programs, participating in environmental beautification and green space planning with local communities, and enhancing residents' sense of identity and belonging to the community. Creating a smart community: Relying on AOET's expertise in smart technology, we work with local governments to establish smart lighting and smart waste management systems, optimize community management and reduce resource waste, and carry out environmental protection and sustainable development education for the younger generation. Zhongke Community Cooperation and Sustainable Urban and Rural Development With the gradual expansion of Zhongke Park, the surrounding community development and natural environment face multiple challenges, which is a common responsibility for enterprises and residents. We believe that community development cannot rely solely on economic interests, but should also be combined with the protection of environmental and cultural assets to achieve comprehensive sustainable development.

As a responsible enterprise, AOET combines corporate governance with sustainable development and continuously improves its internal management system to create longer-term value for society and the environment. By establishing strict environmental management standards and conducting regular audits, we ensure that every corporate action complies with environmental protection and social responsibility requirements. In addition, the Group will continue to strengthen environmental education and sustainable awareness training for employees, starting from within, so that every employee can become a promoter of the company's sustainable development.

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## 06 Social Sustainability-Social Influence and Common Development

### 6.3 Social Prosperity and Collaborative Development

#### Community Environmental Risk and Social Value 🌐

Challenges of water and soil pollution and waste management As an enterprise in the Central Taiwan Science Park (CTP), AOET is fully aware of its role and obligations in environmental protection and social responsibility. With the rapid development of the industrial park, water and soil pollution and waste disposal problems caused by industrial activities have gradually emerged. These problems not only affect the local environment, but also pose a direct threat to the quality of life and health of surrounding residents. Therefore, as a member of the enterprise, we must proactively face these challenges and actively participate in governance and improvement with a responsible attitude.

Water and soil pollution: dual responsibility of protecting the environment and residents. With the rapid development of science and technology industries in the Central Science Park, water and soil pollution issues have gradually become important issues in the community environment. The production processes and discharge behaviors within the park, such as the discharge of wastewater without proper treatment, may cause serious pollution to local water sources, affecting the drinking water safety and quality of life of residents.

In addition, pollution from chemicals or heavy metals may also seep into the soil, posing a threat to agriculture, plants and biodiversity, and even further affecting the health of residents. Therefore, AOET has implemented strict environmental protection measures in its daily operations, including:

Water source protection and sewage treatment: The company has invested in advanced water treatment equipment to ensure that wastewater generated during the production process is fully treated and complies with government regulations to meet harmless discharge standards and prevent water source pollution.

Soil protection and pollution monitoring: Conduct soil monitoring and regular testing around production facilities to ensure that the soil is not contaminated by harmful substances, and take timely remediation measures when problems are found.

Environmental risk assessment and emergency response plan: In order to respond to possible environmental emergencies, the company has established emergency response plans for water and soil pollution, and maintains close contact with local governments and environmental protection agencies to ensure that effective responses can be taken quickly when pollution incidents occur.

Waste Management: Reducing Pollution and Protecting the Community Waste management issues also pose a threat to the community environment, especially when improperly treated waste is discharged into the community, it will pollute the surrounding air, water, soil, etc., and may endanger the physical and mental health of residents. Especially industrial waste and electronic waste, if not handled according to regulations, can easily cause environmental harm. To this end, AOET has taken the following measures in waste management:

Waste classification and reduction: The company implements source reduction, classifies solid waste in all production processes, handles recyclables, hazardous materials and general waste separately, and gives priority to environmentally friendly and reusable methods of treatment.

Waste Reuse and Resource Recovery: Actively promote waste recovery and resource recovery projects, cooperate with professional recycling companies to send recyclable materials for processing, and reduce the amount of waste entering landfills.

Wastewater and Chemical Management: We have treatment facilities for hazardous chemicals and wastewater, as well as strict emission standards and regular inspection mechanisms to prevent the leakage of hazardous substances.

Not only does it establish a strict environmental management system within the company, it also actively responds to government policies and collaborates with local communities. The development of the China Science Park involves multiple interests, and cooperation between enterprises, governments and communities is crucial. AOET current and future action plans include but are not limited to cooperating with local governments, actively participating in the environmental protection and sustainable development plans of the Central Science Park, and jointly formulating relevant policies such as water resource management, soil protection and waste disposal with local governments. Community environmental education, organize community environmental protection promotion activities, popularize environmental protection knowledge to residents, enhance everyone's awareness of water and soil pollution, and encourage residents to participate in community greening and pollution control. Support the construction of public environmental facilities, invest resources to support the construction of public green spaces and community environmental restoration within the China Science and Technology Park, improve residents' living environment, reduce pollution sources, and enhance social cohesion.

As a member of the China Science Park, AOET is well aware that in the face of increasingly severe environmental challenges, enterprises should assume more social responsibilities. We will continue to work hard to build a more sustainable and healthy living and working environment by continuously improving internal management, actively promoting environmental protection measures, and cooperating with governments and communities to jointly solve water, soil pollution and waste management problems.

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NO	TARGET	WEIGHT	GRI
1	How important is energy management in the electronics-optoelectronics industry?	0.963	302
2	What is the importance of the economic and environmental value distribution of climate risks and carbon issues in the photovoltaic industry?	0.936	305
3	Why is the rational use of water resources important in the electronics-optoelectronics industry?	0.909	303
4	What is the importance of packaging and waste recycling in the circular economy in the electronics and optoelectronics industry?	0.927	306
5	Why is occupational health and safety important in the electronics-optoelectronics industry?	0.981	403
6	Why is human rights protection and employee diversity and equality important in the electronics and optoelectronics industry?	0.981	405
7	Why is talent recruitment, education and retention important in the electronics-optoelectronics industry?	0.972	404
8	Why are product liability, product safety and service labeling important in the electronics-optoelectronics industry?	0.971	416
9	Why is community involvement and philanthropic involvement important in the electronics-optoelectronics industry?	0.81	413
10	Why is it important to establish sustainable corporate governance in the electronics-optoelectronics industry?	0.972	200
11	Why is risk management and ethical integrity important in the electronics-optoelectronics industry?	0.936	103
12	Why is a sustainable supply chain important in the electronics-optoelectronics industry?	0.954	204
13	Why is innovative R&D important in the electronics-optoelectronics industry?	0.972	203
14	Why is customer relationship interaction and satisfaction important in the electronics-optoelectronics industry?	0.972	417
15	Why are operating performance and profit value important to the Electronics-Optoelectronics industry?	0.972	201



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## Appendix GRI

GRI	Item	Chapter
GRI 2: General Disclosure 2021		
GRI 2: General Disclosure 2021		
1. Organization and reporting		
2—1	Organization details	Company Overview
2—2	Entities included in organizational sustainability reporting	Company Overview
2—3	Reporting period, reporting frequency and contact person	Regarding the report
2—4	Information rearrangement	Regarding the report/3.3 Energy Management and Application
2—5	External assurance/assurance	NO Relevant Plot
2. Activities and workers		
2—6	Activities, value chains and other business relationships	Company Overview/2.6 Sustainable Supply Chain Management
2—7	Employee	5.3 Talent Recruitment and Development
2—8	Non-employee workers	5.1 Employee care and comprehensive benefits
3. Governance		
2—9	Governance structure and composition	2.1 Corporate Governance Version and Development Strategy
2—10	Nomination and selection of the highest governance unit	2.1 Corporate Governance Version and Development Strategy
2—11	Chairman of the highest governance unit	2.1 Corporate Governance Version and Development Strategy
2—12	The role of the highest governance unit in overseeing conflict management	2.1 Corporate Governance Version and Development Strategy
2—13	Conflict Management Leader	2.1 Corporate Governance Version and Development Strategy
2—14	The role of the highest governance unit in sustainability reporting	2.1 Corporate Governance Version and Development Strategy
2—15	Conflict of interest	2.1 Corporate Governance Version and Development Strategy
2—16	Communicate key events	1.3 Identification and management strategies of major sustainable issues
2—17	Highest governance unit	2.1 Corporate Governance Version and Development Strategy
2—18	Performance evaluation of the highest governance unit	2.1 Corporate Governance Version and Development Strategy
2—19	Salary policy	2.1 Corporate Governance Version and Development Strategy
2—20	Salary Decision Process	Company Overview
2—21	Annual total compensation ratio	Salaries are personal information of employees and are confidential information. It is not convenient to disclose



## Appendix GRI

GRI	Item	Chapter
GRI 2: General Disclosure 2021		
GRI 2: General Disclosure 2021		
4.Strategic policies and practices		
2—22	Statement on sustainable development strategy	Statement from top management/1.1 Sustainable Development Policy and Governance Structure
2—23	Policy commitments	2.1 Corporate Governance Version and Development Strategy/2.5 Climate change risk management 2.6 Sustainable Supply Chain Management/3.1 Climate Action and Sustainable Strategy 5.2 Talent Development and Maintenance Policy
2—24	Incorporate policy commitments	2.1 Corporate Governance Version and Development Strategy/5.2 Talent Development and Maintenance Policy 1.3 Identification and management strategies of major sustainable issues/2.3 Regulatory compliance and internal audit system
2—25	Procedures for remediating negative shocks	1.4 Issue Identification and Risk Assessment/2.2 Integrity management and ethics
2—26	Mechanism for seeking advice and raising concerns	2.3 Regulatory compliance and internal audit system
2—27	Compliance	NO Relevant Plot
2—28	Membership of public associations	1.2 Stakeholders' participation in communication/1.3 Identification and management strategies of major sustainable issues
2—29	Stakeholder discussion policy	5.2 Talent Development and Maintenance Policy
2—30	Group agreement	
GRI	Item	Chapter
GRI 3: Key Themes 2021		
GRI 3: Key Themes 2021		
3—1	Process for deciding major topics	1.3 Identification and management strategies of major sustainable issues
3—2	List of major topics	1.3 Identification and management strategies of major sustainable issues
3—3	Major topic management	1.3 Identification and management strategies of major sustainable issues
GRI	Item	Chapter
GRI 200: Economic Series		
GRI 201: Economic Performance 2016		
201—1	The direct economic value generated by the organization	Company Overview 2.4 Risk management and adaptability/2.5 Climate change risk management/2.6 Sustainable Supply Chain Management
201—2	Financial impacts and other risks and opportunities arising from climate change	
201—3	Defining Benefit Obligations and Other Retirement Plans	5.1 Employee care and comprehensive benefits
GRI 202: Market Position 2016		
202—1	Ratio of standard salary to local minimum wage for entry-level staff of different genders	5.1 Employee care and comprehensive benefits
202—2	Proportion of local residents employed as senior managers	5.1 Employee care and comprehensive benefits/5.3 Talent Recruitment and Development
GRI 204: Procurement Practices 2016		
204—1	Proportion of procurement spend from local suppliers	2.6 Sustainable Supply Chain Management
GRI 205: Anti-Corruption 2016		
205—1	Operations assessed for risks related to corruption	2.2 Integrity management and ethics
GRI 206: Anti-Competitive Behavior 2016		
206—1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	NO Relevant Plot
GRI 207: Taxation 2019		
207—1	Tax policy	Company Overview
207—2	Tax governance, control and risk	Company Overview
207—3	Stakeholder negotiation and management of tax-related issues	Company Overview

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GRI	Item	Chapter
GRI 300: Environmental Series		
GRI 302: Energy 2016		
302—1	Energy consumption within the organization	3.3 Energy Management and Application
302—3	Energy intensity	3.3 Energy Management and Application
302—4	Reduce energy consumption	3.3 Energy Management and Application
GRI 303: Water and Exiled Water 2018		
303—1	Interactions among shared water resources	3.4 Water Resources Management
303—2	Management of drainage-related impacts	3.4 Water Resources Management
303—3	Water intake	3.4 Water Resources Management
303—4	Displacement	3.4 Water Resources Management
303—5	Water Consumption	3.4 Water Resources Management
GRI 305: Emissions 2016		
305—1	Direct (Scope 1) greenhouse gas emissions	3.2 Greenhouse Gases and Action
305—2	Energy indirect (scope 2) greenhouse gas emissions	3.2 Greenhouse Gases and Action
305—4	Greenhouse gas emission intensity	3.2 Greenhouse Gases and Action
305—5	Greenhouse gas emission reduction	3.2 Greenhouse Gases and Action
305—6	Emissions of Ozone Depleting Substances ODS	No Relevant Plot
305—7	Carbon oxides NOx, sulfur oxides Sox, and other significant gas emissions	No Relevant Plot
GRI 306: Waste 2020		
306—1	Waste generation and significant waste-related impacts	3.5 Waste Management and Resource Recycling
306—2	Dealing with significant waste-related impacts	3.5 Waste Management and Resource Recycling
306—3	waste generation	3.5 Waste Management and Resource Recycling
306—4	Disposal and transfer of waste	3.5 Waste Management and Resource Recycling
306—5	Direct disposal of waste	3.5 Waste Management and Resource Recycling
GRI 307:		
307—1	Compliance with environmental protection regulations	NO Relevant Plot
GRI 308: Supplier Environmental Assessment 2016		
308—1	Use environmental criteria to screen new suppliers	2.6 Sustainable Supply Chain Management



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GRI	Item	Chapter
<b>GRI 400: Social Series</b>		
<b>GRI 401: Employment Relations 2016</b>		
401—1	New and retired employees	5.1 Employee care and comprehensive benefits
401—2	Benefits provided to full-time employees (excluding temporary or part-time employees)	5.1 Employee care and comprehensive benefits
401—3	parental leave	5.1 Employee care and comprehensive benefits
<b>GRI 402: Employment Relations 2016</b>		
402—1	Minimum notice period for operational changes	5.1 Employee care and welfare/5.2 Talent Development and Maintenance Policy
<b>GRI 403: Occupational Safety and Health 2018</b>		
403—1	Occupational safety and health management system	5.1 Employee care and comprehensive benefits
403—2	Hazard identification, risk assessment and accident investigation	5.1 Employee care and comprehensive benefits
403—3	occupational health services	5.1 Employee care and comprehensive benefits
403—4	Workers participate in consultation and communication on occupational safety and health	5.1 Employee care and comprehensive benefits
403—5	Related Occupational Safety Training for Revenue and Expenditure Workers	5.1 Employee care and comprehensive benefits
403—6	Worker health promotion	5.1 Employee care and comprehensive benefits
403—9	Occupational injuries	5.1 Employee care and comprehensive benefits
403—10	Occupational diseases	NO Relevant Plot
<b>GRI 404: Education and Training 2016</b>		
404—1	Average hours of training per employee per year	5.3 Talent Recruitment and Development
404—2	Improve employee functions and over-assistance plan	5.3 Talent Recruitment and Development
404—3	Percentage of employees who receive regular performance and career development reviews	5.3 Talent Recruitment and Development
<b>GRI 405: Employee Diversity and Equal Opportunities 2016</b>		
405—1	Diversity of governance units and employees	5.3 Talent Recruitment and Development
<b>GRI 406: Non-Discrimination 2016</b>		
406—1	Incidents of discrimination and actions taken by the organization to improve	NO Relevant Plot
<b>GRI 407: Freedom of Association and Group Negotiation 2016</b>		
407—1	Operational sites or suppliers that may be at risk for freedom of association and group negotiation	NO Relevant Plot
<b>GRI 408: Child Labor 2016</b>		
408—1	Significant risks in using co-workers at operating sites and suppliers	NO Relevant Plot
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
409—1	Operational sites and suppliers with significant risks of forced or compulsory labor incidents	NO Relevant Plot
<b>GRI 411: Aboriginal Rights 2016</b>		
411—1	Incidents involving violations of indigenous rights	NO Relevant Plot
<b>GRI 413: Local Communities 2016</b>		
413—1	Operational activities through local community communication, impact assessment and development planning	
413—2	Operational activities that have actual or minor negative impacts on local communities	NO Relevant Plot
<b>GRI 414: Supplier Social Assessment 2016</b>		
414—1	Use social criteria to screen new suppliers	
414—2	Negative social impacts in supply chains and actions taken	
<b>GRI 416:</b>		
416—1	Use social criteria to screen new suppliers	NO Relevant Plot
416—2	Breach of health and safety regulations regarding products and services	NO Relevant Plot
<b>GRI 418: Customer Privacy 2016</b>		
418—1	Breach of health and safety regulations regarding products and services	NO Relevant Plot

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### Climate-related information listed on the Taiwan Stock Exchange

NO	TARGET	Indicator Type	Annual Disclosure	Unit	Corresponding chapter
1	Total energy consumption, percentage of purchased electricity and renewable energy usage	Quantification	Total energy consumption in 2024 is 128420.47 GJ; currently 100% of electricity is purchased from Taipower; Taipower has no green electricity supply	Gigajoule (GJ), percentage (%)	3.3 Energy Management and Application
2	Total water intake and total water consumption	Quantification	Total water intake in 2024: 69341m <sup>3</sup> ; total water consumption: 58940m <sup>3</sup>	Thousand cubic meters (m <sup>3</sup> )	3.4 Water Resources Management
3	Weight of hazardous waste generated and percentage of recycling	Quantification	No hazardous waste generated	Tonnes (t), Percentage (%)	3.5 Waste Management and Resource Recycling
4	Describe the types, number and ratio of occupational hazards	Quantification	2024 occupational accidents: 36 cases, occupational accident rate: 0.04%. No deaths, no death rate	Ratio(%), Quantity	5.1 Employee care and comprehensive benefits
5	Product life cycle management and disclosure: including the weight of scrapped products and electronic waste and the percentage of recycling. Note: If it includes the sale of scraps or other recycling, an explanation should be provided	Quantification	The Group's main products are not final products, so it is difficult to collect recycling information. In 2024, a total of 15790 tons of waste was recycled, and the division had no scrapped electronic products.	Ratio(%), Quantity	2.2 Integrity management and ethics/3.5 Waste Management and Resource Recycling
6	Description of risk management associated with the use of critical materials	Quality	The Group follows the OECD due diligence procedures and has established a 3TG policy for conflict-free minerals, and has formulated risk identification in the supply chain and key material investigation.	Not applicable	1.4 Issue Identification and Risk Assessment/2.6 Sustainable Supply Chain Management
7	Total monetary losses resulting from legal actions related to anti-competitive conduct regulations	Quantification	No anti-competitive conduct related litigation or monetary losses in 2024	Report currency	2.3 Regulatory compliance and internal audit system
8	Output of major products by product category	Quantification	Not applicable	Not applicable	Not applicable

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SASB

Climate-related information listed on the Taiwan Stock Exchange(2) (1)

SASB CODE	METRIC	Content situation	Abstract	Chapter	ITEM	Chapter
TC-ES-140a.1	Water Manager	1. Total water intake 2. Total water consumption	2. The total water withdrawal in 2024 is 69,341 m3, and the total water consumption is 22,189 thousand cubic meters. Water withdrawal from areas with no baseline water stress or very high risk areas	3.4	1. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short, medium and long term)  2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-term, medium-term and long-term).  3. Describe the financial impact of extreme climate events and transformation actions.  4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system.  5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.  6. If there is a transformation plan to manage climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks.  7. If internal carbon pricing is used as a planning tool, the basis for price setting should be described.  8. If climate-related targets are set, the covered activities, greenhouse gas emission scope, planning period, annual progress and other information should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon reduction credits offset or the number of renewable energy certificates (RECs) should be described.  9. Greenhouse gas inventory and confirmation status, reduction targets, strategies and specific action plans (to be filled in 1-1 and 1-2).	Reference 2.5 Chapter
TC-ES-150a.1	Waste Management	1. Amount of hazardous waste generated	No hazardous waste produced in 2024	3.5		
TC-ES-310a.1	Labour Practices	1. Number of shutdowns 2. Total idle days	There are no unreasonable work stoppages in 2024. In compliance with the law, there are no idle days.	5.1		
TC-ES-320a.1	Labour Conditions	1. Accident rate 2. (a) Direct employment (b) Contract employment (1) TRIR (2) NMFR	In 2024, the traffic accident rate 0.03% to (a), zero to (b), and the work injury rate 0.04%, TRIR 0.04%	5.1		
TC-ES-320a.2	Labour Conditions	Percentage of (1) entity's facilities and (2) Tier1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities.	Not applicable IN 2024	N/A		
TC-ES-320a.3	Labour Conditions	(1) Non-conformance rate and (2) associated corrective action rate for facilities audited under the RBA Validated Audit Process (VAP) or equivalent:	Not applicable IN 2024	N/A		
TC-ES-410a.1	Product Lifecycle Management	Life cycle management and end-of-life products	There will be no hazardous waste produced in 2024, and the life cycle of non-end products cannot yet be calculated.	3.5		
TC-ES-440a.1	Materias Sourcing	Describe risk management for the use of critical substances	The group does not use key raw materials or conflict minerals	2.6		
TC-ES-000.A	Number of Manufacturing Facilities	Number of facilities	WITH 2	N/A		
TC-ES-000.B	Area of Manufacturing Facilities	Facility area	Total area of the company 40,448 m2	N/A		
TC-ES-000.C	Number of Employees	Number of employees	852	5.1		

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Appendix

Climate-related information listed on the Taiwan Stock Exchange(2) (1-1)

Greenhouse gas inventory and assurance of the company in the last two years 1-1-1 Greenhouse gas inventory information

The parent company should start the inventory from 2026Starting from 2023, in accordance with ISO 14064-1 greenhouse gas inventory standard, establish a greenhouse gas inventory mechanism to fully grasp the use and emission of greenhouse gases, and report the parent company's greenhouse gas emissions in the last two years (2023/2024) using the operational control method.

The explanation is as follows:Note: The carbon intensity design and methodology for 2023 are incorrect, and the current 2024 version is listed below

2023 Parent Company	Emission T/co2e	2024 Parent Company	Emission T/co2e
Scope 1	32.3288	Scope 1	1387.891
Scope 2	11402.9847	Scope 2	17622.141
Amount	11435.3160	Amount	19010.032
Density(T/co2e million)	2.8623	Density(T/co2e million)	4.4436

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions (Scope 3, i.e., emissions generated by company activities, which are not indirect emissions but from sources owned or controlled by other companies).

Note 2: The scope of data on direct emissions and indirect emissions should be handled in accordance with the schedule specified in Article 4-1, Paragraph 2 of the Taiwan Stock Exchange's "Regulations on the Preparation and Submission of Sustainability Reports by Listed Companies" (hereinafter referred to as these Regulations). Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NT\$ million) should be stated.

Greenhouse gas inventory and assurance of the company in the last two years 1-1-2 Greenhouse gas assurance information

1. The parent company will complete the assurance in 2028
2. The subsidiary will complete the assurance in 20293. Subsidiaries that include consolidated financial statements should start the inventory in 2027

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## Appendix

### Code of Practice for Sustainable Development on OTC Listings The 1110361758 of the Financial Supervision and Financial Management 1110152489

Stock Exchange Themes	Expose metrics	Content	Necessity	Chapter
General Provisions: Article 1 of Chapter I	Sustainable development practices and the impact of managing their economic, environmental and social risks	Sustainable development goals	Code of Development	01
General Provisions: Chapter I, Article 2	Improving the quality of social life of employees' communities and promoting sustainable development is in line with international trends	Sustainable development goals	Code of Development	01
General Provisions: Article 3 of Chapter I	Pay attention to the rights and interests of stakeholders, governance issues and risk assessment, Materiality principle and risk management		Corporate Governance Policies and Operations	01
General Provisions: Article 4 of Chapter I	1. Implement corporate governance 2. Develop a sustainable environment	Principles of practice	Practical approach	01-03,06
General Provisions: Article 4 of Chapter I	3. Maintain social welfare 4. Strengthen the disclosure of information on corporate sustainable development	Principles of practice	Practical approach	01-03,06
General Provisions: Chapter I, Article 5	The relevance of the core business of the enterprise	Specific promotion plan	Management Policy	02
Implementation of Corporate Governance: Chapter 2, Article 6	Corporate Governance Code of Practice, Code of Ethical Conduct	Specific promotion plan	Governance structure	02
Implementation of Corporate Governance: Chapter 2, Article 7	Sustainable development issues and development directions	Specific promotion plan	Practical approach	01/02/03
Implementation of Corporate Governance: Chapter II, Article 8	Sustainability education and training	Education and training advocacy	Number of trainings	05
Implementation of Corporate Governance: Chapter 2, Article 9	Sustainable development governance structure	Sustainable development policy	Sound management	02
Implementation of Corporate Governance: Chapter 2, Article 10	Sustainable development issues	Stakeholder communication development	Sustainability issues	01
Chapter 3: Article 11 of the Development of a Sustainable Environment	Sustainability goals and utilization	natural environment	International norms	03
Chapter 3: Article 12 of the Development of a Sustainable Environment	Sustainability goals and utilization	Energy resource efficiency	Self-adaptation	03
Chapter 3: Article 13 of the Development of a Sustainable Environment	Sustainability goals and utilization	Environmental Management System	Measurable goals and programs	03
Chapter 3: Article 14 of the Development of a Sustainable Environment	Environmental Management & Responsibility	Environmental education courses	Environmental Management System	02
Chapter 3: Article 15 of the Development of a Sustainable Environment	Reduce operational and human impacts	Reduce consumption and pollution	Environmental Management System	03
Chapter 3 of the Development of a Sustainable Environment: Article 16	Strengthen environmental protection measures	Establish water resources and polluted water	Environmental Management System	03
Chapter 3: Article 17 of the Development of a Sustainable Environment	The shallowness of climate change lies in the opportunities and risks	Carbon reduction strategies	Environmental Management System	03
Chapter 4: Article 18 for Safeguarding Social Welfare	Comply with international human rights	Human rights-related rights	Statement of Human Rights Policy	05
Chapter 4: Article 19 for the Safeguarding of Social Welfare	Provide employee information	Labor-related rights	Labor law compliance	05
Chapter 4: Article 20 for Safeguarding Social Welfare	Employee health and safety and health education and training	Healthy working environment for employees		05
Chapter 4: Article 21 of the Safeguarding of Social Welfare	Employee career development and retention of sustainable management	Employee welfare measures		05
Chapter 4: Article 22 for the Safeguarding of Social Welfare	Employees have the right to communicate and express themselves on a regular basis	Employee communication practices		05

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### MISC ESG(GICS 45202030)

MSCI Module	10 Target	33 ESG Issue	AOET Reply
Environmental	Climate Change	Carbon Emission	2024 Sustainability Report 3.2
		Climate Change	2024 Sustainability Report 2.5
		Financing Environmental Impact	N/A end of 2024
		Product Carbon Footprint	N/A end of 2024
	Natural Capital	Biodiversity and Land Use	N/A end of 2024
		Raw Mterial Sourcing	2024 Sustainability Report 2.6
		Water Streets	2024 Sustainability Report 3.4
	Polluction and Waste	Electronic Waste	2024Sustainability Report 3.5
		Packaging Material and Waste	2024 Sustainability Report 3.5
		Toxic Emission and Waste	2024 Sustainability Report 3.5
	Environmental Opportunities	Opportunities in Clear Tech	2024 Sustainability Report 3.1
		Opportunities in Green Building	N/A end of 2024
		Opportunities in Renewable Energy	2024 Sustainability Report 3.3
Social	Human Capital	Healthy and Safty	2024 Sustainability Report 5.1
		Human Capital Development	2024 Sustainability Report 3.3
		Labor management	2024 Sustainability Report 3.3
		Supply Chain Labor Standards	2024 Sustinability Report 3.3
	Product Liability	Chemical Safty	2024 Sustainability Report 4.1
		Consumer Financial Protection	2024 Sustainability Report 4.2
		Privacy and data Security	2024 Sustainability Report 4.1
		Product Safty and Quality	2024 Sustainability Report 4.3
Governance	Corporate Governance	Responsibility Invest	2024 Sustainability Report 1.3
		Procurement	2024 Sustainability Report 2.6
		Community Relations	2024 Sustainability Report 6.2
		Access to Finance	N/A end of 2024
	Social Opportunities	Access to Health Care	N/A end of 2024
		Opportunities in Naturition and Health	N/A end of 2024
Governance	Corporate Governance	Board	2024 Sustainability Report 2.1
		Pay	N/A end of 2024
		Ownership and Control	2024 Sustainability Report Guideline
		Accoounting	2024 Sustainability Report Guideline
Governance	Corporate Behavior	Business Ethics	2024 Sustainability Report Guideline
		Tax Transparency	2024 Sustainability Report Guideline

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