LandMark Optoelectronics Corporation

2022 Sustainability Report

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About this Report

This report is the 5th Sustainability Report ("CSR Report" has been renamed as "Sustainability Report" from 2021 onwards) published by LandMark Optoelectronics Corporation (hereinafter referred to as LandMark or the Company), and by publishing this report, we explain to the stakeholders the Company's approach to management and actions in relation to the Company's performance on Corporate Governance, Social and Environmental Issues, as well as the material topics.

■ Report Disclosure Period and Scope

This report disclosed information for the period from January 1, 2022 to December 31, 2022, and the disclosed information was obtained from the Company's own statistics and surveys, and was presented using internationally recognized methods of calculating indicators. The source of financial data is based on individual financial statements certified by CPAs and expressed in New Taiwan dollars. The Company has no subsidiaries, and the performance results in this report are presented for each of the Company's factories in Taiwan.

■ Basis of Preparation and Verification

This report is a voluntary publication of non-financial information of the Company. It was prepared in accordance with the GRI Standards 2021 (GRI Standards 2021) issued by the Global Reporting Initiative (GRI), and the GRI Standards Content Index is provided in the Appendix of this report for the reference by stakeholders.

■ Publication Frequency

LandMark will publish a sustainability report on a regular annual basis, which will be announced in an electronic version on the Company's website.
Current publication date: June 30, 2023 ("Initial Publication of GRI Standards 2021").

■ Feedback and Contact Information

We sincerely welcome all stakeholders to keep in touch with us, and to provide us with valuable feedback and suggestions through the following contact methods.

LandMark Corporate Sustainability and Nomination Committee
Address：No. 9, Xishan 1st Rd., Shanhua Dist., Tainan City 741, Taiwan
Tel：+886-6-5058999 #2407
Email：csr@lmoc.com.tw
Website：http://www.lmoc.com.tw/

Letter from the Chairman

As the world entered the post-pandemic era in 2022, the changing global political and economic situation has continued to have a great impact on the sustainable operation of enterprises, and stakeholders have continued to deepen their concerns about corporate sustainability (ESG) performance. LandMark deeply understands that ESG management is a necessary condition for the sustainable operation of an enterprise, and we have regarded the ESG issue as a driving force for the development of the Company, and we have sustained to implement efforts to promote ESG in all aspects.

Corporate governance is the foundation of sustainable business management. Over the years, LandMark has aimed to establish and improve various corporate governance systems, taking into account shareholders' rights and interests, board of directors' operations, information transparency, and the implementation of corporate social responsibility. From 2018 to 2022 (the fifth to ninth terms), LandMark has been ranked among the top 5% of listed companies in the Corporate Governance Evaluation for five consecutive years, a prestigious honor that recognizes our efforts in the past and urges us to continue to strive for excellence in the future and move towards the goal of sustainable development.

In regard to the environment, LandMark remains to set reduction targets for energy, greenhouse gas emissions, water resources and waste management, and conducts regular reviews and tracking. In 2022, LandMark has implemented multiple energy saving and waste reduction projects, resulting in an electricity saving of 492,930kWh, which regards as a reduction of approximately 250,901 kilograms of CO2e emissions; energy intensity reduction by approximately 27% compared to the previous year, and waste intensity reduction by approximately 24% compared to the previous year. In 2022, with the implementation of water resources utilization management and water saving technologies, approximately 15,124 tons of water were saved, with a water saving ratio of approximately 28%. In addition, starting from 2022, a comprehensive greenhouse gas inventory has been conducted in accordance with the ISO 14064-1 standard. The Company will proactively carry out various greenhouse gas emission reduction measures based on the results of the inventory, and dedicate to reduce the environmental and climate impacts through the continuous improvement program.

In regard to corporate commitment, LandMark complies with government labor laws and regulations and has established a comprehensive compensation and welfare system; we value the career development of our employees and have planned a variety of training courses to enhance their knowledge and skills, as well as taking good care of our colleagues and creating a happy and healthy workplace. In 2022, the Company was awarded the "Badge of Accredited Healthy Workplace" by Health Promotion

Administration of the Ministry of Health and Welfare, and the "Happy Enterprise Sliver Award 2022" from 1111 Job Bank.

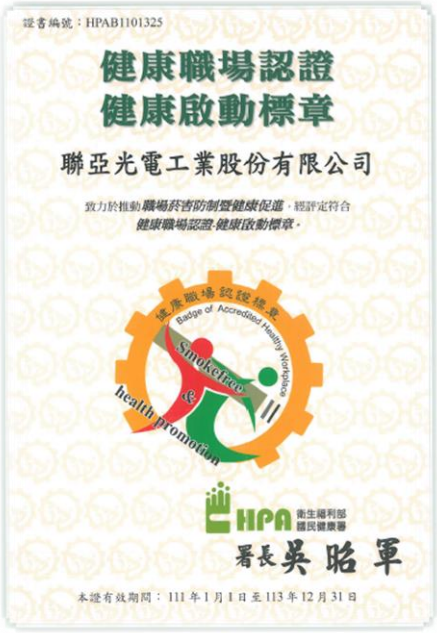
In regard to social participation, LandMark upholds the corporate culture of social co-prosperity and organizes the "LandMark ♥ Sharing" campaigns every year. In 2022, LandMark cooperated with the primary and secondary schools in Tainan's rural areas to initiate donations of training materials for the school's baseball teams and clubs as well as fundraising for educational resources, and responded to the projects of the "Step30 international ministries" to initiate the "Let Love Go Out, Donate Old Shoes" campaign in order to spread love to the corners of the world where is needed.

In the future, LandMark will continue to focus on our core business and sustainable growth, maintain smooth communication with stakeholders, create a friendly and happy workplace for our employees, strive to reduce greenhouse gas emissions, and optimize energy and manage resources more efficiently, looking forward to becoming a benchmark enterprise for the sustainable development of the industry and the society, and to work together with our employees, customers, investors, suppliers, and other stakeholders for the prosperity of the society.

Ching-Yi Chang
Chairman and Chairperson of
Corporate Sustainability and
Nomination Committee

Awards, Recognitions, and Ratings

- Ranked in the TOP 5% of TPEx-listed companies in 2022 (the 9th) Corporate Governance Evaluation.
- Qualified for Badge of Accredited Healthy Workplace for preliminary healthy workplace by Health Promotion Administration, Ministry of Health and Welfare.
- 2022 Happiness Cooperation Silver Award from 1111 Job Bank.
- Selected as a constituent of TPEx Compensation Index for the seven consecutive years.
- Selected as a constituent of TPEx 200 Index for three consecutive years.
- Included as constituents of "TPEx RGA Quality 50 Index" and "TIP TPEx ESG 30 Index".



Implementation of the UN SDGs in 2022

The United Nations formulated 17 Sustainable Development Goals (SDGs) in 2015, which encompass social, economic and environmental dimensions and serve as a global vision for the promotion of sustainable development. The Company has conducted a comprehensive review of the SDGs, and echoes the UN Sustainable Development Goals with its performance in 2022.

SDGs	Performance in 2022	Corresponding Chapter
	■ Donated team uniforms to primary and secondary schools in Tainan's rural areas, donated training materials for clubs, and fundraising for educational resources. ■ Initiated the "Let love go out, donate old shoes" campaign, where colleagues donated old shoes and raised funds for overseas shipping fees.	3.6 Social Welfare
	■ Dedicated to promoting a healthy workplace, enhancing employees' independent health management, and lowering the risk of disease. The Company was awarded the "Badge of Accredited Healthy Workplace" in 2022 by Health Promotion Administration of the Ministry of Health and Welfare. ■ Organized 12 on-site physicians' consultation services in 2022, providing health counseling to 129 participants and taking care of the physical and mental health of employees. ■ 0 cases of occupational injuries and occupational diseases.	3.5 Occupational Health and Safety
	■ New staff functional training completion rate of 100% and introduced mentor system with designated mentors to assist in their learning. ■ The average training hours for all employees in 2022 was 19.8 hours.	3.3 Talent Cultivation and Development
	■ Employees who have children between the ages of 0 and 6 receive a monthly childcare subsidy of NT$3,000 per child, totaling NT$3.12 million in childcare subsidies. ■ A total of 11 persons were targeted for maternal health protection in 2022, and 5 of them were advised by physicians to ask their supervisors to coordinate the re-adjustment of their working hours or venues, with the consultation and improvement rates reaching 100%.	3.4 Compensation and Welfare 3.5 Occupational Health and Safety
	■ The operating revenue in 2022 was NT$ 2.38 billion, 27% growth from the previous year. Gross profit margin was 31.88%. Net profit was NT$ 329 million. ■ The average salary of full-time non-managerial employees is NT$1,008 thousand. ■ Follow RBA regulations, prohibits child labor and protects workers' rights.	2.3 Economic Performance 3.1 Human Rights Management 3.4 Compensation and Welfare

SDGs	Performance in 2022	Corresponding Chapter
	■ Employed a total of four persons with disabilities in 2022 to actively protect their rights at work. ■ Follow the human rights policy and eliminate unlawful discrimination to ensure equal opportunities at work.	3.1 Human Rights Management
	■ Continuously publish sustainability reports to improve the quality of information disclosure. ■ Implemented several energy saving programs, with an overall electricity saving rate of 2.34%, regarding as a carbon reduction of approximately 250,901 kilograms of CO2e. ■ Energy intensity (MJ/unit product cm2) was 22.10 MJ/cm2, lower by approximately 27% compared to 2021. ■ Complies with EU RoHS and REACH international regulations on the use of hazardous substances. ■ Contracted a qualified removal and treatment operator to treat the waste. ■ The hazardous waste amounted to 89.88 metric tons, of which 11.24 metric tons could be recycled in 2022, and 5.98 metric tons were actually recycled, representing a resource recovery rate of 53.21%.	4.2 Greenhouse Gas Management 4.3 Energy Management 4.4 Water Resources Management 4.5 Waste Management
	■ In accordance with the Task Force on Climate-related Financial Disclosures (TCFD), incorporate climate change risks into operational decisions, identify and manage risks, and continuously monitor and control them. ■ Conducted the 2022 greenhouse gas inventory in accordance with the international standard ISO14064-1, and plan to engage with a third-party to conduct external verification and obtain a verification statement.	4.1 Climate Change 4.2 Greenhouse Gas Management
	■ Ranked in the top 5% of TPEx-listed companies in corporate governance evaluation for five consecutive years. ■ Completed the external performance evaluation for the Board of Directors. ■ 100% attendance rate of Directors' participation in the Board of Directors, the Remuneration Committee and the Audit Committee, with excellent attendance. ■ No violation for laws and regulations related to social, environmental and economic issues.	2.2 Corporate Governance 2.4 Compliance with laws and regulations
	■ Completed 100% daily assessment of important supplier management. ■ Major suppliers signed the "Supplier Social Responsibility Commitment" and the percentage of signing reached 100%.	2.6 Supply Chain Management

1. Sustainability Development

1.1 Commitment to Sustainable Management

1.2 Stakeholder Engagement

1.3 Identification of Material Topics

1.1 Commitment to Sustainable Management

Vision

- To become the top-notch Epitaxy House in the world

Business Philosophy

- Quality, Service, Innovation, and Care

Sustainable Development Goals

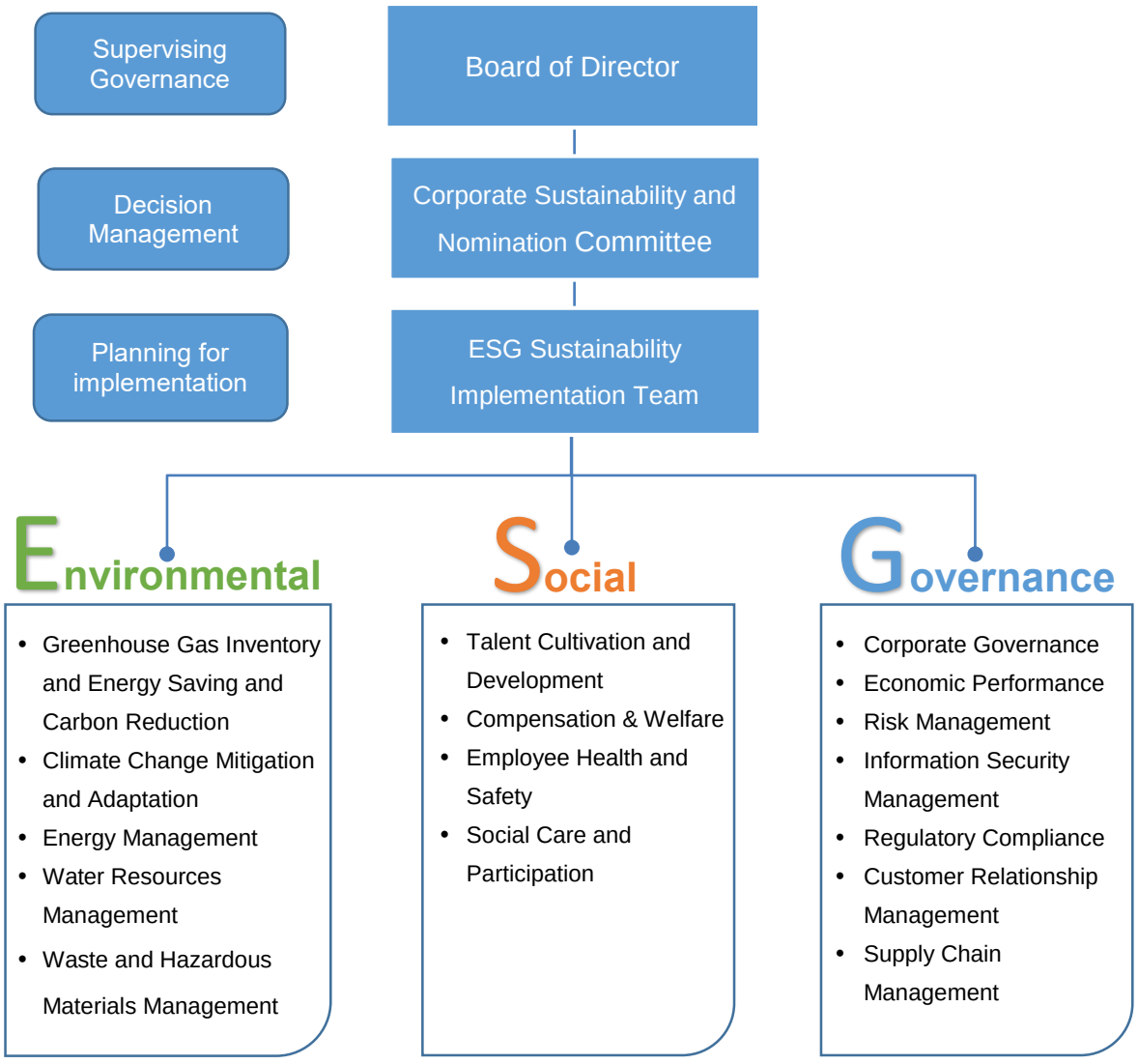
- Implementing corporate governance, promoting environmental sustainability, building a friendly workplace, and engaging in social welfare

- **Sustainability Policy and Commitment**

  - To pursue corporate sustainability and emphasize management in economic, environmental, and social aspects.
  - To consider risks while creating the best profits for customers, shareholders, employees, and relevant stakeholders.
  - To observe relevant regulations and fulfill international criteria and standards.
  - To strengthen partnership to realize value of the chain collaborative businesses.
  - To reduce the impact on the environment, mitigate climate change, and maintain a balanced eco-system.
  - To respect and protect human right by valuing equality, multiple development, and labor rights.
  - To offer a friendly workplace by cultivating talents and creating a healthy and safe work environment.
  - To participate in philanthropic activities and devote for social welfare.

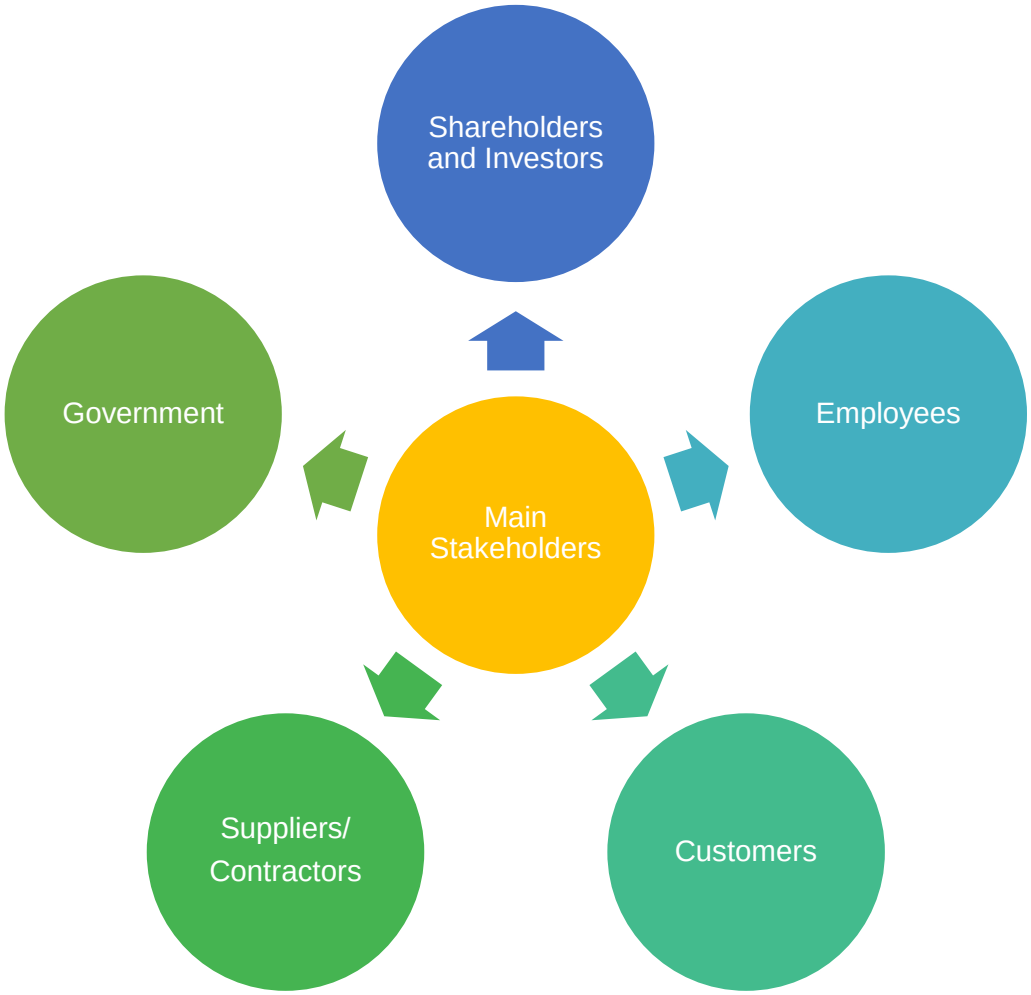
- **Sustainable Governance Framework**

  LandMark's sustainability governance framework is based on the Corporate Sustainability and Nomination Committee as the decision-making and management unit, with the Chairman of the Board of Directors serving as the convener. Under the Committee, an ESG Sustainability Implementation Team has been established, consisting of an Environmental Team, a Social Team, and a Governance Team, with the heads of each department and their designated representatives as members. The Committee meets at least once a quarter to review the results of sustainability implementation and to formulate future work plans. Regularly report to the Board of Directors on the implementation results and prepare the Company's Sustainability Report, and ensure that all material topics identified are covered, to implement the Sustainability Policy.



1.2 Stakeholder Engagement

Based on operational characteristics and input provided through various departments of the Company, the Company has identified five types of significant stakeholders based on the five aspects of the AA1000 Stakeholder Engagement Standard (SES): Dependence, Responsibility, Tension, Influence, and Diverse Perspectives, which are: shareholders and investors, employees, customers, suppliers/contractors, and government.



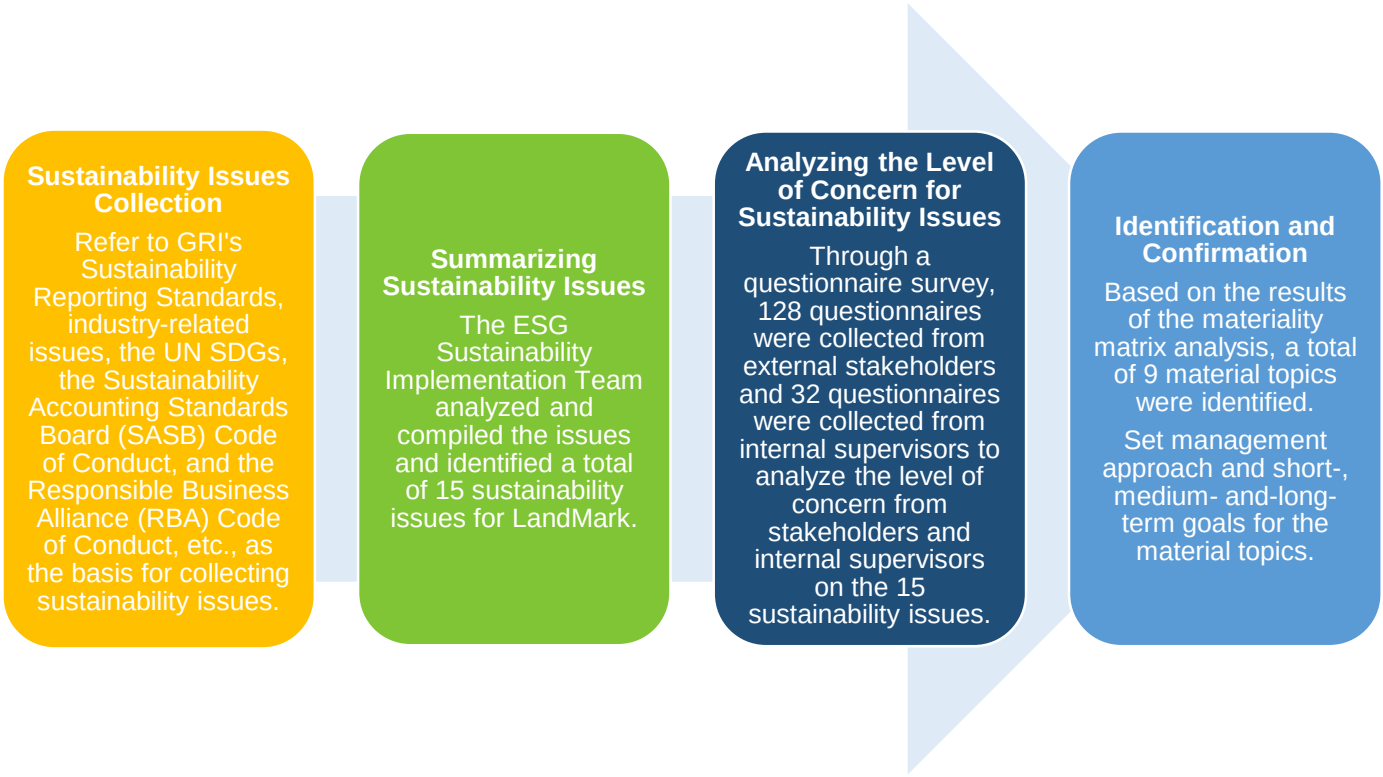
Communication with the main stakeholders

The Company continues to interact with major stakeholders through multiple communication channels, and broadly collects the expectations and suggestions of various stakeholders.

Stakeholders	Issues of Concern	Communication Channels/ Frequency	Communication Practice Statistic	Chapter to Respond
Shareholders and Investors	• Corporate governance • Economic performance • Shareholders participation • Risk management	● Shareholders' meeting/ annually ● Investor conference/ at least once a quarter ● Financial Statements/ quarterly, annually ● Company website/ irregularly ● Investors Relation Mailbox/ irregularly ● Email: investor@lmoc.com.tw	● Ranked in the top 5% of TPEx-listed companies in corporate governance evaluation for five consecutive years ● The participation rate of shareholders' meetings was 72.88% (over 80% of presented shareholders participated electronically) ● Hold telephone/on-site conferences for domestic and foreign investors ● ESG report issued in the fourth year	2.2 Corporate Governance 2.3 Economic Performance 2.7 Risk Management
Employees	• Labor relations and equality • Employee benefits • Talent cultivation and development • Occupational health and safety • Economic performance	● Labor-management meeting/ quarterly ● Staff welfare committee meeting/ quarterly ● "HR Cares About You" system/ irregularly ● Bulletin board and Suggestion box/ irregularly ● Sexual harassment complaints direct line and email/ irregularly ● Email: lmoc_hr@lmoc.com.tw	● Offered monthly childcare allowance of NT$3,000 for employees who have 0 to 6-year-old children ● Quarterly meal allowance for each department ● The average salary of full-time non-managerial employees is NT$1,008 thousand in 2022 ● Qualified for Badge of Accredited Healthy Workplace for preliminary healthy workplace by Health Promotion Administration, Ministry of Health and Welfare ● 2022 Happiness Cooperation Silver Award from 1111 Job Bank.	3.4 Compensation and Welfare 3.5 Occupational Health and Safety
Customers	• Customer service • Business secret • Product quality management • Supply chain management (RBA) • Hazardous substances management • Innovation and R&D	● Video and Telephone conferences/ irregularly ● Visiting customers/ irregularly ● On-site audit by customers/ irregularly ● Customer satisfaction survey/ annually ● Email: sales@lmoc.com.tw	● Conduct annual customer satisfaction survey ● The products conformed to EU RoHS, REACH chemicals regulations and restriction of PFOS/PFOA	2.5 Customer Service
Suppliers/ Contractors	• Supplier management • Product quality • Economic performance	● Supplier Audit/ irregularly ● Supplier education and trainings/ irregularly ● Supplier meeting/ irregularly ● Email: supply@lmoc.com.tw	● 100% of raw material and package material suppliers signed the "Declaration of Hazardous Substances Free" form	2.6 Supply Chain Management
Government	• Regulatory compliance • Labor relations • Greenhouse gas inventory and carbon reduction targets • Energy management • Waste management	● Correspondences with the government/ irregularly ● Corporate Governance Evaluation/ annually ● Announcement on the Market Observation Post System/ irregularly ● Policy promotion meetings held by the competent authorities/ irregularly ● Supervision and audit by the competent authorities/ irregularly	● Ranked in the top 5% of TPEx-listed companies in corporate governance evaluation for five consecutive years ● Included in TPEx 200 Index, TPEx RGA Quality 50 Index, TPEx Compensation Index, TIP TPEx ESG 30 Index ● No fine determination for violations of laws	2.2 Corporate Governance 2.4 Compliance with laws and regulations 3.5 Occupational Health and Safety 4.2 Greenhouse Gas Management

1.3 Identification of Material Topics

- **Identification Process of Material Topics**



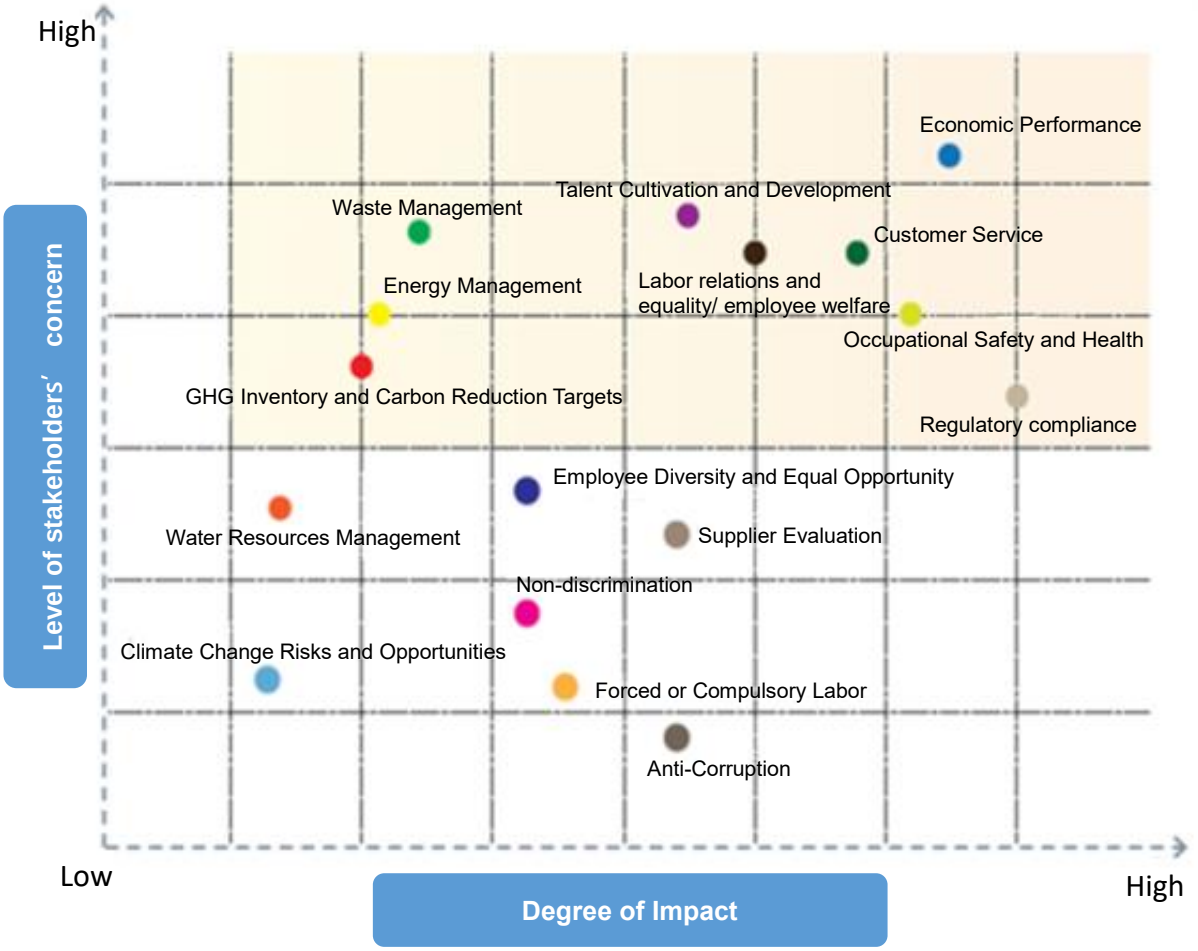
- **Sustainability issues**

  Based on the latest version of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards) released in 2021, as well as taking into account industry-related issues, the UN SDGs, the Sustainability Accounting Standards Board's (SASB) Code of Conduct, and the Responsible Business Alliance's (RBA) Code of Conduct, etc., the Company's ESG Sustainability Implementation Team has analyzed and compiled 15 sustainability issues for LandMark.

Environmental	Social	Governance
• Climate Change Risks and Opportunities • Greenhouse Gas Inventory and Carbon Reduction Targets★ • Energy Management★ • Water Resources Management • Waste Management ★	• Labor relations and equality/ employee welfare ★ • Occupational Safety and Health ★ • Talent Cultivation and Development ★ • Employee Diversity and Equal Opportunity • Non-discrimination • Forced or Compulsory Labor	• Economic Performance ★ • Anti-Corruption • Regulatory compliance ★ • Customer Service ★ • Supplier Evaluation
★ as a material topic		

- **Materiality Matrix Analysis**

  In accordance with the principles of the GRI Standards, LandMark uses matrix cross-tabulation analysis to determine material topics by focusing on the "level of concern of stakeholders" and the "level of impact on the Company's operations".



• List of Major Topics

Aspect	Major Topics	Internal Border	External Border				Corresponding to GRI Standards General Disclosure/ Specific Subject Disclosure Items	Disclosure Chapter in the Report
		Company	Shareholders and Investors	Customers	Suppliers/ Contractors	Government		
Economics	Economic Performance	●	O	O	O		Economic Performance (201)	2.3 Economic Performance
	Regulatory Compliance	●		O		O	Compliance with Laws and Regulations (2-27)	2.4 Compliance with laws and regulations
	Customer Service	●		O			Customer Privacy (418)	2.5 Customer Service
Social	Talent Cultivation and Development	●					Training and Education (404)	3.3 Talent Cultivation and Development
	Occupational Safety and Health	●				O	Occupational Health and Safety (403)	3.5 Occupational Health and Safety
	Labor relations and equality/ employee welfare	●				O	Employment (401)	3.4 Compensation and Welfare
Environmental	Greenhouse Gas Inventory and Carbon Reduction Targets	●	O			O	Emissions (305)	4.2 Greenhouse Gas Management
	Energy Management	●	O	O	O	O	Energy (302)	4.3 Energy Management
	Waste Management	●	O			O	Waste (306)	4.5 Waste Management

Note: ●represents direct impacts; ○represents impacts through business relationships

2. Corporate Governance

2.1 Company Profile

2.2 Corporate Governance

2.3 Economic Performance

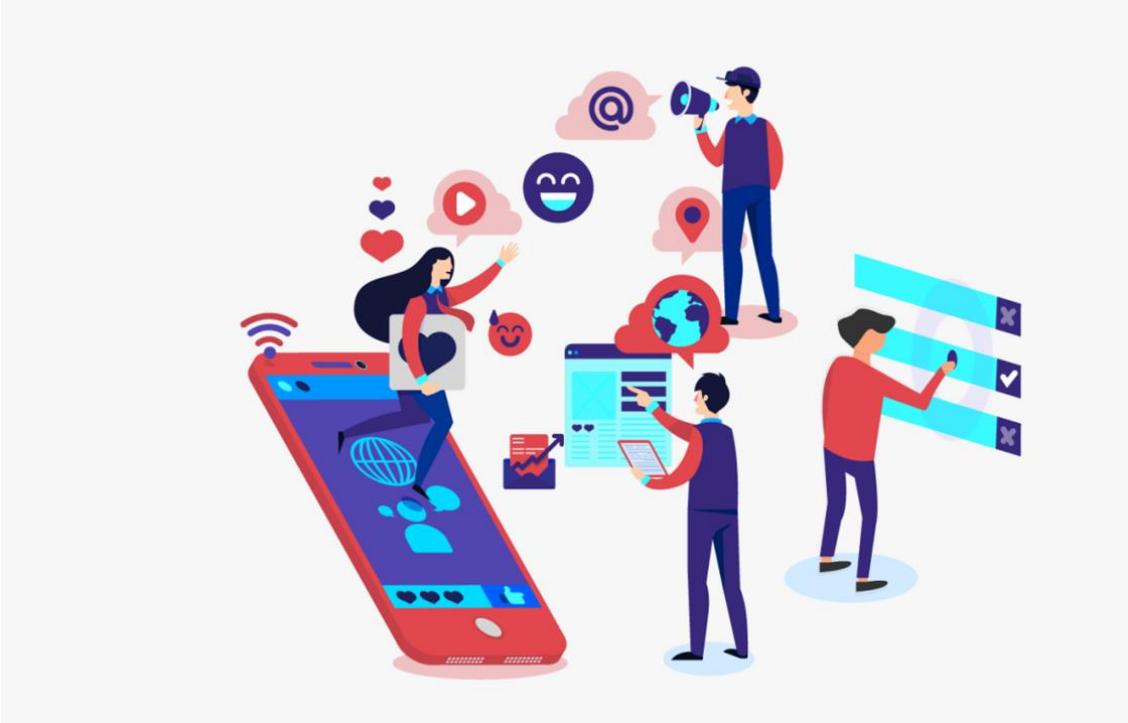
2.4 Compliance with laws and regulations

2.5 Customer Service

2.6 Supply Chain Management

2.7 Risk Management

2.8 Information Security Management



2.1 Company Profile

LandMark is mainly engaged in the production of epitaxial wafers of Ⅲ-Ⅴ material compounds with InP and GaAs substrates. Various epitaxial products manufactured by OMVPE technology and professional services for back-end applications are widely used in fiber optic communications (FTTx/communication base stations), data centers, consumer products, and industrial applications after the back-end chip manufacturing process and packaging, and the Company is a major supplier of EPON/GPON application products and commercialized Si-Photonics products worldwide.

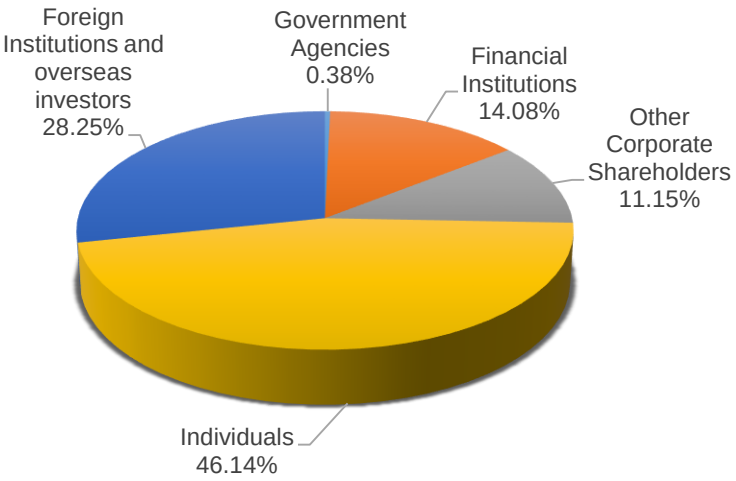
Company Founding Date	June 1997
Capital	NT$918,677 thousand (as of March 31, 2023)
Main Products	R&D, design, production and sales of the following products: ● Epi-wafer for Laser Diode (LD) ● Epi-wafer for Photo-detector (PD)
Chairman	Ching-Yi Chang
General Manager	Roger Lo
Number of employees	361 people (as of March 31, 2023)

Location

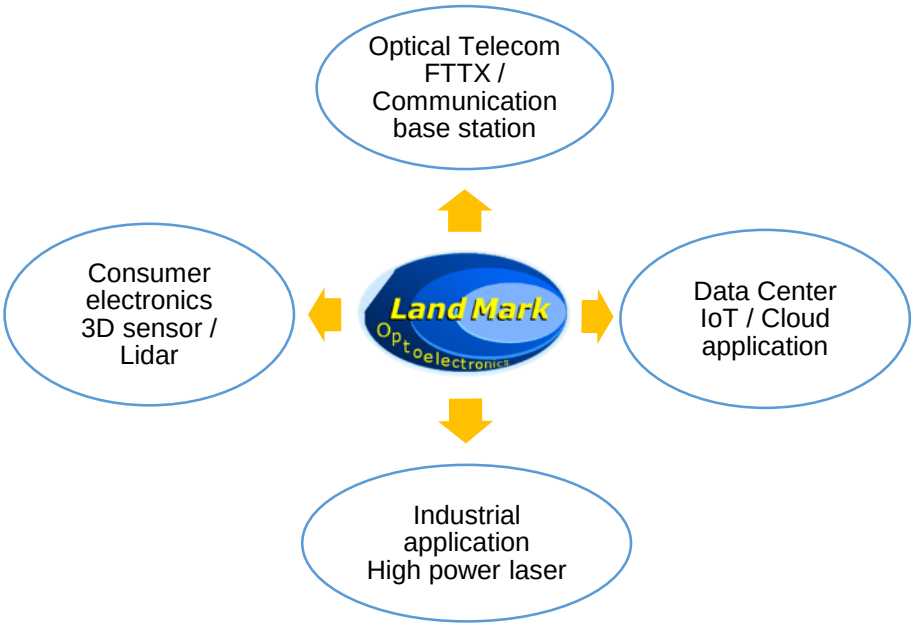
Factory No.1 (Headquarter)
No.12, Nanke 9th Rd., Shanhua Dist., Tainan City (Southern Taiwan Science Park)

Factory No.2
No. 9, Xishan 1st Rd., Shanhua Dist., Tainan City (Southern Taiwan Science Park)

Proportion of shareholding structure (as of April 2, 2023)

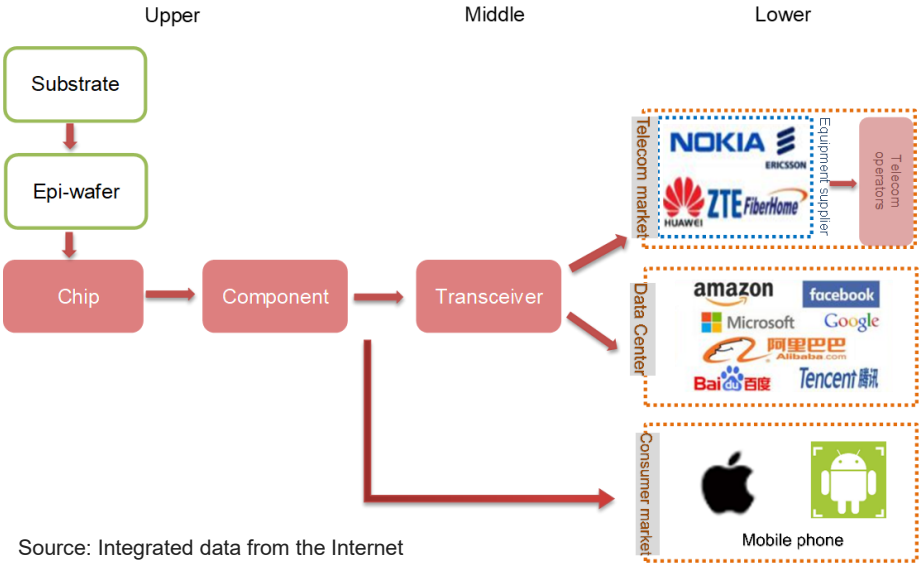


Product Application



Upstream and downstream correlation of main products

Optical Communication Active Components Upstream and Downstream Industry Chain



Source: Integrated data from the Internet

Management System

Management System	ISO 9001 Quality Management System	ISO 14001 Environmental Management System	ISO 45001 Occupational Health and Safety Management System	IEQC 080000 Hazardous Substance Process Management	IATF 16949 the Letter of Conformance (LOC)
Certification Body	DNV	DNV	DNV	DNV	DNV
Date of Initial Verification	2000.07.21	2000.07.21	2021.08.25	2019.05.31	2020.09.21
Date of Latest Renewal	2021.07.21	2021.07.21	2021.08.25	2022.06.02	2022.11.10
Expiry (Effective) Date	2024.07.21	2024.07.21	2024.08.25	2025.05.30	2023.11.09

Membership of External Associations

The Company has actively participated in industrial associations and guilds and through which obtained optical communications industry information so as to continue observing changes in the related industrial development and to collect relevant market information in order to grasp the market trends. The names of participating external associations are as follows:

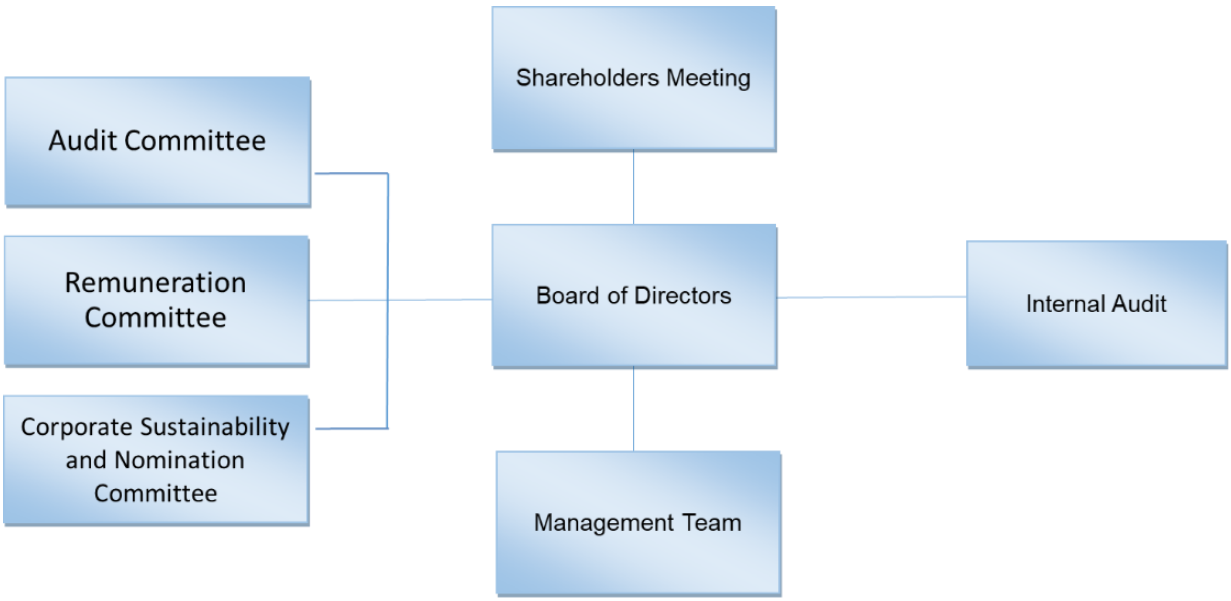
- Photonics Industry & Technology Development Association (PIDA)
- The Allied Association for Science Park Industries
- Academia-Industry Consortium for Southern Taiwan Science Park

2.2 Corporate Governance

Corporate Governance Framework

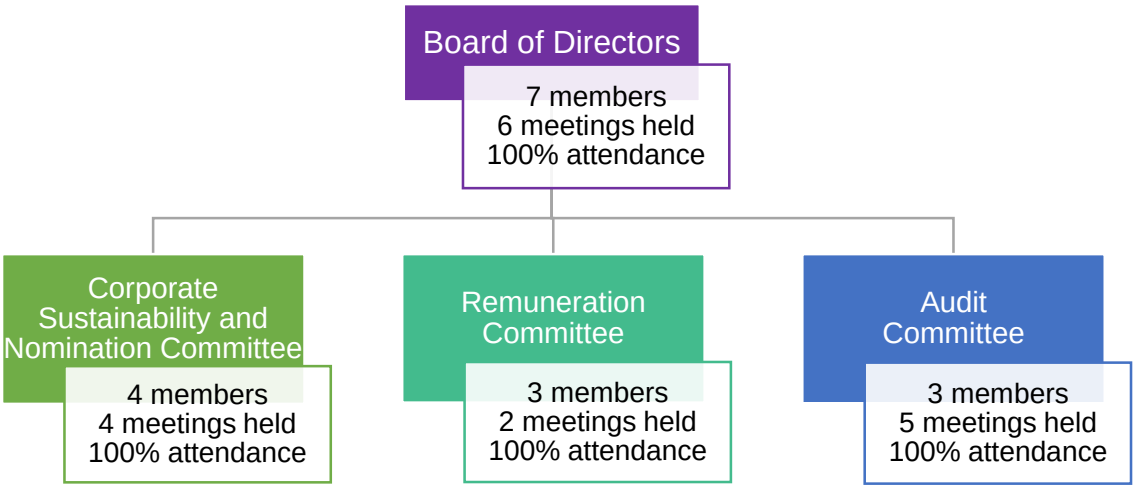
LandMark is committed to establishing an effective corporate governance framework, protecting rights and interests of shareholders, strengthening the functions of the Board of Directors, respecting the rights and interests of stakeholders, and enhancing the transparency of information. LandMark has been constantly improving the quality and effectiveness of its corporate governance by gradually promoting various systems and methods to ensure the implementation of the spirit of corporate governance, and further pursuing the maximization of shareholders' rights and interests and the Company's sustainable management.

The Company has established various functional committees under the Board of Directors, including the Audit Committee, the Remuneration Committee, and the Corporate Sustainability and Nomination Committee, to assist in professional governance of the Board of Directors. In addition, we have established the corporate governance personnel, whose main duties are to provide the directors with the necessary information for the execution of their duties, assist the directors in complying with the laws and regulations, and handle matters related to the board of directors' and shareholders' meetings in accordance with the laws and regulations.



Composition and Operation of the Board of Directors and Functional Committees

The Board of Directors of the Company consists of seven directors, including four directors and three independent directors; the Audit Committee and the Remuneration Committee are comprised of three independent directors; and the Corporate Sustainability and Nomination Committee is convened by the Chairman of the Board of Directors and has three independent directors as its members. The operation of the Board of Directors and the Functional Committees was in good condition in 2022. For the disclosure of the operation of the Board of Directors and the Functional Committees, please refer to pages 20~27, 39~44 of the Company's 2022 Annual Report, and the latest information can be accessed on the Market Observation Post System and the Company's website.



Policy on Nomination and Election of Directors

The Company adopts the candidate nomination system under Article 192-1 of the Company Act, and the directors are elected from the list of candidates by the shareholders' meeting for a term of three years. The composition of the Board of Directors should be diversified, and an appropriate diversity policy should be formulated with respect to its operation, business type and development needs, including the following two major aspects of the election criteria:

Basic Value and Condition	Professional Knowledge and Skills
•Gender, age, nationality, independence and culture, etc.	•Professional background, professional skills and industrial experience, etc.

The ability of the board of directors as a whole

All Board members of the Company have appropriate ability, knowledge and experience. For more information on the background of the Board members, their academic qualifications, age, concurrent positions in other companies, and the diversity and independence of the Board of Directors, please refer to pages 9 to 13 of the Company's 2022 Annual Report and the Company's website for related information.

Performance Evaluation of the Board of Directors and Functional Committees

In order to implement corporate governance and enhance the functions of the Board of Directors, the Company has established the "Guidelines for Evaluation of the Board's Performance", and conducts self-evaluation of the Board of Directors and functional committees as well as self-evaluation of the performance of individual Board members regularly every year. In addition to the internal self-evaluation, the Company also engages a third-party professional and independent organization to conduct an overall evaluation of the Board of Directors' performance once every three years.

- Internal Self-evaluation

Frequency	Conducted once per year	
Period	2022.01.01~2022.12.31	
Scopes	Individual board members and Functional Committees	
Methods	Board members self-assessment (Questionnaire)	
Content	**Individual performance evaluations of Board members** 1. Alignment of the goals and missions of the Company; 2. Awareness of the accountabilities of a director; 3. Participation in the operation of the Company; 4. Management of internal relationship and communication; 5. The director's profession and continuing education; and 6. Internal control.	**Functional Committee evaluations** 1. Participation in the operation of the Company; 2. Awareness of the accountabilities of the functional committee; 3. Quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members; and 5. Internal control.
Evaluation result in 2022	The evaluation of the performance of board of directors and functional committees is 100% strongly agree and agree.	

- External Evaluation

The Company has engaged with the Taiwan Corporate Governance Association in October 2022 to conduct a Board of Directors' performance evaluation. Please refer to pages 21 to 22 of the Company's 2022 Annual Report and the Company's website for the relevant details.

Methods of Evaluation	8 Major Evaluation Aspects	Evaluation Results
• Online Self-evaluation • Evaluators conducted on-site interviews with the Chairman, General Manager, Functional Committee Convener, Corporate Governance Officer, and Internal audit officer, totaling 6 persons.	• Composition of the Board of Directors, guidance, authorization, supervision, communication, internal control and risk management, self-discipline of the Board of Directors, and others (e.g., Board meetings, support systems).	• The Board of Directors have an open atmosphere at meetings, and the Chairman emphasizes the culture of brainstorming. • Board members have professional backgrounds and experiences that meet the requirements of the Company's management and development at this stage. • The independence and professionalism of the Company's Board of Directors deserve to be recognized. • Proactively promote ESG-related issues, fully demonstrating the Company's commitment to sustainable development.

Directors' Continuing Education

Each director of the Company participates in continuing education courses, and the annual education hours are 6 hours or more, including courses related to finance and accounting, law, corporate governance and ESG, etc. The total continuing education hours of all directors were 55 hours, and the directors' participation in ESG-related courses was 18 hours, accounting for approximately 33% in total. Information on the training and continuing education participated by the directors of the Company is disclosed on Market Observation Post System and please refer to page 38 of the Company's 2022 Annual Report.

- Directors' Continuing Education in ESG Related Courses

Director Name	Course Title	Hours
Ching-Yi Chang	Global trends analysis – Risks and Opportunities	3
Jerry Yang	Task Force on Climate-related Financial Disclosures, TCFD	3
Yong Hong Lu	Information disclosure for ESG and relative regulations	3
James Wang	Taishin 30th Sustainability Forum “Transform to Net Zero”	3
	ESG report trends and business implications of Information disclosure	3
Yong Chang Chen	ESG information disclosure trends and relative regulations	3

Ethical Corporate Management

The Company adheres to the principle of ethical management and has established a corporate culture of ethical management. The "Ethical Corporate Management Best Practice Principles" and the "Codes of Ethical Conduct" approved by the Board of Directors stipulate that all directors, managers, supervisors, and employees shall not engage in or instruct others to engage in illegal or unethical behaviors for any reason, and that they must abide by the discipline of ethical conduct, and implement the laws and strictly abide by the code of ethical conduct at all levels of operation, such as the conduct of business activities and the procurement processes. We have made the ethical policy into a form of a policy card and distributed it to all employees, requesting all employees to clearly understand and comply with the code of ethical conduct and personal integrity, and to carry out their duties with honesty, rigor, and professionalism.

Ethical Policies

- All business dealings should be performed transparently and honestly.
- Any conflict-of-interest activities should be strictly forbidden.
- Obtaining or giving improper gift or advantage should be avoided.
- Any bribery, corruption, extortion and embezzlement should be strictly prohibited.
- The publicly-disclosed information should be honest and intact.
- Any personal privacy and business information from customers or suppliers should be well protected.
- Maintain the confidentiality of company sensitive information and data.
- Respect the intellectual property rights.
- Zero tolerance to retaliation.
- Enhance our ethical quality.
- Comply with applicable local laws, regulations, international standards and customer requirements.

The Company's administration department serves as a concurrent unit responsible for promoting corporate ethical management, and reports regularly to the Board of Directors once a year on the implementation of ethical management. In 2022, the Company's employees participated in internal and external education and training related to the issue of ethical management (including compliance with ethical management laws and regulations, and the RBA's annual education and training (Labor and Ethics)) for a total of 348 participants and a total of 359 hours.

Conflict of Interest Management

The Company has provisions on conflict of interest in the "Rules of Procedure for Board of Directors Meetings", "Audit Committee Charter" and "Remuneration Committee Charter". A director or member who has an interest in a matter of the meeting shall state at the meeting. If an interest is against the Company's interests, the director or member shall not participate in the discussion or vote, and shall recuse himself/herself from the discussion or vote, and shall not exercise his/her voting right on behalf of other directors. The circumstances under which a director may recuse himself/herself from a discussion or vote are set forth in the minutes of the meeting.

Whistleblowing System

The Company has established "Procedures for Complaint/Reporting Handling Procedure", which are disclosed on the Company's website, and has set up internal suggestion boxes, complaint telephone numbers and dedicated e-mail and an audit committee dedicated e-mail, as well as other reporting channels. The Company has also established a "Whistleblower Protection Management Procedure" in place to ensure the confidentiality of the identity of the whistleblower and the content of the report, and the Company is committed to adopting appropriate protection measures so that the whistleblower will not be subjected to improper handling of the report or retaliation. In 2022, no reports or complaints were received.

Reporting Channel	Contact E-mail	Acceptance Unit
Complaint e-mail	appeal@lmoc.com.tw	Internal Audit
Audit Committee dedicated e-mail	audit@lmoc.com.tw	Audit Committee

2.3 Economic Performance

Economic performance is a demonstration of a company's operational efficiency. The Company continuously invests in R&D, promotes production process optimization, implements quality management, reduces production costs, and strives to maintain good operational performance and to return benefits to stakeholders in order to achieve the goal of sustainable development.

<table>
<tr><td>Material Topic</td><td colspan="2">Economic performance</td></tr>
<tr><td>Management Objective</td><td colspan="2">To maintain good operating performance to protect the best interests of investors and shareholders and to achieve sustainable development.</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ Technology Leadership: Continuously investing in R&D of laser epitaxial products in the field of optical communication and data center, our technological capability is well recognized by the customers; we also co-develop with our customers automotive LiDAR, long-wavelength 3D sensing components, and laser and sensing components for metaverse application products. Our substantial investment in R&D resources will enable us to maintain our leading position in the field of optical communications and optimize the Company's long-term growth momentum.
■ Mass Production Advantage: Flexible and efficient production model allows us to dynamically respond to customers' needs for different specifications and order sizes.
■ Manufacturing Process Integration: In addition to the improvement of internal manufacturing process capability, the Company has also entered into strategic alliances with upstream and downstream partners to provide comprehensive wafer manufacturing process services, which can satisfy customers' needs for products at different stages of the manufacturing process.
■ Customer Alliance: Continuously enhance the value of services to customers and alliance with key customers in various fields to jointly develop new products and new markets, in order to grow together with customers.</td></tr>
<tr><td rowspan="2">Goals</td><td>Short-Term Goals</td><td>Medium-and-Long-Term Goals</td></tr>
<tr><td>■ Proactively Expanding Overseas Markets: Deeply cultivating markets in the U.S., Japan, and Europe, and expanding the share of target markets through the introduction of various products.
■ Focus on target industries, integrate resources, and proactively develop new products: We have launched new products such as high-speed silicon photonics lasers and mobile phone sensing applications with key customers to meet the application needs of emerging and high-growth industries.
■ Improving delivery accuracy: Utilizing information systems to assist in the effective scheduling management to further improve production efficiency and shorten delivery time.</td><td>Through alliances or mergers and acquisitions with upstream and downstream supply chains, to provide more complete services to customers and to strengthen the Company's market position in the industry.</td></tr>
</table>

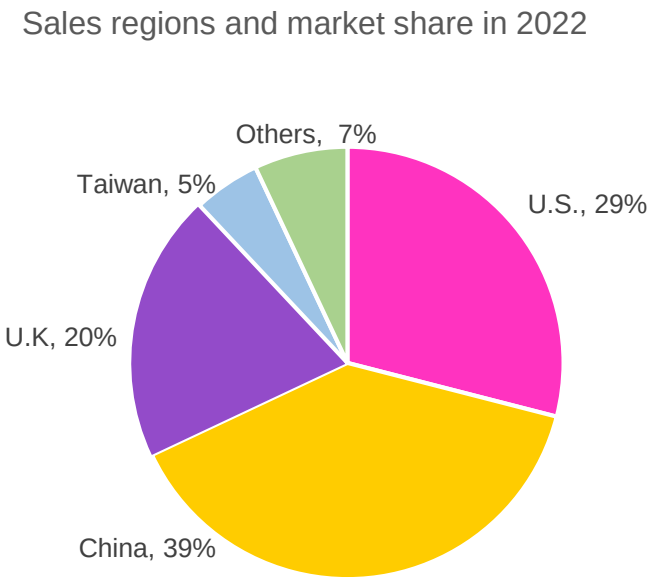
	Performance Results
	■ In 2022, the operating revenue was NT$ 2.38 billion, 27% growth from the previous year. Operating income was NT$ 334 million. Net profit was NT$ 329 million. EPS was NT$3.61. ■ InP(indium phosphide) products have begun to be used in electronic consumer products such as the US well-known mobile phones and wireless earphones brand, contributing more than 35% of the annual revenue. ■ In 2022, the R&D expenditure was NT$ 269 million, accounting for 11.29% of operating revenue, an increase of 31% from the previous year. We focused on the research and development of high-speed components above 25G/50G, as well as for 400G and 800G data center related products. We also work closely with customers to develop next-generation 3D sensing and LiDAR products.
Evaluation Mechanism	■ The Company's Management holds meetings on a regular monthly basis. ■ Financial performance (issued after regular quarterly reviews or audits by the CPA)

The direct economic value generated and distributed by the organization

Unit: NT$ Thousands

Item	2020	2021	2022
Revenue	2,309,089	1,872,703	2,380,885
Operating costs	1,144,611	1,104,246	1,621,860
Employee salary and welfares	426,562	418,152	466,141
Payments to investors	367,796	461,045	315,003
Payments to government	5,269	118,195	73,359

Sales regions and market share



Financial subsidies from the government

The information of the Company's investment in R&D expenses, application for government subsidies, credits for income tax and government grants revenue for the past three years is as follows:

Unit: NT$ Thousands

Item	2020	2021	2022
Tax Credit	16,472	8,273	21,785
Government Grants Revenue	21,918	14,850	-
Total	38,390	23,123	21,785

2.4 Compliance with laws and regulations

The Company complies with the laws and regulations of locations in which it operates, and has established various internal operating procedures in accordance with the standards of the relevant laws and regulations for public companies. It has also demanded itself to manage its business in a way that is superior to the laws and regulations, including the Labor Standards Act and the Occupational Safety and Health Act for employees, the Patent Act/Intellectual Property Rights Act and the Trade Secrets Act regarding products, as well as the work ethics and the corporate governance laws and regulations related to corporate governance. The Company continuously adjusts its internal compliance measures in response to changes in laws and regulations, and makes sure that all employees are aware of and comply with all operation-related laws by amending relevant internal control documents, conducting education and training, and issuing legal compliance announcements. We also consult with consultants, lawyers, accountants, and other relevant organizations on changes in domestic and international policies and regulations, and, when necessary, assign them to evaluate, make recommendations, and plan contingency measures to ensure that the Company's operating activities comply with the laws and regulations of the location in which they are operated.

Material Topic	Compliance with laws and regulations	
Management Objective	Establishing positive business conduct and ethical behavior to ensure that operations are conducted in accordance with local laws and regulations.	
Management Approach	■ Policy and System Establishment ■ Education, training and awareness-raising ■ Continuously monitor changes in domestic and international laws and regulations that have a significant impact on the Company's operations.	
Goals	**Goals set for 2022**	**Achievement**
	■ More than 90% participation in the general education course on the rule of law education and training. ■ No major violations/penalties (NT$100,000 or above).	■ Employees participated in the rule of law education and training course for 337 participants, with a participation rate of 97%. ■ No major violations of the law (penalties of NT$100,000 or above).

	Future Goals	
	Short-Term Goals	**Medium-and-Long-Term Goals**
	Pay attention to the regulations that may have an impact on the Company's operations to ensure that the Company's operations are free from violations of the law, and develop relevant employee education and training to train employees on the importance of legal compliance and the corresponding concepts of the rule of law.	Continuously monitor and promptly respond to all regulations that may have an impact on the Company's finances and operations to ensure that operating activities comply with local laws and regulations.
Evaluation Mechanism	■ No material violations/ amount of penalties imposed ■ No material deficiencies in the internal control system	

2.5 Customer Service

The Company is committed to provide the best customer service, customer service and product quality requirements are not just better, but the best. A good customer relationship will help to build customer loyalty and consolidate the good trust relationship with customers. The Company's vision is to become the world's leading professional laser epitaxial manufacturer, through close cooperation with customers, to strengthen product development and manufacturing, to meet diversified needs, to provide customers with a full range of products and solutions, and to provide more high-quality and more trustworthy service.

<table>
<tr><td>Material Topic</td><td colspan="2">Customer service</td></tr>
<tr><td>Management Objective</td><td colspan="2">Provide customers with a stable quality, flexible delivery period and competitive price of the products, to bring better quality of service to customers.</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ Establish long-term partnership with customers to enhance customer satisfaction and adhesion, and to improve the Company's operational performance to achieve a win-win situation with customers.
■ Understand customer satisfaction and issues of concern through customer satisfaction surveys in order to formulate and implement improvement plans to enhance customer satisfaction.
■ Provide customers with excellent quality, reasonable price and perfect and on-time service to enhance customers' competitiveness. Adhering to the principle of continuous improvement, strengthen the awareness of quality by involving all employees in education and training; implement the quality assurance regulations in product manufacturing; strive for excellence in research and development, in order to improve the technological capability; and satisfy the customers' needs by being market oriented in business promotion.</td></tr>
<tr><td rowspan="4">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ Top 20 customers with an average satisfaction score of 85 or higher
■ Number of customer complaints <20 per year
■ Products comply with laws and regulations</td><td>■ Customer service satisfaction and number of customer complaints meet annual goals.
■ Products comply with EU RoHS, REACH, PFOS/PFOA Directives.</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium-and-Long-Term Goals</td></tr>
<tr><td></td><td>■ Dedicate to technological innovation and R&D, to provide products that meet the market demand and perfect customer service. Through the introduction of new machines to expand the scale of production, shorten the delivery time, maintain stable quality and reasonable price to</td><td>■ Pay attention to the industry trend and market direction, introduce the latest technology and promote it to maintain the leading edge of professional technology.
■ Considering key customers as long-term alliance partners, closely communicating and cooperating with</td></tr>
</table>

	increase market competitiveness. ■ Reduce the number of customer complaints per year to <20 per year. ■ Conduct regular surveys on top 20 customers annually, with an average customer satisfaction score of 85 or above.	customers at the early stage of R&D, participating in the discussion of new product specifications, providing technical consultation on epitaxial growth and manufacturing process integration during the development process, and speeding up the verification process by utilizing in-factory EQA equipment to shorten the project development time at the customer's end, and to jointly strive for end-market business opportunities.
Evaluation Mechanism	■ Customer Complaint Evaluation Mechanism. ■ Customer satisfaction. ■ Products are able to comply with regulations and customer needs.	
Appeal/ Communication Channel	■ Email: sales@lmoc.com.tw (Sales Division)	

To Protect and Respect Customers' Intellectual Property Rights

Customers are extremely important partners of the Company, and their confidential information is strictly protected as if it were our own. In order to protect confidential information from being leaked, the Company has established related policies on confidentiality, and complies with the regulations on the operation of intellectual property, and requires employees not to disclose trade secrets, trademarks, patents, writings and other intellectual property known to them to any unrelated parties, and prohibits them from inquiring about or collecting trade secrets, trademarks, patents, copyrights, and other intellectual property that is not related to their duties. In order to protect the confidentiality and completeness of customer information, we continue to strengthen the system and data security, including installing a complete anti-virus system, encrypting file system and mechanism, and strictly control the authorization of the customers' information and files. In 2022, we did not have any external whistle-blowing letters or lawsuits related to the intellectual property rights.

2.6 Supply Chain Management

The Company evaluates its suppliers in accordance with the "Supplier Management Procedures" and only those who have passed the evaluation are eligible for cooperation. In addition, in line with the regulations of the RBA adopted by the Company, we have been requesting our major suppliers to sign the "LandMark Supplier Corporate Social Responsibility commitments". Suppliers that deal with the Company are also required to comply with the "Regulations on Safety and Health Management for Contractors" and the "Code of Conduct on Corporate Social Responsibility for Suppliers" set forth by the Company in order to jointly enhance their corporate social responsibility.

Supplier Management

Supplier Evaluation and Selection	• The Company's new supplier evaluation mechanism includes quality system requirements, resource management, design and development control, procurement and supplier management, process control and abnormal control, product management and customer service, and hazardous materials management, to ensure that the supplier's various capabilities and quality meet the requirements of the Company and customers.
Classification Management	• The Company conducts classification management for suppliers of continuous trading. Suppliers supplying high-risk materials and suppliers supplying low-risk materials with important materials and ranked in the top three in terms of annual transaction amount are classified as the Company's important suppliers, and the Company conducts an annual overall evaluation of its important suppliers, and the top two suppliers with the highest scores are given commendations. Suppliers with scores below 60 are required to provide an improvement plan and will be included in the tracking process.
Supplier Evaluation	• In accordance with the Company's "Supplier Management Procedures", and with reference to the criteria of annual plan for on-site supplier audits, suppliers are selected for on-site audits to confirm the control of manufacturing processes, product quality, environmental safety and health, labor management, and the management and control of RBA based on the checklists. In addition, according to the important supplier to conduct semi-annual daily evaluation, focusing on the evaluation of the number of abnormal (return rate), delivery, service three supplier evaluation, and according to the evaluation results to carry out countermeasures. the daily evaluation of the management of important suppliers in 2022, the completion rate was 100%.
Supplier Development Program	• For the development of providing the Company's raw materials, materials, important materials and outsourcing manufacturers, to conduct a quality system survey, and based on the results of the survey, according to the sequence of the phases to develop the quality system of suppliers or outsourcing manufacturers, and encourage suppliers to obtain the international standard certification.

Supplier Social Responsibility Commitment

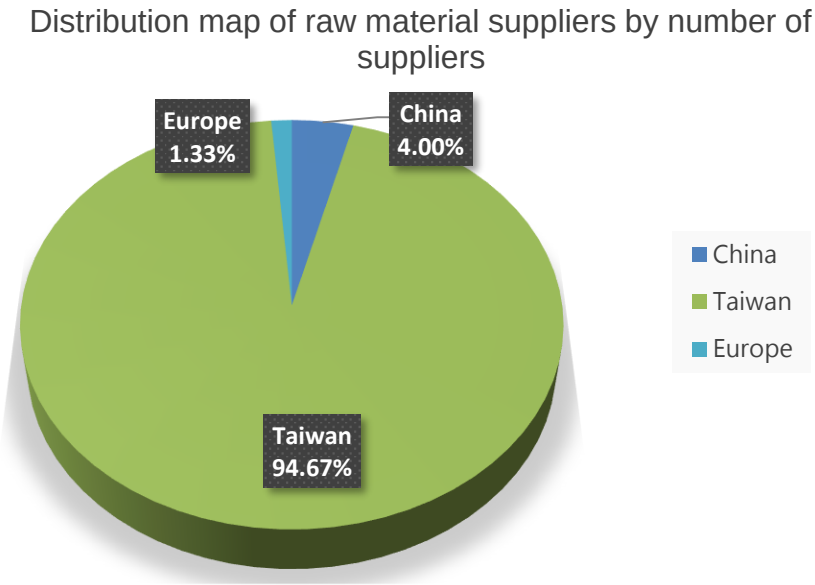
The Company has established “Supplier CSR Code of Conduct” which regulates the code of conduct that its major suppliers must follow for their corporate social responsibility. Currently, we have obtained 100% of the "Letter of Commitment of supplier of LandMark for Corporate Social Responsibility" from our important suppliers. In the future, we will continue to communicate with our suppliers and passing on the messages about corporate social responsibility.

Supplier Declaration of Hazardous substances free

For important suppliers and package material suppliers, we should re-sign the hazardous substances free declaration every year, and formulate the declaration of hazardous substances management requirements proposed by customers every year, and then require suppliers to sign the hazardous substances free declaration and attach the third-party test report every year. The important suppliers and packaging material suppliers have signed the “Declaration of Hazardous Substances Free”, with a 100% achievement rate.

Local purchasing

In the Company's supplier structure, there were approximately 75 stable suppliers of raw materials in 2022, which accounted for 85% of the total purchasing amount in 2022. The proportion of suppliers purchased in Taiwan was approximately 94.67%, the proportion of suppliers purchased in China was 4%, and the proportion of suppliers purchased in Europe was 1.33%.



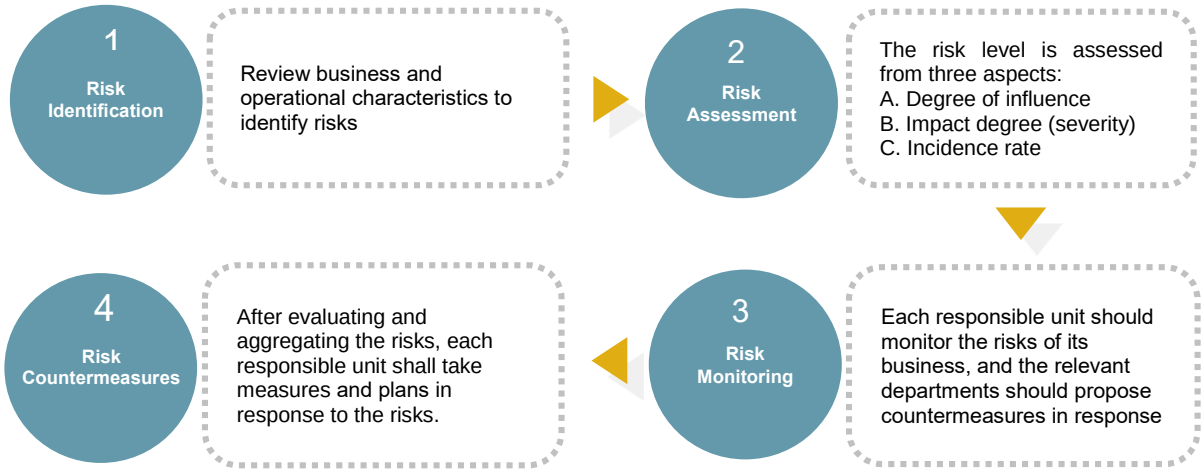
2.7 Risk Management

The Company's risk management policy is from the perspective of the Company as a whole, through the identification, evaluation, control, supervision and communication of potential risks, and using qualitative and quantitative management methods, to reduce the various risks confronted by operations to a tolerable and controllable range, and to serve as a reference for the formulation of business strategies to ensure the achievement of the Company's strategic goals.

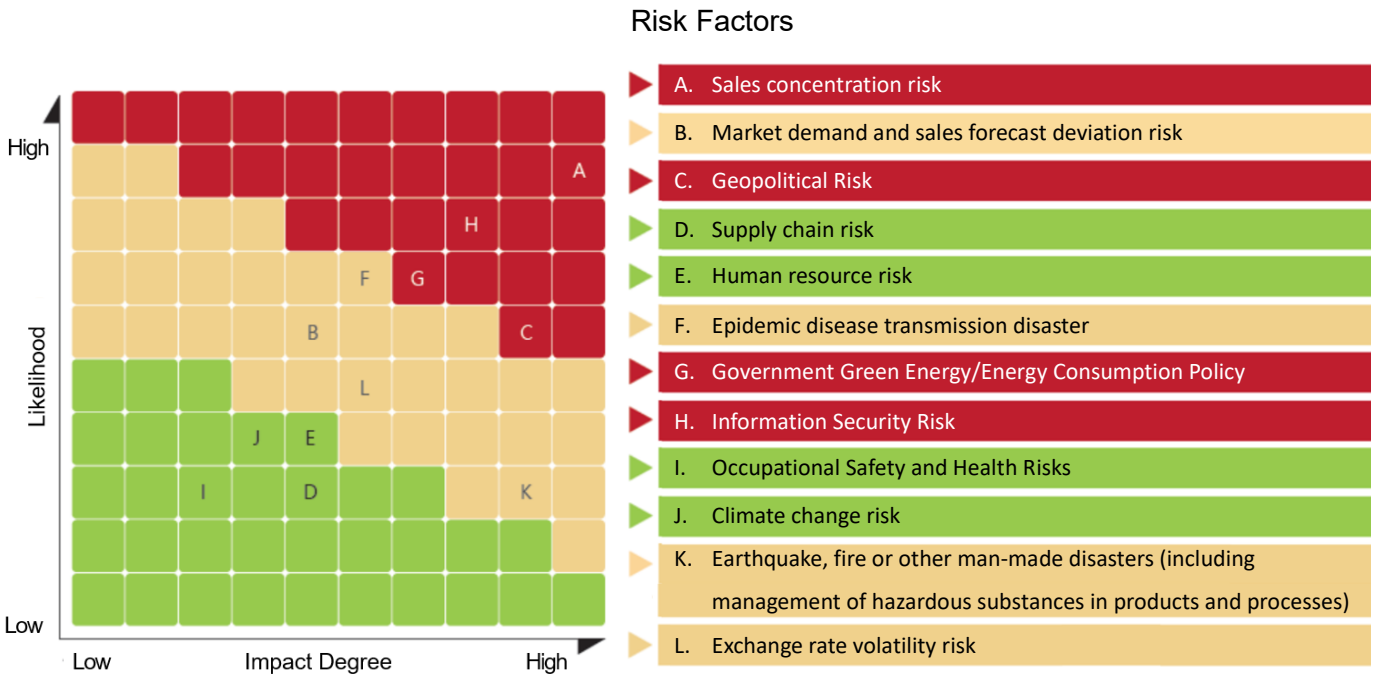
Risk Management Framework

The highest responsible unit for risk management of the Company is the Board of Directors, which approves the risk management policies and related regulations, supervises the overall implementation of risk management, and ensures the effective control of risks. The General Manager's Office coordinates the relevant departments within the Company to jointly review the internal and external risks confronted by the Company, and implements countermeasures for material company-wide risk issues, and regularly reports to the Board of Directors on the implementation of risk management on an annual basis. In addition, corporate risk management is also linked to internal audit and internal control functions. The Audit Committee regularly reviews the effectiveness of the Company's internal control system to ensure the effective implementation of internal controls and to supervise the Company's control of existing or potential risks.

Risk Management Framework



Risk Assessment Matrix for 2022



Significant Risk Mitigation Measures

Significant Risk Factors	Risk Description	Significant Risk Mitigation Measures
Sales Concentration Risk	The top three sales customers accounted for more than 50% of the Company's revenue for the year. Any change in the business model, discontinuation or downsizing of purchases by important customers may result in greater fluctuations in the Company's operating revenue, which may have a negative impact on the Company's operations and financial performance.	■Proactively develops new products and applications with existing customers, strengthens product research and development and manufacturing through close cooperation with customers, meets diversified demands, and provides customers with a full range of products and solutions. ■Simultaneously develops new customers with market potential, such as sensors for consumer applications, automotive LiDAR, and high-power silicon-based optical products.
Geopolitical Risk	The political or economic tensions between the U.S. and China continue to escalate, using state power to sanction specific targets or even trigger a trade war, with measures such as raising tariffs, sales bans, policy interventions, and government subsidies. The U.S.-China confrontation is also affecting cross-strait relations, and the recent rise in tensions has increased uncertainty about future operations.	■Give close attention to the trade strategies of each country and the international situation, and to mitigate the geopolitical risk to meet customers' requirements. ■Develop customers in non-Chinese regions (e.g., Europe) to minimize the impact of a single region. ■Develop new products to minimize the impact of Chinese competitors.
Information Security Risk	Companies are being attacked by hackers frequently, especially in the ransomware attacks are on the rise. As the hackers' methods of attack continue to evolve, companies' lack of attention to information security protection may result in serious operational risks if the hackers discover the vulnerabilities.	Please refer to Section 2.8 Information Security Management of this report.

Significant Risk Factors	Risk Description	Significant Risk Mitigation Measures
Government Green Energy/Energy Consumption Policy	The government's Climate Change Response Act has set the country's long-term reduction goal at net zero GHG emissions by 2050. The new energy policy promotes energy transformation of enterprises. The government will classify enterprises into different levels of management and impose a carbon fee. It is expected that the government will set carbon emission caps according to industries in 3~5 years to regulate the total amount of GHG emissions. The application of the above policies may increase the operating costs of the Company.	■Establish ISO50001 energy management system. ■Set GHG emission reduction targets annually and implement programs in accordance with the targets.

Emergency Response Measures and Mechanism

In order to minimize the risks and hazards of emergencies, the Company has established the "Regulations for Emergency Response Management", which allows to take immediate measures to mitigate the impacts of emergencies and to recover shortly to ensure the normal operation to satisfy the needs of our customers. For example, typhoons, earthquakes, gas leaks, fires, chemical leaks, etc., all have concrete handling steps and improvement measures. In addition, emergency response for personnel safety, such as fires, gas leaks, liquid leaks, earthquakes, and other emergencies, the factory's personnel safety emergency response measures, notification procedures, and command system, and disposal, etc., are carried out in accordance with the relevant provisions of the Environmental Health and Safety Regulations, and conduct emergency drills at least once every six months, to ensure the effectiveness of the emergency response measures.

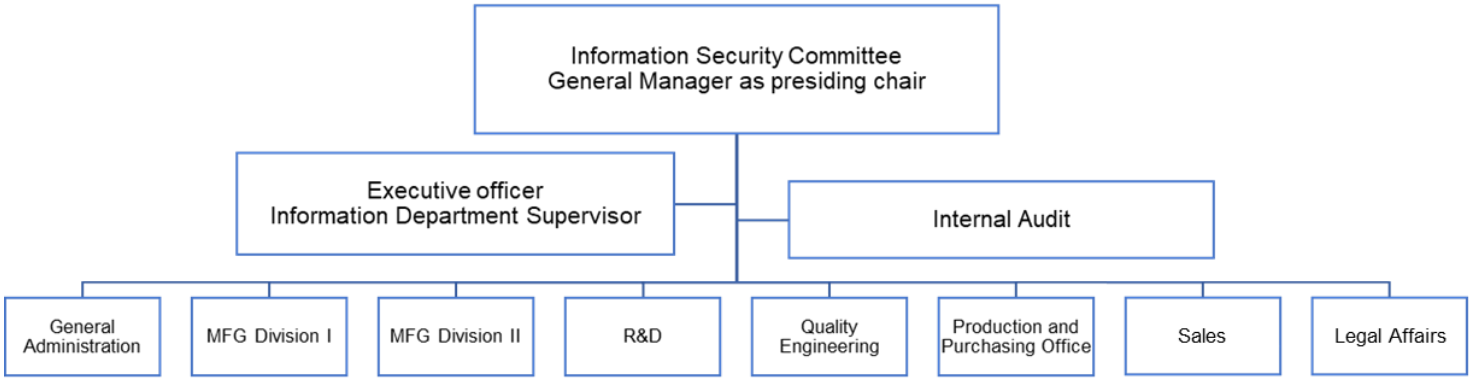
Infectious Disease Emergency Response Management

The Company has formulated the "Infectious Disease Emergency Response Management Regulations", which includes monitoring of epidemic situation, epidemic prevention measures, and emergency response measures. In accordance with the management regulations, preventive measures are implemented at each stage, including information on the epidemic situation, temperature measurement at the entrance to the factory, health education and promotion, work in separate factories, vaccination rate tracking, health management of employees returning from abroad, and health management of high-risk employees. In addition, we provide medical and health care assistance to confirmed case workers, as well as health care and health status tracking.

2.8 Information Security Management

The Information Security Committee of the Company was established in 2021 with the General Manager as the chairperson and formed a cross-departmental team. The Information Security Committee meets semi-annually to discuss the implementation of the Company's information security related operations, execute information security work, and coordinate the implementation of the information security management system and the allocation of required resources according to the needs of information security operations. The Company has formulated a concrete management plan for information security to maintain information security. In 2022, there were no major information security incidents that caused losses or impacted the operation or goodwill of the Company.

Information Security Committee Organizational Structure



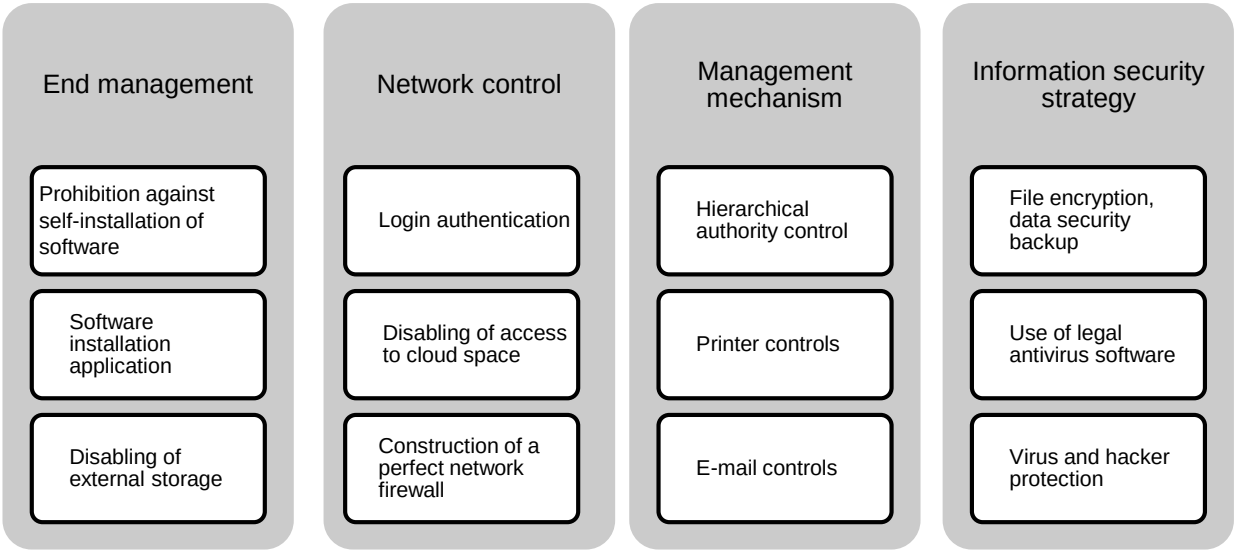
Information Security Committee responsibilities

- Review of information security policies and measures
- Inspection and review of information security management system
- Review of information security promotion plan
- Assessment and agreement on information security infrastructure

Information Security Policy

- Organize information security training and promotion to build employees' awareness of information security.
- Protect the Company’s confidential information.
- Respect intellectual property rights and protect customer and company information.
- Protect against computer virus attacks.
- Ensure that all information security incidents or suspected security weaknesses are reported in accordance with the appropriate notification mechanism, and are properly investigated and addressed.
- Meet the requirements of relevant laws or regulations and to achieve the goal of business sustainability.

Specific information security proposal



Implementation Results in 2022

- Convened two Information Security Committee meetings, and reported annually to the Board of Directors on December 28, 2022 on the implementation status of information security risk management.
- Conducted a database off-site backup daily, system backup weekly, update anti-virus software version instantaneously, and conduct backup exercises quarterly.
- Conducted information security awareness programs irregularly, and conducted information security education and training annually, with 300 participants and an average of 2 hours of information security training per person.

3. Inclusive Society

3.1 Human Rights Management

3.2 Talent Recruitment and Retention

3.3 Talent Cultivation and Development

3.4 Compensation and Welfare

3.5 Occupational Health and Safety

3.6 Social Welfare

3.1 Human Rights Management

In order to protect and promote human rights, the Company supports the United Nations Universal Declaration of Human Rights, Principles 1 and 2 of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, as well as local laws and regulations, and follows the Responsible Business Alliance Code of Conduct to implement human rights protection.

In compliance with International Labor Standards	The Company has established its standards based on the Universal Declaration of Human Rights of the UN, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Labor Rights Standards of the Responsible Business Alliance (RBA), and local labor laws.
Equal Employment Opportunities and Non-Discrimination	Diversity and equal opportunity are taken into account without discrimination in hiring based on race, color, age, gender, sexual orientation, religion, race, disability, pregnancy, creed, political affiliation, association membership or marital status.
Inhumane Treatment and Harassment	It is prohibited to treat employees in a harsh and inhumane manner, including any form of sexual harassment, sexual assault, corporal punishment, mental or physical oppression, or verbal abuse, or to threaten to do any of these acts. We also provide an internal complaint channel for employees to respond to issues such as human rights, labor and employment, and sexual harassment. In the case of sexual harassment, the complaints will be handled by a resolution of the Complaints Handling Committee in accordance with the "Measures of prevention of sexual harassment in the workplace, complaints and punishment regulations" of the Company, and the relevant personnel will be punished according to the severity of the case.

- Labor Policies
  - No forced, debt bonded, indentured or involuntary labors shall be used.
  - No child labor is allowed.
  - Working hours and recess time shall be in compliance with the Labor Standards Act.
  - Wages and benefits paid to employees shall be in compliance with all applicable laws and regulations.
  - All employees shall be respected and fairly treated. There is to be no inhumane treatment including any harsh punishment, humiliation or abuse.
  - Equal job opportunities are provided to both the candidates and each employee. We shall not engage in discrimination based on race, color, age, gender, sexual orientation, national origin, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment.
  - We respect the right of all workers to form and join union in conformance with laws, to openly communicate with management regarding working conditions without fear of reprisal, intimidation or harassment.
  - All actions are taken in compliance with applicable local labor laws, industry standards, customer specifications and international standards, and we proactively and continuously make improvements related to labor rights.
- Child and Minor Labor

  The Company explicitly prohibits the employment of child labor, and the human resources unit of the Company is responsible for establishing and maintaining policies and procedures to prohibit the use of child labor, protect underage workers, and provide relief for child labor, and conducts age verification of employees during the recruitment process to confirm that there is no situation for the employment of child labor.

- Forced Labor

  The Company prohibits any form of forced labor and protects employees' personal freedom. Employees have the right to freely terminate their labor contracts, and the Company prohibits any behavior that restricts the freedom of labor, such as withholding identity documents, collecting deposits or collaterals, and so on.

- Anti-Discrimination and Anti-Harassment

  The Company prohibits all forms of discrimination and harassment and adheres to the principles of fairness and equality in the formulation and implementation of policies related to hiring, wages, benefits, training, promotion, termination, or retirement. The Company does not discriminate against employees on the basis of race, color, national origin, religion, sex, gender orientation, gender identity, pregnancy, marital status, appearance, facial features, physical or mental disabilities, union membership, political affiliation, or age, and shall not interfere with the employee's beliefs, rules and specific rights in the above areas. The Company has set up a complaint mechanism, which is publicly displayed in a prominent place in the workplace. If any discrimination or harassment is found, employees can directly file a complaint, and the Company will arrange for non-conflict-of-interest personnel to investigate the case, protect the privacy of the complainant, and take any corrective action in a timely manner.

- Specific operation of human rights management in 2022
  - There were no cases of child labor.
  - There were no reported cases of forced labor.
  - There were no reported cases of discrimination or harassment.
  - Conducted self-audit process twice a year by the Company's internal authority and responsibility unit.
  - Completed 3 supplier RBA self-audit programs.
  - Conducted RBA-related education courses (including business ethics, human rights, environmental safety, etc.), with a total of 422 participants completing the training in 2022.
  - Major suppliers signed the "Supplier Social Responsibility Commitment", with the percentage of signatures reaching 100%.
  - A total of 4 labor-management meetings and welfare committee meetings were held in 2022.

3.2 Talent Recruitment and Retention

Talent Recruitment

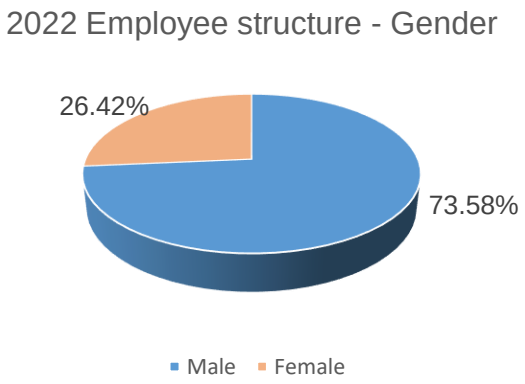
The Company recruited employees in accordance with local laws and regulations and in compliance with the Responsible Business Alliance (RBA) Code of Conduct, which includes the prohibition of child labor, forced labor, and hazardous work for minors, and strictly enforces a non-discrimination policy and provides equal employment opportunities. Our recruitment process involves using both internal and external websites, campus recruiting, employee referrals, internship programs, internal transfers, and other channels.

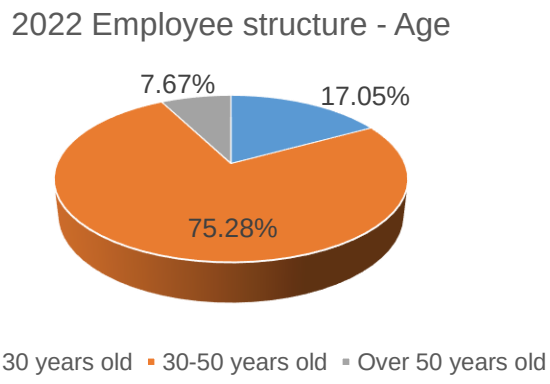
- Industry-Academia Collaboration
  The Company has been conducting long-term industry-academia collaboration projects with university departments and professors to not only integrate academic-based research with corporate applied research, but also to enable graduate students to gain more practical experience in the industry and achieve greater economic effectiveness.

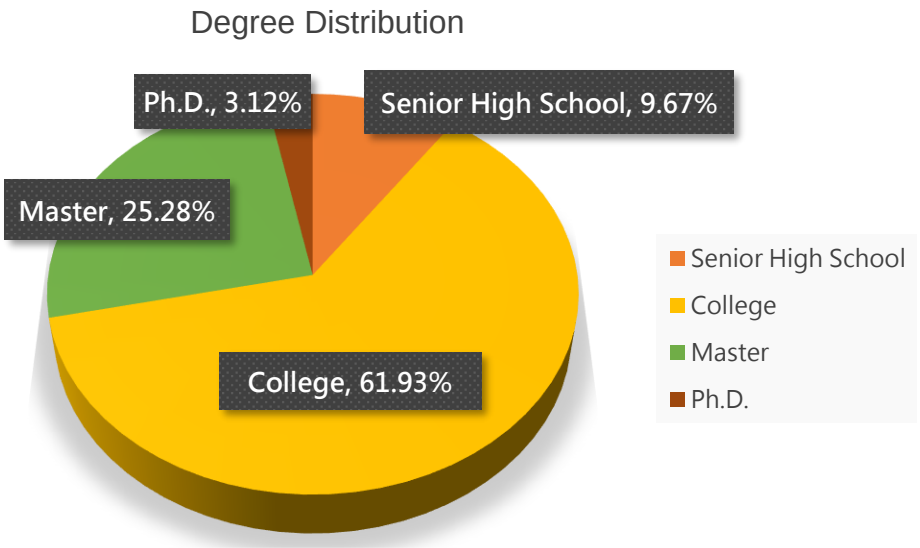
- Internship Program
  The Company emphasizes the importance of integrating work practice and school theories. By recruiting the interns, providing students with the opportunity to enter the society early, and through colleagues acting as mentors in the workplace, students can not only practice the theoretical knowledge they have learned in school, but also integrate into the Company more quickly.

Employee Structure

As of the end of 2022, the Company had 352 full time employees. In terms of age distribution, employees between the ages of 30 and 50 accounted for approximately 75% of all employees. The Company is committed to ensuring gender equality in the right to work and emphasizes the promotion and development of female employees. However, due to industry characteristics, the Company's management and general employees are predominantly male (the ratio of male to female employees in the most recent three years was approximately 3:1). In 2022, there were 4 female senior supervisors (at the managerial associate level or above), accounting for approximately 8.70% of the total number of senior supervisors in the current year.



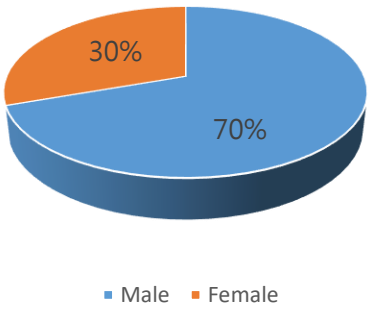




Employee Retention

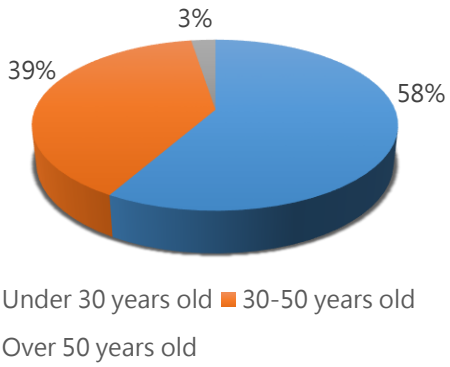
The Company continues to improve its retention measures. Through the training system, competitive salary system and welfare system, we are able to enhance employees' recognition and dedication to the Company, and in turn promote their retention. After joining the Company, unit supervisors and human resources specialists are available to understand the adaptation status of employees in order to minimize newcomers' inability to adapt. After starting their jobs, we help new employees to adapt to the Company's overall environment through education and training. If an employee wants to leave the Company, the HR staff of the Company will analyze the important factors of retention and resignation through interviews in order to increase the retention rate of employees.

2022 New Employees-Gender

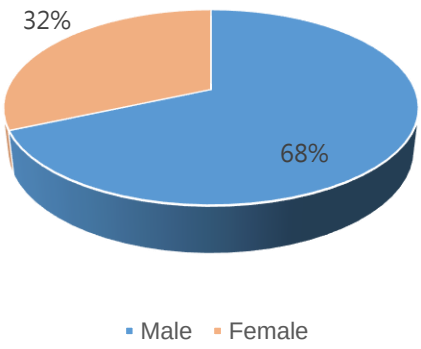


Number of New Employees	
Male	55
Female	24
Total	79

2022 New Employees - Age

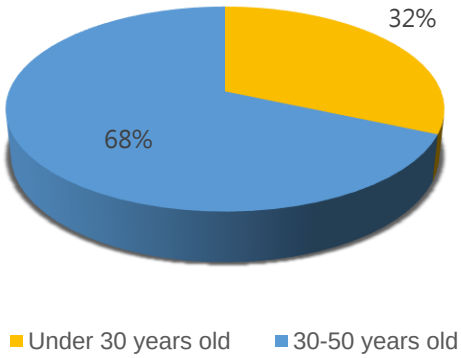


2022 Resigned Employee - Gender



Number of Resigned Employees	
Male	39
Female	18
Total	57

2022 Resigned Employee - Age



3.3 Talent Cultivation and Development

The Company is dedicated to creating a continuous and diversified learning environment (including on-job training, physical course training, online learning, job coaching and job rotation), providing talent development blueprints and training systems, and integrating resources in a systematic manner to ensure the enrichment of employees' knowledge and skills, the enhancement of work efficiency and quality, as well as the mutual growth of employees and the Company.

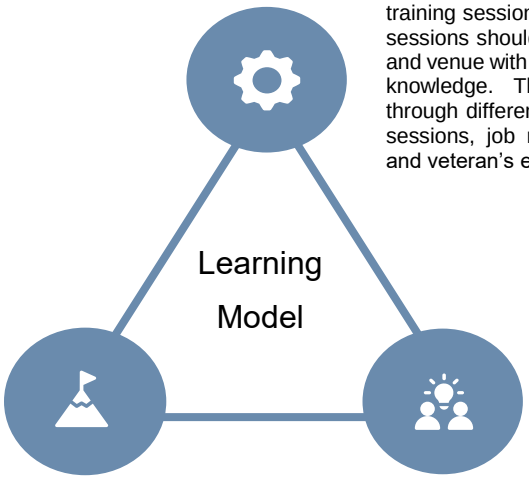
<table>
<tr><td>Material Topic</td><td colspan="2">Talent Cultivation and Development</td></tr>
<tr><td>Management Objective</td><td colspan="2">In order to assist our colleagues in their functional development, we provide diversified learning channels and training systems, and actively enhance the competitiveness of the organization to respond to market challenges.</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ Build a diversified and practical training system to improve employees' professional abilities and assist them in their career development.
■ Inherit good experience and build a learning organization to enable the company to constantly innovate and establish the foundation of sustainable management.
■ Continuously improve the workflow and upgrade the efficiency in order to reinforce the core competitiveness of the Company.</td></tr>
<tr><td rowspan="5">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ New staff functional training rate to reach 100%.
■ Employees' average training hours to reach 10 hours or more.
■ The number of proposed improvements and continuous improvement projects to be total 280 or more.</td><td>■ New staff functional training rate reached 100%.
■ Employees' average training hours were 19.8 hours.
■ In 2022, there were 270 proposed improvements and 25 continuous improvement projects for the entire Company.</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium- and-Long-Term Goals</td></tr>
<tr><td>■ New staff functional training rate to reach 100%.
■ Averages 10 hours of training per year for all categories of employees.
■ Construct a training curriculum map for the talent pipeline, and enhance the leadership skills of all levels of supervisors through a functional development-oriented supervisor training program.
■ Continuously support professional training for new R&D/manufacturing personnel.
■ Strengthen linkages with campuses</td><td>■ Encourage self-directed learning and open sharing in a learning organization.
■ Re-examine the blueprint for supervisor learning and development in response to environmental changes, and cultivate leaders who can confront future challenges.
■ Organize advanced technology forums and courses to promote innovative thinking and competitiveness among employees.
■ Continue linkages with the campuses</td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="2">■ Average annual training hours per capita to reach the target
■ After school satisfaction survey
■ Management of behavioral observation and evaluation</td></tr>
</table>

Enhance employee functional training program

Talent is the most important asset and foundation for the development of the Company. Only through continuous investment in employee education and training can be strengthened the competitiveness of the Company. LandMark is dedicated to cultivating talents, and through the establishment of the "Staff Education and Training Procedure", a systematic approach is adopted to integrate resources to ensure the enrichment of employees' knowledge and skills, to enhance the efficiency and quality of work, and to enable employees and the Company to grow together to achieve the goals of corporate development.

On the path of talent cultivation, the Company has set up core /professional/management functions according to different targets, and there are respective competency requirements for general employees, so that colleagues can clearly understand the abilities required for their duties; all levels of supervisors are also prescribed the management functions they should be qualified to perform. In the annual training planning, we design courses according to the shortfalls of the supervisors' management functions, and the professional function courses are also planned according to the employee's function items and the survey of training required.

Learning Model



On-Job Training

Employees are encouraged to participate in training sessions organized by each sector; such sessions should be arranged at appropriate time and venue with an aim to pass on the professional knowledge. The training can be actualized through different ways, including internal training sessions, job rotation, participation of projects, and veteran's experience sharing.

Self-Development

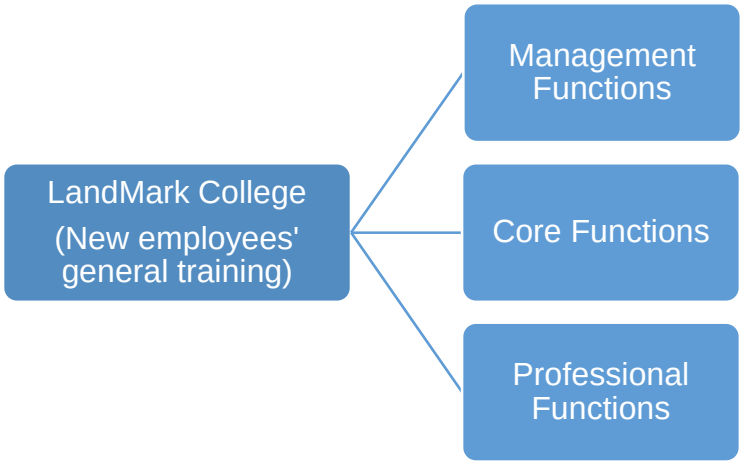
Employees are encouraged to improve their knowledge, attitude, and conducts by attending language courses, on-the-job training sessions, or seminars after work.

Off-Job Training

Employees are encouraged to take a temporary leave to attend courses organized by the training institute of the Company, including orientation for novice employees, external training courses, and LandMark Professional training courses.

The talent cultivation project includes three aspects: Off Job Training (Off-JT), On the Job Training (OJT), and Self Development (SD). Internal and external training resources are provided to encourage employees to pursue continuous education, professional knowledge and cross-discipline learning simultaneously. We are committed to providing a personalized and sustainable work environment and reinforcing the professional skills of our colleagues so that each of them can be recognized for their hard work and contributions, and gain a sense of confidence and accomplishment from their work.

LandMark College



Average hours of training per employee per year

Due to the impact of the worsening COVID-19 pandemic in 2021, all physical courses were temporarily suspended, resulting in a slight decrease in the average training hours. In the first half of 2022, the main form of learning was online courses, and in the second half of the year, in response to the overall easing of the pandemic, the physical courses and lectures were restarted so that colleagues could return to the classroom to learn new knowledge together.

Statistics/year	2020	2021	2022
Average hours of training per employee (Note 1)	18.9	14.1	19.8
Note 1: Average hours of training per employee: Total hours of training for all employees in the year/total number of employees at the end of the year.			

Mentor System

To implement the concept of education and training and to encourage the inheritance and sharing of experience among colleagues, the Company has introduced the Mentor System, whereby designated mentors assist new colleagues in their learning and accelerate their integration into the LandMark family. Also, an annual commendation has been held on the Teachers' Day in 2022 to express gratitude to the Company’s internal lecturers and mentors of newcomers from various units for passing down their professional knowledge.

3.4 Compensation and Welfare

The Company is dedicated to providing employees with the most competitive compensation packages in order to attract and retain talented employees. The Company has been continuously included as a constituent stock of the TPEx Compensation Index announced by Taipei Exchange since 2016. The constituent stocks are mainly selected based on the average salary ranking of the OTC listed companies, and the Company develops internally motivating and externally competitive compensation and benefits package based on the market salary trend and consideration of the operating conditions.

<table>
<tr><td>Material Topic</td><td colspan="2">Labor Management Relations and Equality/Employee Benefits</td></tr>
<tr><td>Management Objective</td><td colspan="2">To establish labor-management relations, provide a competitive compensation system and comprehensive employee benefits, strengthen talent attraction and employee retention, and grow together with the Company to create a win-win situation.</td></tr>
<tr><td>Management Approach</td><td colspan="2">1. Energetic workplace
2. Strong and healthy body
3. Happy family
4. LandMark ♥ Sharing</td></tr>
<tr><td rowspan="5">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ Annual average monthly turnover rate is below 1.2%.
■ Average salary of non-supervisory full-time employees is higher than the industry average.</td><td>■ Average monthly turnover rate was 1.2% in 2022.
■ Average salary of non-supervisory full-time employees was NT$1,008 thousand in 2022, which was higher than the average of NT$831 thousand of the listed companies in the telecommunication network industry in 2021.</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium- and-Long-Term Goals</td></tr>
<tr><td>■ Maintain annual monthly average turnover rate below 1.2%.
■ Adjust salary structure annually in accordance with employees' individual performance and contribution.
■ Hold regular communication and coordination meetings between employees and management.</td><td>■ Regularly review salary levels and make timely adjustments to the salary structure based on employees' individual performance and contribution.
■ Be inclusive of multiculturalism and continue to ensure that there is no violation of fair employment practices.
■ Employee Relationship Activities Satisfaction Survey: Very Satisfied and Satisfied over 85%.</td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="2">■ Employee turnover rate
■ New employee retention rate
■ Average and median salary of non-supervisory full-time employees
■ Outcome of labor-management communications and follow-up implementation activities</td></tr>
</table>

Remuneration policy

Remuneration Policy	Annual salary of 14 months.
Compensation and Benefits	Based on the market salary level and job evaluation, we set up a compensation and benefit system that is competitive and fair. Establish a function-oriented evaluation system to strengthen the link between individual performance and salary.
Employee Compensation	The employee bonus policy is stated in the Company's Articles of Incorporation, and no less than 8% of the annual profit shall be set aside for employee compensation. In 2022, we contributed 10% of the pre-tax net income to employee compensation in the amount of NT$42,532,503.
Bonus System	Through various internal incentive programs, the Company encourages employees to aggressively pursue continuous growth. The incentive programs currently in place include: operational performance bonus, special incentive bonus, talent recommendation bonus, proposal bonus, and R&D bonus.

Average salary of full-time non-supervisory positions

Year	Number of full-time employees in non-supervisory positions	Average full-time salaries for non-supervisory positions	Median full-time employee salary for non-supervisory positions
2020	306 employees	NT$ 962,000	NT$ 765,000
2021	314 employees	NT$ 906,000	NT$ 821,000
2022	314 employees	NT$ 1,008,000	NT$ 842,000

Difference between 2022 and the previous year

Average annual salary increased by NT$102 thousand and median annual salary increased by NT$21 thousand.

Growth rate of 2022 compared to the previous year

Average annual salary increased by 11% and median annual salary increased by 3%.

Other welfare policies

- Employee Welfare Committee

  The Company has established the "LandMark Optoelectronics Corporation Employee Welfare Committee" in accordance with the law. The members of the Welfare Committee come from various departments of the Company and are elected based on the ratio of the number of employees in each department. The Welfare Committee holds regular meetings every quarter, at which it resolves on the relevant employee welfare policies formulated by the Welfare Committee and plans various employee activities to promote employee welfare.

  The main benefits of LMOC welfare committee include: three festivals (Labor Day, Dragon Boat Festival, Mid-Autumn Festival), birthday gift, annual travel subsidy, wedding subsidy, maternity subsidy, funeral subsidy, injury and illness subsidy, and tailgate raffle.

- Club Subsidy

  In order to enhance the relationship between colleagues and their physical and mental health, and to encourage the establishment and participation in proper recreational and leisure activities, the "Regulations for Employee Welfare Club" were established, and each club can accumulate points according to its annual performance status and apply for a corresponding amount of club subsidy. The amount of club subsidy is NT$2,000~NT$5,000 per quarter; if the club participates in the competition in the name of the Company, it can apply for additional subsidy and incentive. Currently, we have a running club, a badminton club, a yoga club, and a basketball club to enhance the relationship between employees and their physical and mental health.

- Group Insurance and Retirement System

  The Company provides each employee with labor insurance and National Health Insurance in accordance with the law, and also fully subsidizes group insurance (life insurance, accident insurance, medical insurance, etc.) for employees, which gives them automatic coverage from the day they arrive at work and provides them with complete job protection. Employees' family members can also take out group insurance at a more favorable premium, so that more complete insurance benefits can be extended to employees and family members. To enhance retirement protection and strengthen labor-employer relationship, the Company makes monthly contributions to employees' pension fund in accordance with the Labor Standards Act and the Labor Pension Act.

- Childcare Subsidy and First Day of School Gift for Employee's Children

  The Company provides a comprehensive employee care mechanism to enable employees with childcare needs to take care of their families while at work. Starting from 2020, the Company introduced a childcare subsidy, with a total amount of NT$3,120,000 distributed in 2022; in addition, starting from 2020, the Company provides gifts for the first day of school for new students of kindergartens and elementary schools, which has continued to be offered in 2022 without any interruption.

- Emergency Relief Fund

  The Company has established an "Emergency Relief" program since 2020, to assist employees or their family members in the event of a major accident or injury, or in the event of other special circumstances that require special assistance due to the large costs involved, and to provide emergency relief as determined by the case. The Company treats its employees as family members and hopes to provide support in the first instance.

- Employee relations activities

  In order to increase employees' sense of identification with the Company and to further strengthen the concept of mutual teamwork, and to uphold the corporate culture of a vibrant workplace and happy families, the Company has organized a variety of activities to allow employees to accumulate creativity and vitality in work and leisure activities, and also encourages employees to invite their family members to participate together to enhance their family members' sense of identification with the Company and to become the strongest support for employees. In 2022, due to the impact of the pandemic, in order to minimize the risk of group gatherings, the annual year-end dinner party was temporarily suspended, but the Company still gave out participation awards, online live lucky draws, and provided meal expenses for departmental dinners as usual. And to appreciate the hard work of our employees, we provide quarterly meals expenses for departmental get-togethers to encourage communication and interaction among colleagues and to promote employee cohesion.

3.5 Occupational Health and Safety

The Company conducts hazard identification and risk assessment in accordance with the ISO 45001 Occupational Safety and Health Management System "Environmental Safety and Health Risk Assessment Management Methods", and adopts relevant control and methods to eliminate hazards. In addition, we have formulated occupational disaster management methods to record, investigate, statistic and report occupational disasters in accordance with the law. After an occupational disaster occurs, the cause of the accident should be analyzed and preventive measures should be reviewed to avoid recurrence of the hazard.

<table>
<tr><td>Material Topic</td><td colspan="2">Occupational Safety and Health</td></tr>
<tr><td>Management Objective</td><td colspan="2">To achieve the goal of zero occupational injuries and zero disasters</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ Meet or exceed the requirements of safety and health laws and regulations, with the goal of zero accidents.
■ Follow ISO 45001 occupational safety and health management system to achieve management objectives and performance.
■ Implement a preventive management and audit system to ensure a safe working environment and operation.
■ Prevent accidents by communicating, consulting and participating in decision-making with workers or their representatives.
■ Conduct safety and health education and promotion, and encourage employees to take the initiative to participate in activities.</td></tr>
<tr><td rowspan="5">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ Reduce disabling injury severity rate (SR) of occupational disasters(Note) ≦ 4.7</td><td>■ Occupational injuries and occupational diseases 0 cases, 2022 disabling injury severity rate (SR) = 0</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium- and-Long-Term Goals</td></tr>
<tr><td>Reduce disabling injury severity rate (SR) of occupational disasters ≦ 4.7</td><td>■ Zero occupational injuries and disasters
■ Continuous planning and implementation of health promotion activities every year
■ Emphasize the physical and mental health of employees and provide a safe and healthy workplace and culture.</td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="2">■ Hold quarterly review meetings of the Occupational Safety and Health Committee.
■ ISO 45001 Occupational Safety and Health Management System</td></tr>
</table>

Note: Disabling Injury Severity Rate (SR) = (Total Work Days Lost*10^6)／Total Person-work Hours

- Occupational Health Services

  LandMark has set up factory nurses to implement health management and health promotion-related businesses according to law, including planning occupational medicine physicians' on-site services, human related hazard prevention and improvement, maternal health protection and lactation room setting, health lectures and weight loss activities and other health promotion activities , In 2022, doctors provided 12 on-site consultation services, and 129 health consultations to take care of the physical and mental health of colleagues. Since 2020, the Company has implemented relevant epidemic prevention measures for the prevention and control of infectious diseases, health education promotion, and health care during and after treatment in response to the COVID-19 epidemic.

- Health Promotion

  LandMark has established the "Regulations on Prevention of Ailments Induced by Exceptional Workload", It conducts a questionnaire survey on the fatigue scale during the annual health check. Based on the survey results, it analyzes the workload status of colleagues, conducts health care for employees, and cooperates with relevant departments to make improvements when necessary. The Company is superior to the laws and regulations that require employees to perform health checks every year, and arranges health checks for employees who have been employed for six months every year. The physical examination rate for new recruits in 2022 is 100%, and the annual health check rate for general employees in 2022 is 99%. We also organize health promotion activities such as health lectures and weight loss activities. In 2022, we qualified for Badge of Accredited Healthy Workplace for preliminary healthy workplace by Health Promotion Administration, Ministry of Health and Welfare.

- Maternal Health Management

  In order to create a maternity-friendly workplace, the Company has established the "Maternal Health Protection Management Regulations", in which the female employees are engaged in work related to maternal health hazards, and take health protection measures such as safety and health hazard evaluation, hazard control, risk classification management measures, occupational physician and occupational nurse interview health guidance, and work suitability arrangements, and take health protection measures such as job adjustment or job content change according to the recommendations of occupational physician inspection and assessment, and provide continuous care and spiritual support to enhance the physical and mental health of maternal employees.

  In 2022, a total of 11 employees were targeted for maternal health protection, of which 5 of them were advised by doctors to coordinate with their supervisors to re-adjust their working hours or workplaces, such as switching from night to day shifts, avoiding exposure to ionizing radiation and chemicals, etc. The consultation and improvement rate reached 100%. In addition, the Company has set up breastfeeding rooms in Factory No. 1 and No. 2, equipped with complete facilities such as refrigerators, reclining chairs, power outlets, desks, partition curtains in Factory No. 1 and partitions in Factory No. 2, telephones, covered trash cans and hand-washing facilities near the sinks or provide hand-washing facilities to provide comfortable lactation space and breastmilk refrigerator for postnatal female employees.

- Implementation of Unpaid Parental Leave

  In response to the government's policy of "unpaid parental leave for raising children", employees can apply for unpaid parental leave for raising children according to their individual needs under the "Gender Equality Act".

2022 Parental Leave Statistics	Female	Male	Total
Total number of employees that were entitled to parental leave (Note1)	13	20	33
Total number of employees that took parental leave	3	1	4
Total number of employees that returned to work in 2021 (A)	3	3	6
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work (B)	2	2	4
Retention rate (B/A)	67%	67%	67%

Note 1: The number of employees eligible for parental leave is based on the number of male and female employees who have applied for maternity leave and paternity leave in 2022.

- Occupational Safety and Health Committee

  The Company complies with the "Regulations of Occupational Safety and Health Management" and holds quarterly meetings of the Occupational Safety and Health Committee, inviting supervisors, occupational safety and health personnel, representatives from each department, and labor representatives to attend the meetings. During the meetings, we regularly report on the various indicators and set up the related implementation work, as well as discuss and plan for improvement of potential safety issues and safety proposals reflected by the employees in order to prevent accidents from occurring in advance and to ensure a safe working environment. In compliance with the Occupational Safety and Health Act, the Regulations of Occupational Safety and Health Management, and the Occupational

Safety and Health Education and Training Rules, etc., we provide new employees with general safety and health education and training, as well as safety and health education and training necessary for their operations. We provide general safety and health education and training for new employees and the safety and health education and training required for their operations. We arrange occupational safety and health education and training courses for current employees in accordance with their operations, and conduct tests to verify the effectiveness of the courses upon completion. And in accordance with "Environmental Safety and Health Risk Assessment Management Methods" of the ISO 45001 Occupational Safety and Health Management System to carry out hazard identification, risk assessment, and to take relevant control and methods to eliminate the hazards. When necessary, we propose management programs for improvement and progress tracking, and we also encourage colleagues to make proposals for improvement of environmental safety and health related issues, and to make cross-departmental discussions through the Occupational Safety and Health Committee to formulate improvement measures.

- Occupational Injury and Occupational Disease Statistics
  According to the Occupational safety and Health Administration, Ministry of Labor, excluding traffic accidents that occurred outside of the Company, there were no injuries or disabling injuries, no occupational diseases, and no deaths caused on the job in 2022, and the disabling injury frequency rate (FR) and the disabling injury severity rate (SR) for the past three years were both zero.

3.6 Social Welfare

With the spirit of social co-prosperity and encouraging the implementation of the corporate culture of LandMark, the Company continues to cooperate with social welfare organizations to hold the annual " LandMark ♥ Sharing" event, dedicated to caring for the disadvantaged groups and small farmers in rural areas.

Christmas Dream Come True campaigns

Adhering to the spirit of co-prosperity with the society, LandMark has also done its best to contribute to the society. Since 2018, the Company has been launching Christmas Dream Come True campaigns, cooperating with the Tainan Home of Philanthropy, Love Child Care Foundation, and The Single Parent Educational Foundation, accumulatively raised 116 gifts, encouraging colleagues to work together to help underprivileged children fulfill their dreams for Christmas, and delivering gifts to the children on Christmas Eve, so that they can enjoy a joyful and warm holiday season.

Material Collection

The Company continues to cooperate with neighboring social welfare organizations to provide the disadvantaged with the resources they need. Every year, the Company organizes the『LandMark ♥ Sharing』campaign, which is dedicated to taking care of the disadvantaged and small farms in the rural areas, and hopes that through the ongoing program, this flow of goodness will be promoted to more places in need of help, with a cumulative total of 185 people participating in the campaign.

Sponsoring unique baseball teams and clubs in Tainan's rural areas

The education and development of the children in Tainan’s rural areas is a matter of concern. Through the LandMark ♥ Sharing campaigns, we initiated the donation of training materials for the school's teams and clubs, and fundraising for educational resources; through the learning of multiple talents, to build up the children's self-confidence and the ability of teamwork,

so that the students can have more room for performance and self-expression of their accomplishments.

Let Love Go Out, Donate Old Shoes campaign

Currently, "Old Shoes for Life" is based in Kenya, East Africa, and continues to assist in humanitarian relief work in areas of extreme poverty. In 2022, the Company responded to the project of Step30 international ministries "Old Shoes for Life" by initiating the "Let Love Go Out, Donate Old Shoes" campaign, encouraging colleagues to donate used shoes, so as to let kindness become the cycle of love, and to spread love to the corners of the world where is needed.

"LandMark ♥ Sharing" campaigns and achievements in the most recent three years

Year	Participating Organizations	Campaigns
2020	Wu Ja Educational and Nursing Institution / Shyen Educational and Nurturing Institution	Donate goods
	Eslite Foundation for culture and the arts	Donate Books
2021	Tainan City Private Cham Tai Nursing Home / Love Child Care Foundation / Buy directly from farmers.	Donate goods / Subsidies / Small Holder Farmers
	Love Child Care Foundation / The Single Parent Educational Foundation /Non-Toxic Farming	Donate Christmas Gifts/Small Holder Farmers
2022	Dong Yuan Junior High School / Dong Shan Junior High School / Yu Shan Elementary School	Sponsoring unique baseball teams and clubs in Tainan's rural areas
	Step30 international ministries	Donate Old Shoes/ Raised funds for overseas shipping fees

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徐富崇

感謝狀
聯亞光電工業股份有限公司
楊右任
中華民國 111 年 11 月 24 日

台南市
私立施恩教養院

4. Sustainable Environment

4.1 Climate Change

4.2 Greenhouse Gas Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Waste Management

4.1 Climate Change

In response to the trend of global carbon reduction, the Company has adopted the Task Force on Climate-related Financial Disclosures Recommendation (TCFD) formulated by the Financial Stability Board, and has been actively engaged in the establishment and enhancement of the mechanism to formulate strategies and actions in response to climate change in the following four aspects: "Governance," "Strategy," "Risk Management," and "Metrics and Targets" in order to minimize the impacts of climate change risks.

Framework	TCFD Recommended Disclosures	Implementation Situation	
Governance	Describe the board's oversight of climate-related risks and opportunities.	・Board of Director	・Highest supervisory unit for risk management (including climate risk) ・To review material climate-related objectives and budgets for implementation. ・To monitor the implementation results of climate risk management and strategy promotion.
	Describe management's role in assessing and managing climate-related risks and opportunities.	・Corporate Sustainability and Nomination Committee	・Principal authority and decision-making unit for climate risk management ・Regularly report the progress of climate management to the Board of Directors. ・To review the results of climate-related risk and opportunity assessments and response strategies. ・To monitor the implementation of climate issues.
		・ESG Sustainability Implementation Team	・To collect trends of climate-related issues and conduct analysis of climate-related risks and opportunities. ・Coordinate the implementation of strategic planning and the promotion of climate-related action programs.
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Short-term ・Transition risk: An increase in greenhouse gas emission pricing and raw material costs. ・Physical Risk: Increased severity of extreme weather events such as typhoons, floods, etc. and changes in precipitation (water) patterns and extreme changes in climate patterns.	
		Medium/long term ・Transition risk: Increasing requirements and regulation of existing products and services, changes in customer behavior and stakeholder concerns and increased negative feedback. ・Physical Risk: Rising average temperatures. ・Resource use efficiency opportunities: Use of more efficient production processes and recycling. ・Energy source opportunities: Use of low carbon energy sources and adoption of incentive policies.	
	Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	・The ESG Sustainability Implementation Team discussed and identified risks and opportunities for the Company's transition and physical as well as short-, medium-, and long-term risks and opportunities. Based on the internal existing goals and objectives of the management process, the short-term period was defined as within 1 to 2 years, the medium-term period as 3 to 5 years, and the long-	

<table>
<tr><th>Framework</th><th>TCFD Recommended Disclosures</th><th>Implementation Situation</th></tr>
<tr><td></td><td></td><td>term period as more than 6 years. Also assess various transitions and physical and short-, medium-, and long-term risks, as well as risks of opportunistic transitions, and their impact on the financials.
・Based on the life cycle concept, from raw materials, manufacturing, distribution, use, and waste, to integrate various departments to jointly develop various energy-saving and carbon reduction projects.</td></tr>
<tr><td></td><td>Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios.</td><td>・Mild climate change: Under low emission scenarios, global warming is under control with low physical risk.
・Severe climate change: Under high emissions scenario, global warming will not be controlled timely, and increase in risk due to extreme weather.</td></tr>
<tr><td rowspan="3">Risk Management</td><td>Describe the organization’s processes for identifying and assessing climate-related risks.</td><td>・The ESG Sustainability Implementation Team discusses and identifies climate-related risks and opportunities through cross-departmental discussions and, based on the professional experience of each unit, evaluates the time interval of occurrence, the probability of occurrence, and the degree of impact on the Company's operations to identify and categorize risks, and assesses the potential operational and financial impact on the Company.</td></tr>
<tr><td>Describe the organization’s processes for managing climate-related risks.</td><td>・The ESG Sustainability Implementation Team identifies material risks and sets related countermeasures with each unit of the Company, while the Corporate Sustainability and Nomination Committee supervises and regularly reports to the Board of Directors on the implementation status of the operation.</td></tr>
<tr><td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</td><td>・Incorporate climate change into the material issues and key risk items of corporate sustainable development, implement risk management programs in daily operations, and plan countermeasures in operation, product and supply chain management.</td></tr>
<tr><td rowspan="3">Metrics and Targets</td><td>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</td><td>・In regard to the mitigation of climate change, the Company uses greenhouse gas emissions per unit of product as the main quantitative key indicator for evaluation, and also sets indicators such as the percentage of renewable energy usage and the amount of electricity used per unit of product.</td></tr>
<tr><td>Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</td><td>・Greenhouse gas emissions (metric tons CO2e) in 2022:
<table>
<tr><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th></tr>
<tr><td>987.13</td><td>10,721.06</td><td>1,897.04</td></tr>
</table>
The Company conducts greenhouse gas inventories in accordance with the international standard ISO14064-1 starting from 2022, and plans to engage with a third-party organization to obtain a verification statement.</td></tr>
<tr><td>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</td><td>・To improve the energy and resource efficiency of the Company and its customers, the Company has set targets for waste reduction and water conservation to minimize the overall impact on the environment.
・Setting climate-related performance indicators:
<table>
<tr><th>Carbon emissions and energy management targets</th><th>Waste management targets</th></tr>
<tr><td>・Based on 2020, reduce GHG emissions unit intensity by 6% in 2025 compared to 2020.
・Target by 2030: 100% use of renewable energy on non-production factories; 20% use of renewable energy on production factories.
・Target by 2040: Zero growth in Co2 emissions.
・Target by 2050: Achieve carbon neutrality.</td><td>・Based on 2020, reduce waste per unit of product output by 10% in 2025 compared to 2020.</td></tr>
</table></td></tr>
</table>

Climate-related Risks/Opportunities for action

■ Transition Risks

Type of Risk	Climate-related issues	Potential Financial Impact	Impact time	Actions to be taken
Policy and Legal Risks	Raising greenhouse gas emission pricing	・Increase in the cost of compliance-related expenses (carbon fee/carbon tax) ・Increase in the cost of investing in energy-saving and consumption-reducing new equipment. ・Increase in operating costs for purchasing renewable energy and renewable energy certificates.	Short-term	・Continue to promote daily operations and production processes to maximize "energy saving, emission reduction, and pollution reduction". ・Replace old equipment with new ones to improve energy efficiency. ・Set an aggressive carbon reduction target (to achieve carbon neutrality by 2050) and implement related actions. ・Purchase green power, plan for the installation of renewable energy facilities, and plan for the possibility of partial energy self-sufficiency. ・Conduct long-term planning for purchasing carbon credits in accordance with policy regulations.
	Requirements and Regulation of Existing Products and Services		Medium term	
Market Risk	Customer behavior change: customer's requirements on sustainability/environmental protection/low carbon	Impact of order reductions due to failure to meet customer requirements.	Medium/ Long Term	
	Rising raw material costs	Costs passed on by suppliers due to renewable energy regulations and carbon tax.	Short-term	Entered into long-term supply contracts with suppliers.
Reputation Risk	Increasing stakeholder concerns and negative feedback (green goodwill)	Customers, investors request to join specific global carbon reduction initiatives, increasing operating and management costs.	Medium/ Long Term	Proactively plan to respond to global carbon reduction initiatives and continue to enhance the Company's image through transparent disclosure in ESG reports.

■ Physical Risks

Type of Risk	Climate-related issues	Potential Financial Impact	Impact time	Actions to be taken
Acute Risk	Increased severity of extreme weather events such as typhoons and floods	・Heavy precipitation may cause the drainage system in the factory to be overloaded, flooding of the roads in the factory, and traffic disruption, which may cause transportation difficulties and delay in the receipt of materials from customers, and if the government announces the suspension of work, it may reduce the number of working days, resulting in reduced revenues. ・Severe extreme weather events may cause power outages, resulting in damage to production equipment, increasing capital expenditures for production equipment and affecting delivery schedules. ・Increase in the cost of asset (natural disaster) insurance.	Short-term	・Evaluate potential risks of flooding in the factory area and develop emergency response measures. ・Regular disaster preparedness drills. ・Installation of uninterruptible power supply devices for key production equipment.
	Changes in precipitation (water) patterns and extreme changes in climate patterns, e.g., droughts		Short-term	
Chronic Risk	Rising average temperatures	・Severe water scarcity affects production and supply. ・Rising average temperatures, increased electricity consumption, and increased equipment cooling water usage result in higher operating costs and higher carbon emissions.	Medium/ Long Term	・Continue to improve wastewater recycling rate. ・Continue to promote green production.

■ Climate-Related Opportunities

Type of Risk	Climate-related issues	Potential Financial Impact	Impact time	Actions to be taken
Resource Efficiency	Use more efficient production processes	・Reduce operating utility costs. ・Increase the cost of investing in new energy-saving equipment. ・Reduce environmental expenditure on wastewater treatment.	Medium/ Long Term	・Continue to promote daily operations and production processes to maximize "energy saving, emission reduction, and pollution reduction". ・Replace old equipment with new ones to improve energy efficiency. ・Increase wastewater recycling rate.
	Recycling and reuse		Medium/ Long Term	
Energy Source	Use low-carbon energy sources	・Reduce carbon emissions and minimize the impact of the uncertainty of greenhouse gas regulations on operations. ・Obtain public sector incentives and cooperation to accumulate carbon credits for future emissions offsets.	Long Term	・Purchase green power, plan for the installation of renewable energy facilities, and plan for the possibility of partial energy self-sufficiency. ・Plan to participate in the government's carbon reduction incentive program. ・In accordance with the policies and regulations, to carry out long-term planning for the purchase of carbon credits.
	Adopt Incentive Policies		Long Term	

4.2 Greenhouse Gas Management

Under the challenge of global climate change, corporate should continuously reduce the greenhouse gas emissions in the operation process to mitigate the negative impacts on climate. Starting from 2022, the Company has conducted a greenhouse gas inventory in accordance with ISO 14064-1 in order to accurately grasp the sources of greenhouse gas emissions and emissions from each factory, and to implement various energy-saving and emission reduction measures based on the inventory results. Through continuous improvement programs, the Company minimizes the environmental and climate impacts of global warming from GHG emissions, and fulfills its corporate social responsibility.

<table>
<tr><td>Material Topic</td><td colspan="2">Greenhouse Gas Inventory and Carbon Reduction Targets</td></tr>
<tr><td>Management Objective</td><td colspan="2">In accordance with international standards to conduct a greenhouse gas inventory, will set carbon reduction targets based on the inventory results, and proactively introduce energy-saving and carbon reduction project measures to reduce greenhouse gas emissions.</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ With "carbon neutrality" as the target, in accordance with ISO 14064-1 to conduct a greenhouse gas inventory, accurate understand the Company's greenhouse gas emission sources and emissions, and propose feasible solutions to reduce greenhouse gas emissions.</td></tr>
<tr><td rowspan="5">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ Greenhouse gas emissions per unit of product reduced by 10% compared to the previous year.</td><td>■ Greenhouse gas emissions per unit of product in 2022 were 25.61% lower than the previous year.</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium- and-Long-Term Goals</td></tr>
<tr><td>■ Conduct ISO 14064-1 Greenhouse Gas Inventory</td><td>■ Net zero growth in carbon emissions by 2040
■ Carbon Neutral by 2050</td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="2">■ To set up energy-saving and carbon reduction programs and conduct annual performance reviews by the Management Review Committee.
■ According to ISO14064-1 standards, conduct an annual inventory of greenhouse gas emissions and energy usage to grasp the current situation and verify the effectiveness of the reduction.</td></tr>
</table>

- GHG emissions for the past three years

Greenhouse Gas Category	2020	2021	2022
Scope 1 (Metric tons of CO2e)	279.52	189.05	987.13
Scope 2 (Metric tons of CO2e)	10,376.48	10,468.42	10,721.06
Total Emissions (Metric tons of CO2e)	10,656.00	10,657.47	11,708.19
GHG emissions intensity (kg CO2e /cm2)	4.28	4.53	3.37
Description: Total GHG emissions (Scope 1 and Scope 2 combined) in 2022 increased by 9.86% compared to 2021, mainly due to the growth in total revenue and the increase in Scope 1 emissions compared to the previous year, which was due to the refrigerant use in 2022 being inventoried by fugitive emissions rate in accordance with the ISO14064-1 standard. GHG emissions per unit of product in 2022 were 25.61% lower than in 2021.			

- Other indirect (Scope 3) GHG emissions

Year	Scope 3(Metric tons of CO2e)
2020	Note
2021	Note
2022	1,897.04
Note: In previous years, the Company conducted its own inventory in accordance with the Environmental Protection Administration's Greenhouse Gas Inventory and Registration, and in 2022, the Company conducted a greenhouse gas inventory in accordance with the international standard ISO14064-1, therefore, the Company only had inventory data related to Scope 3 and other indirect emissions of 2022.	

- Reduction of GHG emissions

Year	Direct Reductions of GHG emissions (Metric tons of CO2e)(Note)
2020	434.70
2021	112.94
2022	250.90

Note: The calculation is based on the 2021 electricity emission factor announced by the Energy Bureau: approximately 0.509 kg CO2 per kWh of electricity.

- Other Significant Air Emissions

Unit: kg

Year	Nitrogen Oxides	Sulfur Oxides	Persistent Organic Pollutants	Volatile Organic Compounds	Suspended Particulate Matter	Hazardous Air Pollutants
2020	None	None	None	1,109.89	Not detected	25.54
2021	None	None	None	822.56	Not detected	22.32
2022	None	None	None	782.27	Not detected	15.09

4.3 Energy Management

Electricity usage is the major part of the Company's energy consumption, along with a small portion of fossil fuels (gasoline, diesel, etc.). The Company continues to promote various energy-saving improvement projects. In addition to implementing energy-saving measures and improving energy efficiency, the Company also promotes the implementation of energy-saving management plans in offices and public areas, supplemented by related awareness-raising activities, to enhance the concept and habit of energy saving and carbon reduction of colleagues.

<table>
<tr><td>Material Topic</td><td colspan="2">Energy Management</td></tr>
<tr><td>Management Objective</td><td colspan="2">Improve energy efficiency and reduce energy consumption, which in turn improves economic efficiency and reduces greenhouse gas emissions.</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ Continue to promote the efficient use of energy, conduct energy-saving improvement plans, and strive to enhance energy efficiency.
■ Continue to invest in energy-saving equipment to gradually reduce unit electricity consumption.
■ Gradually increase the rate of renewable energy use.</td></tr>
<tr><td rowspan="4">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ Electricity intensity per unit of product reduced by 10% compared to the previous year</td><td>■ Electricity intensity per unit of product reduced by 27% compared to the previous year</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium- and-Long-Term Goals</td></tr>
<tr><td>■ Implement energy saving targets and plans as stipulated in the Energy Administration Act in order to achieve the annual energy saving rate.
■ Adjustment and optimization of existing equipment.</td><td>■ Introduce ISO 50001 energy management system certification.
■ Renewable energy usage ratio Target by 2030:
100% use of renewable energy on non-production factories; 20% use of renewable energy on production factories.</td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="2">■ Management Review Committee conducts performance reviews
■ Compliance with regulations on energy saving</td></tr>
</table>

- Energy Consumption in 2022

Type of Energy	Usage	Consumption	Conversion Result (MJ)	%
Electricity	Factory-wide electrical equipment	21,063.00 MWh	75,826,800	98.82%
Gasoline	Official vehicles, fire fighting training	3,538.10 Liters	115,519	0.15%
Diesel	Generator	22,468.15 Liters	789,980	1.03%
Total			76,732,299	100%

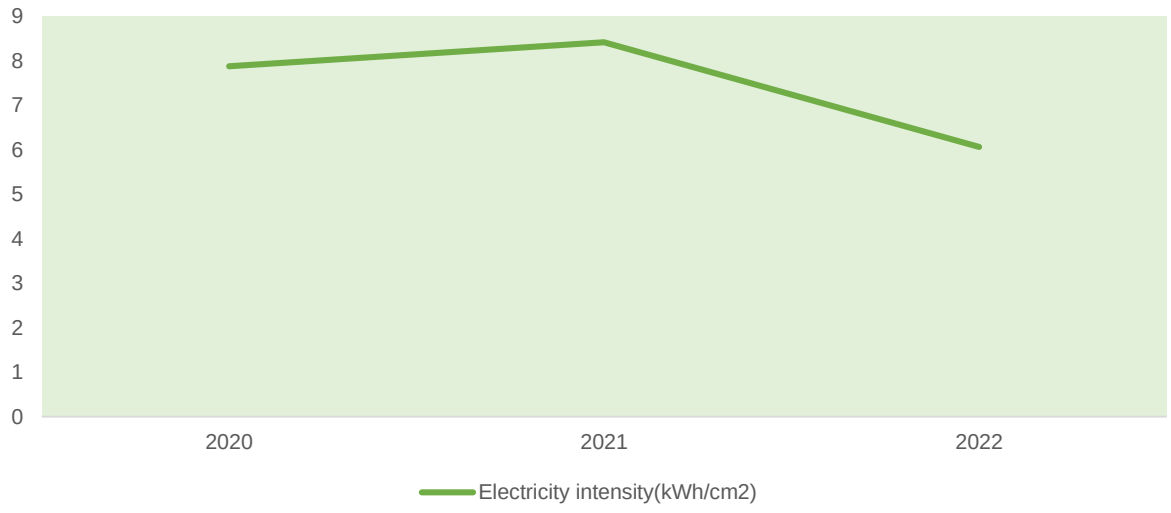
Description:
Note 1: Electricity unit conversion is 1 kWh = 3.6 MJ.
Note 2: Gasoline unit conversion is 1 liter of gasoline = 32.65 MJ.
Note 3: Diesel unit conversion is 1 liter of diesel = 35.16 MJ.
Note 4: Conversion information is based on the Bureau of Energy, Ministry of Economic Affairs: Heat Content of Energy Products.

- Energy Intensity Statistics for the recent three years

The Company's total energy consumption increased by 7.45% in 2022 as compared to 2021, however, with the significant increase in production in 2022, energy intensity decreased by approximately 27% as compared to the previous year.

Year	Total Energy Consumption (MJ)	Energy intensity (MJ/ cm2)
2020	70,732,176	28.41
2021	71,413,085	30.38
2022	76,732,299	22.10

- Electricity intensity for the recent three years



- Reducing Energy Consumption

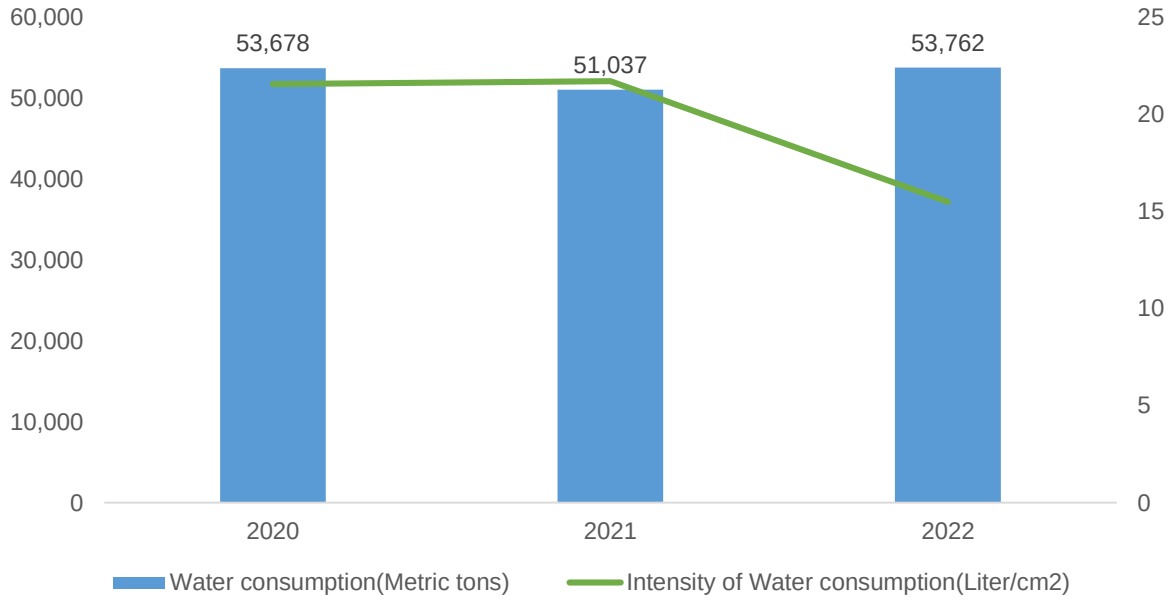
Effectiveness of energy saving and reduction in 2022

Energy saving program	Annual energy saving (kWh)	Percentage of energy saving in total electricity consumption of the year
Energy Saving in Lighting Equipment	117,625	0.56%
Energy Saving in Factory Equipment	89,965	0.43%
Energy Saving in Process Equipment	285,340	1.35%
Total	492,930	2.34%

4.4 Water Resources Management

Due to global warming in recent years, the risk of water scarcity and flooding has been increasing. In order to minimize the impact of unstable water resources on the operating activities, the Company has adopted the ISO14001 management system as the basis for water resource management and continues to promote water recycling and conservation measures. The Company obtains water from the water treatment plant, the volume of water required for the operation of ice machine cooling towers and evaporation, and the volume of waste gas produced by the manufacturing process and evaporation generated during washing. In order to increase the production value with the same amount of water consumption and to increase the efficiency of water consumption, the factory and buildings are equipped with water meters, which are read on a daily basis to control the water consumption.

- Water consumption and Intensity of Water consumption in the past three years



- Water conservation plans and results in the past three years

  The Company has invested in various water conservation improvement programs, including enhanced cooling water tower concentration multiplication, condensate recovered from air-conditioning condenser coil, and ROR concentration water recovery. In 2022, under the implementation of water resource utilization management and water conservation technologies, approximately 15,124 metric tons of water were saved, which accounted for 28% of the total water consumption in that year.

Year	Item	Amount of conserved water (Metric tons/per year)	Percentage of Water Saving in Total Water Consumption for the Year
2022	Enhanced cooling water tower concentration multiplication	15,124	28.13%
	Condensate recovered from air-conditioning condenser coil		
2021	ROR concentration water recovery	14,957	29.31%
	Purified water RO-R recovery statistics		
2020	Sanitary equipment scheduled washing function off	5,168	9.63%
	Condensate recovered from air-conditioning condenser coil		
	Additional temperature control in cooling water tower to reduce evaporation		

- Wastewater Treatment and Discharge

  In order to ensure proper management of wastewater generated in the factory, and to ensure that the wastewater treatment is functioning properly and the quality of discharged water meets the national discharge standards, the Company has dedicated personnel to monitor and analyze the quality of discharged water and to incorporate it in the environmental management plan for quarterly tracking. In addition, we commission a qualified testing organization to conduct discharge water quality tests every six months and report to the government on a regular

basis in accordance with the "Water Pollution Control Measures and Test Reporting Management Regulations", and in 2022, all discharged wastewater was in compliance with laws and regulations as well as with the standards adopted by the Southern Taiwan Science Park Bureau.

Type	Explanation	Treatment
Process wastewater	Wastewater from production process, equipment cleanse, product measurement of equipment, or air conditioning system	• Acid and alkaline wastewater: The hazardous substances are excluded in the treatment system, and the water undergoes acid-base neutralization procedure to meet the PH value standard before discharge • Arsenic-containing wastewater: The water undergoes an arsenic removal system (solidification)
Domestic sewage	Domestic sewage	The sewage is collected at the sewage processing facility of the building and emitted to the effluent. The septic tank is cleared annually.

4.5 Waste Management

The Company's main wastes include sludge generated from manufacturing wastewater treatment process, chemical waste liquids used in the manufacturing process, chemical-contaminated clean cloths and filtering materials, and waste wafers, as well as employees' daily garbage, non-process-generated packaging materials, waste plastics, and other wastes, which are all disposed of by qualified removal and treatment providers.

<table>
<tr><td>Material Topic</td><td colspan="2">Waste Management</td></tr>
<tr><td>Management Objective</td><td colspan="2">Effective waste disposal not only reduces waste generation and related costs, but also creates revenue value and reduces the impact of operations on the environment.</td></tr>
<tr><td>Management Approach</td><td colspan="2">■ Promote the improvement of manufacturing process technology and source management measures to reduce the use of raw materials and the production of waste.
■ Recycle resources to achieve waste resource utilization and reuse.
■ Pay attention to the development of international environmental trends, assess the opportunities and risks, properly handle waste and utilize energy resources, and promote a circular economy.</td></tr>
<tr><td rowspan="4">Goals</td><td>Goals set for 2022</td><td>Achievement</td></tr>
<tr><td>■ Waste generated per unit of product <0.07 kg/cm2 in 2022.</td><td>■ Waste generated per unit of product <0.035 kg/cm2 in 2022.</td></tr>
<tr><td colspan="2">Future Goals</td></tr>
<tr><td>Short-Term Goals</td><td>Medium- and-Long-Term Goals</td></tr>
<tr><td>■ Annual waste generated per unit of product <0.07 kg/cm2</td><td>■ Waste generated per unit of product in 2025 to be 10% lower than in 2020</td></tr>
<tr><td>Evaluation Mechanism</td><td colspan="2">■ Calculated based on actual output and evaluated the effectiveness of the management program at the management review meeting.
■ ISO 14001 Environmental Management System Certification</td></tr>
</table>

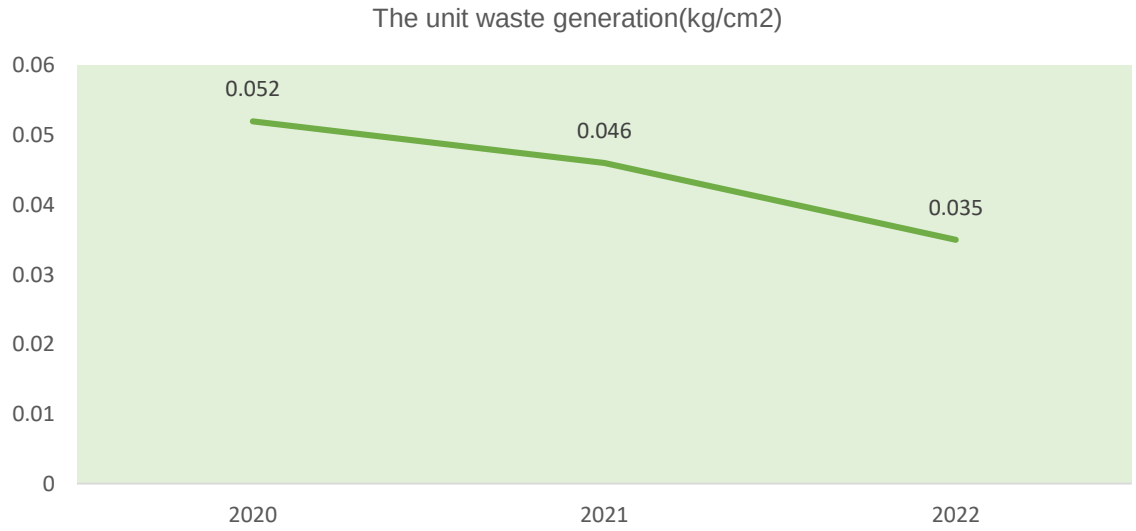
- Waste directed to disposal

  The Company's general business waste is daily garbage, which is handled by the Tainan Science Park Resource Recycling Center for incineration. Hazardous waste is treated by qualified waste removal and disposal providers, and 80% of the waste removal and disposal providers have obtained ISO14001 management system certification in the recent three years. Waste types and treatment methods include sludge and waste wafers from process wastewater treatment (solidification treatment), liquid chemicals used in the process (chemical treatment), and chemical-contaminated clean cloths and filtering materials (incineration treatment).

Unit: Metric tons

Year	General Business Waste		Hazardous Business Waste		Total amount
	On-site	Off-site	On-site	Off-site	
2020	-	28.10	-	100.45	128.55
2021	-	30.34	-	79.50	109.84
2022	-	32.98	-	89.88	122.86

- The Unit Waste Generation in the past three years



- Waste Disposal and Transfer

  The waste in the Company's factory is not being reused or recycled by the Company, but is mainly entrusted to external providers for reuse or recycling. According to the technical feasibility of the current treatment plant, the waste from the Company's production will be recycled and reused, including the waste empty chemical containers, waste organic solvents, waste hydrofluoric acid, Waste sulfuric acid, and waste mercury-containing lamps.

Year 2022

Appendices

Appendix 1: SASB Disclosure Indicators

Appendix 2: GRI Standards Content Index

Appendix 1: SASB Disclosure Indicators

Topic	Code	Accounting Metric	2020	2021	2022
Greenhouse Gas Emissions	TC-SC-110a.1	Gross global Scope 1 emissions	279.52 ton CO2e	189.05 ton CO2e	987.13 ton CO2e
		Amount of total emissions from perfluorinated compounds	270.61 ton CO2e	181.06 ton CO2e	548.82 Ton CO2e
	TC-SC-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Please refer to section 4.2 Greenhouse Gas Management of this report.		
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumed	70,732.18 GJ	71,413.09 GJ	76,732.30 GJ
		Percentage grid electricity	99.83%	99.85%	98.82%
		Percentage renewable	0%	0%	0%
Water Management	TC-SC-140a.1	Total water withdrawn	Total water withdrawals were 53,678 cubic meters, with 0% in areas of high baseline water stress.	Total water withdrawals were 51,037 cubic meters, with 0% in areas of high baseline water stress.	Total water withdrawals were 53,762 cubic meters, with 0% in areas of high baseline water stress.
		Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Total water consumption was 33,497 cubic meters, with 0% in areas of high baseline water stress.	Total water consumption was 30,095 cubic meters, with 0% in areas of high baseline water stress.	Total water consumption was 31,479 cubic meters, with 0% in areas of high baseline water stress.
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Hazardous waste was 100.45 tons, of which 14.52 tons could be recycled in 2020 and 9.13 tons were actually recycled, representing a resource recovery rate of 62.88%.	Hazardous waste was 79.50 tons, of which 13.58 tons could be recycled in 2021 and 7.82 tons were actually recycled, representing a resource recovery rate of 57.58%.	Hazardous waste was 89.88 tons, of which 11.24 tons could be recycled in 2022 and 5.98 tons were actually recycled, representing a resource recovery rate of 53.21%.
Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Please refer to section 3.5 Occupational Health and Safety of this report.		
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	There were no material violations in the fields of employee health and safety in the recent three years, and the monetary loss incurred was $0.		

Topic	Code	Accounting Metric	2020	2021	2022
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	(1) Percentage of foreign workers 1.53% (2) Percentage of overseas workers 0%	(1) Percentage of foreign workers 0.91% (2) Percentage of overseas workers 0%	(1) Percentage of foreign workers 0.85% (2) Percentage of overseas workers 0%
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The Company's products are 100% compliant with IEC 62474.		
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops and (3) laptops	The Company's products are not end-use applications, and there is no applicable content.		
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	• Actively evaluated second source to diversify the concentration risk of raw material suppliers. • According to the supplier's characteristics and risk classification management, the Company provided suppliers with 2~3 months' Forecast, suppliers estimated the raw material preparation. • Regularly reviewed the safety stock level and maintained the stock level of commonly used materials between 1.5 and 2 months.		
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	There were no legal incidents related to anti-competitive behavior in the recent three years, and the monetary loss incurred was zero.		

Appendix 2: GRI Standards Content Index

Statement of Use	In accordance with GRI Standards published the 2022 Sustainability Report, the scope of data and information cover the period from January 1 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
GRI 2：General Disclosures 2021						
The organization and its reporting practices	2-1	Organizational details	2.1 Company Profile	16		
	2-2	Entities included in the organization's sustainability reporting	About this Report	1		
	2-3	Reporting period, frequency and contact point	About this Report	1		
	2-4	Restatements of information			The company had no significant changes in scale, structure, ownership or supply chain in 2022, so there is no reorganization of the previous year's information.	
	2-5	External assurance			This report has not been verified by a third-party verification agency.	
Activities and workers	2-6	Activities, value chain and other business relationships	2.1 Company Profile	16~18		
	2-7	Employees	3.2 Talent Recruitment and Retention	46		
	2-8	Workers who are not employees	3.2 Talent Recruitment and Retention	46		
Governance	2-9	Governance structure and composition	2.2 Corporate Governance	19		
	2-10	Nomination and selection	2.2 Corporate Governance	21		

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
		of the highest governance body				
	2-11	Chair of the highest governance body	2.1 Company Profile	16		
	2-12	Role of the highest governance body in overseeing the management of impacts	2.2 Corporate Governance	19		
	2-13	Delegation of responsibility for managing impacts	1.1 Commitment to Sustainable Management	9		
	2-14	Role of the highest governance body in sustainability reporting	1.1 Commitment to Sustainable Management	9		
	2-15	Conflicts of interest	2.2 Corporate Governance	25		
	2-16	Communication of critical concerns	1.3 Identification of Material Topics	12		
	2-17	Collective knowledge of the highest governance body	2.2 Corporate Governance	23		
	2-18	Evaluation of the performance of the highest governance body	2.2 Corporate Governance	22~23		
	2-19	Remuneration policies	3.4 Compensation and Welfare	53		
	2-20	Remuneration policies	3.4 Compensation and Welfare	53		
	2-21	Annual total compensation ratio	3.4 Compensation and Welfare	53		
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Letter from the Chairman	2~3		
	2-23	Policy commitments	Letter from the Chairman	2~3		
	2-24	Embedding policy commitments	1.1 Commitment to Sustainable Management	8		

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
	2-25	Processes to remediate negative impacts	2.2 Corporate Governance	25		
	2-26	Mechanisms for seeking advice and raising concerns	2.2 Corporate Governance	25		
	2-27	Compliance with laws and regulations	2.4 Compliance with laws and regulations	29~30		
	2-28	Membership associations	2.1 Company Profile	18		
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.2 Stakeholder Engagement	10		
	2-30	Collective bargaining agreements			The Company does not have a labor union, so there is no bargaining agreements.	
GRI 3：Material Topics 2021						
Material Topics	3-1	Process to determine material topics	1.3 Identification of Material Topics	12		
	3-2	List of material topics	1.3 Identification of Material Topics	14		
Economic Aspects						
Economic Performance						
GRI 3：Material Topics 2021	3-3	Management of material topics	2.3 Economic Performance	26~27		
GRI 201：Economic Performance 2016	201-1	Direct economic value generated and distributed	2.3 Economic Performance	27		
	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change	68~69		
	201-3	Defined benefit plan obligations and other retirement plans	3.4 Compensation and Welfare	55		
	201-4	Financial assistance received from government	2.3 Economic Performance	28		

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
Environmental Aspects						
Energy						
GRI 3：Material Topics 2021	3-3	Management of material topics	4.3 Energy Management	72		
GRI 302：Energy 2016	302-1	Energy consumption within the organization	4.3 Energy Management	73		
	302-2	Energy consumption outside of the organization	4.3 Energy Management	73		
	302-3	Energy intensity	4.3 Energy Management	73		
	302-4	Reduction of energy consumption	4.3 Energy Management	74		
	302-5	Reductions in energy requirements of products and services	4.3 Energy Management	74		
Emissions						
GRI 3：Material Topics 2021	3-3	Management of material topics	4.2 Greenhouse Gas Management	70		
GRI 305：Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.2 Greenhouse Gas Management	71		
	305-2	Energy indirect (Scope 2) GHG emissions	4.2 Greenhouse Gas Management	71		
	305-3	Other indirect (Scope 3) GHG emissions	4.2 Greenhouse Gas Management	71		
	305-4	GHG emissions intensity	4.2 Greenhouse Gas Management	71		
	305-5	Reduction of GHG emissions	4.2 Greenhouse Gas Management	71		
	305-6	Emissions of ozone-depleting substances (ODS)	4.2 Greenhouse Gas Management	71		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.2 Greenhouse Gas Management	71		

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
Waste						
GRI 3：Material Topics 2021	3-3	Management of material topics	4.5 Waste Management	78		
GRI 306：Waste 2020	306-1	Waste generation and significant waste-related impacts	4.5 Waste Management	79		
	306-2	Management of significant waste-related impacts	4.5 Waste Management	79		
	306-3	Waste generated	4.5 Waste Management	79		
	306-4	Waste diverted from disposal	4.5 Waste Management	80		
	306-5	Waste directed to disposal	4.5 Waste Management	79		
Social Aspects						
Employment						
GRI 3：Material Topics 2021	3-3	Management of material topics	3.4 Compensation and Welfare	52		
GRI 401：Employment 2016	401-1	New employee hires and employee turnover	3.2 Talent Recruitment and Retention	47		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.4 Compensation and Welfare	54~56		
	401-3	Parental leave	3.5 Occupational Health and Safety	60		
Occupational Health and Safety						
GRI 3：Material Topics 2021	3-3	Management of material topics	3.5 Occupational Health and Safety	57		
GRI 403：Occupational Health and Safety 2018	403-1	Occupational health and safety management system	3.5 Occupational Health and Safety	57		
	403-2	Hazard identification, risk assessment, and incident investigation	3.5 Occupational Health and Safety	58~61		

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
	403-3	Occupational health services	3.5 Occupational Health and Safety	58~61		
	403-4	Worker participation, consultation, and communication on occupational health and safety	3.5 Occupational Health and Safety	58~61		
	403-5	Worker training on occupational health and safety	3.5 Occupational Health and Safety	58~61		
	403-6	Promotion of worker health	3.5 Occupational Health and Safety	58~61		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.5 Occupational Health and Safety	58~61		
	403-8	Workers covered by an occupational health and safety management system	3.5 Occupational Health and Safety	60~61		
	403-9	Work-related injuries	3.5 Occupational Health and Safety	61		
	403-10	Work-related ill health	3.5 Occupational Health and Safety	61		
Training and Education						
GRI 3：Material Topics 2021	3-3	Management of material topics	3.3 Talent Cultivation and Development	48		
GRI 404：Training and Education 2016	404-1	Average hours of training per year per employee	3.3 Talent Cultivation and Development	50		
	404-2	Programs for upgrading employee skills and transition assistance programs	3.3 Talent Cultivation and Development	49~50		

Topics	Disclosure items	Disclosure Title	Chapter	Page	Omission /Explanation	Remarks
Customer Privacy						
GRI 3：Material Topics 2021	3-3	Management of material topics	2.5 Customer Service	31~32		
GRI 418：Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.5 Customer Service	32		