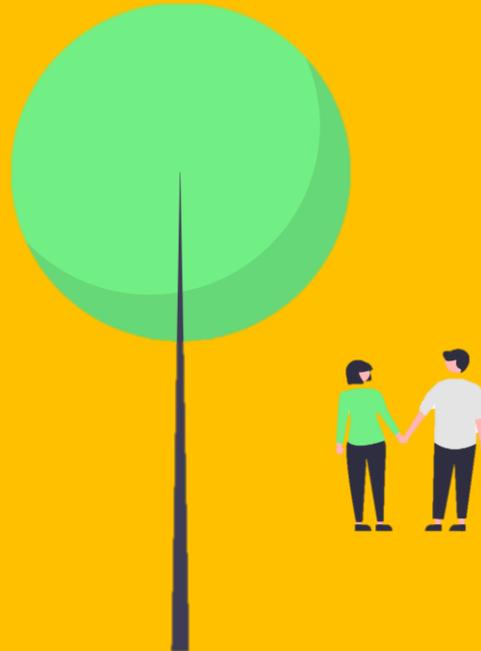


2023



**Sustainability
Report
Young Optics**



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About the Report

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Welcome to the 2023 Young Optics Sustainability Report. The report can be viewed and downloaded simultaneously from the official website and TWSE Market Observation Post System. This report takes the three major aspects of environment, social, and governance/economy, as the main axis to explain to stakeholders the results of Young Optics' sustainable development and its determination to become a sustainable enterprise.

Consolidating Principles

This report is compiled regarding the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI). Also, it adopts the Sustainable Accounting Standard Board (Sustainable Accounting Standard Board, (SASB) sustainability indicators and a comparison table of GRI and SASB disclosed items is provided in the appendix. This report has not yet been certified by an independent third party.

Structure and Scope

This report is divided into six major chapters: "About Young Optics", "Sustainable Development", "Corporate Governance", "Sustainable Development" and "Friendly Workplace". The disclosure scope of this report is mainly based on Young Optics Taiwan's headquarters. Part of the information disclosure scope covers Young Optics China's factory (Kunshan and Suzhou), Japan factory, and Bangladesh factory, and is separately noted in the report.

The management of the Sustainability Report



Publication Time

Young Optics' Sustainability Report is an annual report, which can be downloaded on the official website Of Young Optics and TWSE Market Observation Post System.

- Issue time of the last report : September 2023
- Issue time of current report : August 2024
- Issue time of the next report : August 2024

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Official Website



Facebook

Letter from the Chairman

The word "sustainable development" comes from the Latin "Sustenerere", which means to continue; the 1972 Conference on the Human Environment first proposed the concept of sustainable development, advocating for all walks of life to "meet the needs of the present without compromising the ability of future generations to meet their needs." development of its own needs". Nowadays, the world is more deeply aware of major challenges such as climate change, resource shortages, and environmental imbalances. If humans want to coexist and prosper together, corporate actions have become more urgent.

To accelerate the process of corporate sustainable development, Young Optics starts from the three key aspects of ESG (Environment, Social Responsibility, and Governance). In terms of the environment, the long-term goal is to achieve net-zero emissions, and obtain the 2023 Greenhouse Gas Verification statement, as a first step towards greenhouse gas reduction and continuing to integrate sustainable thinking into the design and manufacturing process. Through sustainability courses, employee commuting greenhouse gas emission surveys, and the implementation of energy-saving and waste-reduction performance indicators, employees in each factory area are driven to work together for a sustainable environment.

In terms of social responsibility, we not only commit to abide by the highest labor, human rights, environmental protection, and ethical standards but also actively participate in TALENT, In Taiwan Talent Sustainability Action Alliance, to promote a diverse and inclusive work environment, including diversity, equity, and inclusion. To help employees fully realize their potential and add value to their professional capabilities, we are committed to establishing a transparent promotion channel, employee work value surveys, training maps for each grade, and annual training and improvement plans. We also encourage employees to make altruistic contributions and contribute to society.

In terms of corporate governance, Young Optics adheres to business ethics, ensures the integrity of employees, jointly protects the company's assets and rights, and safeguards the rights and interests of shareholders and all stakeholders. We established a risk management team in 2023 to systematically manage internal and external risks, respond to potential crises, and continue to calibrate our sustainable development strategies. We will also continue to optimize the structure and operations of the board of directors and enhance information transparency.

Looking forward to the future, we will expand our business, continue to innovate and strive for excellence, and implement the corporate philosophy of "customer first, quality excellence". Finally, this sustainability report presents Young Optics' action and determination to pursue sustainable development.



Chairman Sarah Lin

Young Optics Key Performance in 2023



- **Obtained ISO 14064-1:2018 Greenhouse Gas Verification Statement.**
- **The waste recycling rate reaches 45.8%.**
- **Electricity savings in 2023 increase by 14.85% compared to 2022.**

Environment



- **The response rate of supplier sustainability self-assessment questionnaire is as high as 98%.**
- **100% implementation rate of race, gender and disability support programs.**
- **The cumulative number of participants in the sustainability activities exceeded 800, with a participation rate of 82%.**
- **4 appeal cases in 2023, with a handling rate of 100%.**

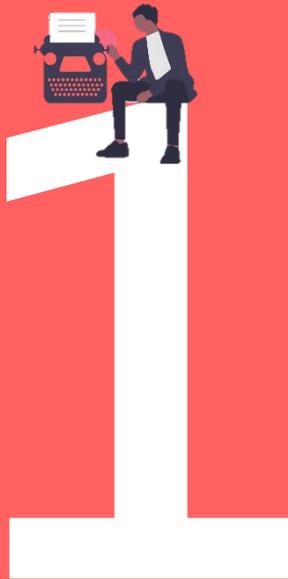
Social



- **Indirect staff integrity management course coverage rate is 100%.**
- **Ranking of the top 100 domestic legal person invention patent announcements and certifications in 2022.**

Governance





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1.3 Future Development



1.1 Company Introduction

1.1.1 Introduction

Young Optics was established in Hsinchu Science Park on February 18, 2002, and was listed on the Taiwan Stock Exchange on January 26, 2007, with the stock code: 3504.

Mainly engaged in the research and development, design, manufacturing, and sales of key components of optical engines and optical engines. It is the first major domestic manufacturer of key components that invests in the development of optical engines by itself. It is also a member of the Taiwan Science Park Science and Industry Association, the 3D Printing Association, The Science Park Information Security Information Sharing and Analysis Center, and a member of the Taiwan Computer Network Crisis Management and Coordination Center in Hsinchu Science Park. Its global production bases and operating bases include China(Kunshan and Suzhou), Bangladesh(Dhaka Industrial Zone), and Japan. As of December 31, 2023, the total number of employees of Young Optics and its subsidiaries was 1,760.

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• Young Optics' Information

Establishment: February 18, 2002	
Chairman	Sarah Lin
President	Claude Hsu
Number of Employees	1,760
Headquarter	No. 7, Xin'an Rd., East Dist., Hsinchu City, Taiwan

• Global Location

Global Location	Address
Kunshan Young Optics	No. 20, Third Avenue, Kunshan Export Processing Park, Jiangsu, China
Suzhou Young Optics	2nd Floor, Building 6, No. 80 Tongyuan Road, Suzhou Industrial Park, China
Bangladesh Young Optics	Plot #104, 105, 124, and 125, DEPZ (Extension Area), Ashulia, Savar-1349, Dhaka, Bangladesh
Mejiro Genossen Inc.	1-7 Takahata, Kubota, Yurihonjo City, Akita Prefecture, Japan





1.1 Company Introduction

1.1.2 Operational Philosophy

With the vision of "present the boundless charm of optical for humanity", Young Optics adheres to the mission of realizing human beings' "embracing a healthy, secure and happy life" through the power of optics.



To enable recording beauty of the boundless universe to become easily accessible.

Leading the expanded vision for humanity, assisting in human exploration to the microcosmos.

Extending people's experience in vision, hearing and tactile sense.

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● Techniques

Young Optics has a precision optical technology team from R&D, design to production and manufacturing, dedicated to optical design, mechanism design, electronic software design, glass lens grinding/polishing technology, molded glass forming technology, plastic lens injection, various mold core precision processing, non-Spherical precision measurement technology, various optical coatings (AR/IR/UVIR), metal processing technology, optical component and lens assembly production technology, and waveguide design and manufacturing. It has complete vertically integrated optical process capabilities and can provide customized integrated service solutions based on various optical needs. It hopes to form strategic partners with customers and suppliers to jointly compete for the target market and create new products under the fierce global competition and rapid technological changes and win-win competitive advantage.

● Business Scope

Young Optics is major in researches, develops, designs, and sells, the following types:

Optical engine key components: Color Wheel, Integration Rod, Projection Lens, Polarization Beam Splitter & X-Prism
Optical engine: DLP Optical Engine, LCOS Optical Engine
Optical components: glass lenses, plastic lenses, reflectors, various optical filters, lenses
Various input and output optical systems or modules
Various imaging and development optical components, modules, instruments and systems
Various optical parts and modules

● Product(service) Application

Micro projector	Used in various portable micro-projection products, and expanded to home or private theaters and TVs, white goods, smart speakers, robots and medical testing products, or small advertising boards and commercial applications (such as restaurant ordering systems).
Imaging optics	The digital imaging optical components produced are mainly used in various professional security and smart home products.
Optical components	Produces various optical components such as plastic lenses, glass molded lenses, glass ground lenses, waveguide lenses, color wheels, integrating columns, lenses, reflectors, filters projection lens modules, etc., which are mainly used in various optical systems.
3D printing additive manufacturing system and peripheral products	Mainly used in the jewelry industry, dental technology industry, micro-channels, and shock absorbers to improve production efficiency and achieve customized production. It also provides a more economical proofing method for the industrial, medical, and shoe industries.
Car use	Automotive digital headlights, Puddle Light, LIDAR lenses, HUD Combiner, etc.
Other	Oil testing optical instruments, handheld fundus and retina testing instruments, industrial testing lenses, and video wall optical machines are mainly used in control centers, security monitoring, command centers, etc.

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● Technics

Diamond Turning	<p>Diamond Turning Pioneer</p> <ul style="list-style-type: none"> ● We provide mockup with maximum dimensions < ψ350mm for machining of insert and lens. ● Accept customized mockup metal and plastic lens, including aspheric lens, free-form lens, and diffraction element. ● Professional manufacturing plastic injection and glass molding inserts.
CNC Machining	<p>Highly CNC Accurate Makes Stringent Go-To-Market Easy</p> <ul style="list-style-type: none"> ● Full line and advanced precision measuring equipment. ● Application oriented cutting parameters selection. ● Optimize the characteristics of the tool substrate and geometry. ● Rigorous tools reliability control - Recognize and respect overall effects on the tooling.
Metrology Technology	<p>Highly accuracy ensures fine quality and fuels customer success.</p> <ul style="list-style-type: none"> ● Full line measuring equipment. ● Optical component and lens module quality testing. ● Effective test summary report. ● An engineer team with more than 30 senior quality testing engineers. ● Peak to Valley(PV) capability : < 0.05μm. ● Size and geometric precision capability : < 0.7μm. ● Optical performance at various thermal effect : σ<0.001 mm. ● Synchronous measurement of visible and 850nm invisible lights.
Plastic Injection Molding	<ul style="list-style-type: none"> ● One-stop shop solutions from CAE / mold design and lens mockup to mass production ● We make good services in professional ,fast-delivery , fine quality and highly customized lens ● We are capable of producing various types of optical lens with \varnothing 2mm ~ 330mm * 110mm ● Injection Size Capability : diameter \varnothing < 10mm · PV < 1μm, D / T < 2um
Lens Processing Technology of Low-Z Coefficient	<p>Expertise of Low-Z-Coefficient Lens Machining</p> <p>Young's professional technical team is capable of machining for low-Z score lenses with $0.01 < Z < 0.04$ providing the topnotch technology that you can fully trust.</p>
Large Size Lens(Max \varnothing230mm) Processing Technology	<p>Large-Diameter Lens Machining Settles Unconventional</p> <p>Young Optics possesses machining techniques in large-diameter lenses, being capable of machining for lenses with \varnothing 200 ~ 230mm, precisely developing excellent products conforming with your needs.</p>
Mini Size Lens(Min \varnothing2.6mm) Processing Technology	<p>Small-Diameter Lens Machining Settles Unconventional</p> <p>Young Optics possesses machining techniques in small-diameter lenses, being capable of machining for lenses with minimize \varnothing 2.6mm, precisely developing excellent products conforming with your needs.</p>

Precision Optical Coating	<ul style="list-style-type: none"> ● We offer best-in-class performance products, not only able to meet the requirement of customer applications, but also reasonable leverage between performance and cost .Thin film coatings have many different characteristics which are leveraged to alter or improve some element of the substrate performance, Young Optics offers different technologies and methods that can be used to apply thin film coatings. ● Size Capability : 3mm ~ 200mm ● Wideband Coating Capability : 250nm ~ 2500nm ● Coating Layer : 100+ Layer ● Application Fields : <ul style="list-style-type: none"> - Anti-reflection (AR) Coating – single-layer coating, wideband multi-layer coating, ultra-low reflective coating for laser and LED, AR / AR + AF protective lens. - Half Mirror – head up display (HUD), augmented reality (AR), and Google Glasses. - Beam splitter – polarizing beam splitter, non-polarizing beam splitter. - Prism – total reflection prism, polarizing cube beam splitter. - Filter – dichromic filter, RGB filter, narrow band pass filter, multiple band pass filter, UV / IR cut filter, night vision filter, hard resin lens coating. - Mirror – metal coating with enhanced protective layer and increased reflectivity such as Al-coating, Ag-coating, and Cr-coating, IR cut filter, IR pass filter, and multi-layer dielectric AR coating. - Customized optical coating in various applications of UV, visible, and IR bands.
Micro Lens Assembly	<p>With the topnotch R&D technology and remarkable assembling quality, Young Optics is capable of assembly for micro lens of 2mm~1.3mm, satisfying customer needs.</p>
Waveguide Design and Manufacturing	<p>Young's professional technical team achieves highly transparent and bright display in augmented reality; with size up to 90mm x 60mm, which is the best choice for your need in waveguide manufacturing.</p>
Image Quality Assurance	<p>A Variety Capacity of Low Illuminance Environment</p> <ul style="list-style-type: none"> ● Well focus shift control brings real time surveillance of both visible and invisible lights. ● Excellent Night vision performance at 850nm. ● Image displacement deviation at various thermal effect : -20~70°C ΔBFL < +/-0.01mm.
Outstanding Optical Reliability	<p>Magnitude Response Performance</p> <p>MTF : <15%.</p>



● Industry Overview

● Current status and development

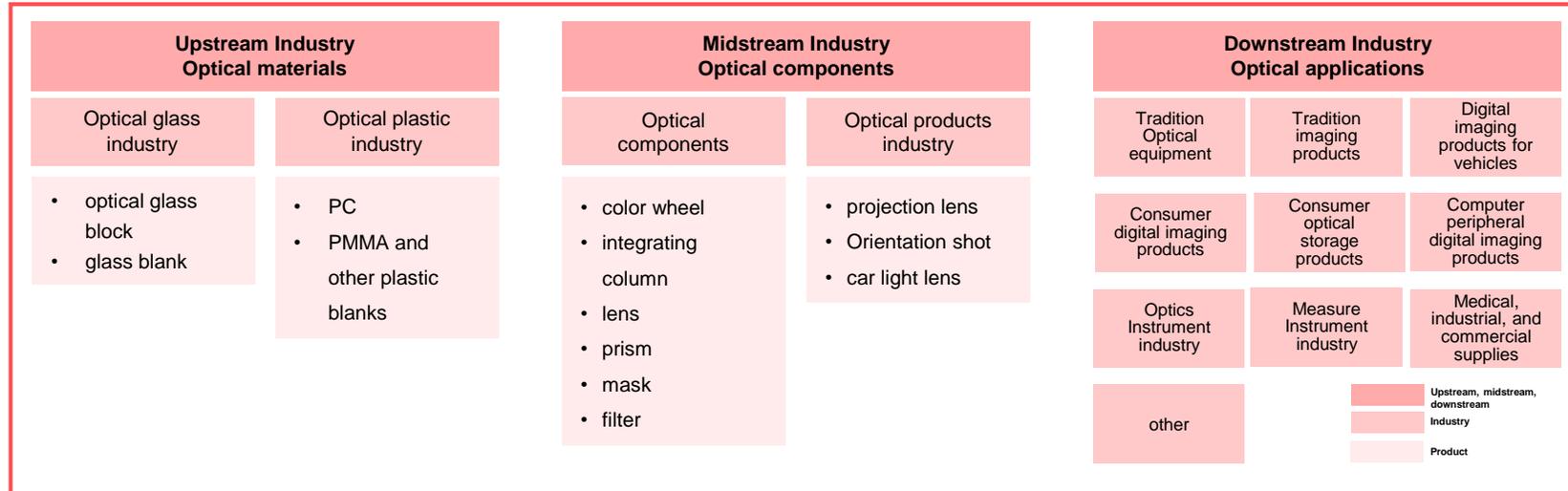
Traditional projectors are mainly used in conference rooms, classrooms, home theaters, and other places. With the continuous improvement of micro-optical electromechanical integration technology, the proportion of thin, light, power-saving, and highly portable micro-optical products, in addition to their traditional applications in home theaters, has also recently increased significantly in screen less TVs and other diverse applications.

The resin materials for photo curable (VP) 3D printing are very diverse and widely used, such as model functional parts, biomedicine, dentistry, jewelry, wax-like casting, rubber-like, ceramics, metals, etc. As advances in material technology and printing technology change traditional production processes, more manufacturers will use 3D printing as production equipment in the future to directly print parts used in end products to reduce overall costs.

In addition, the output value of the precision optical component industry, which is used in products such as digital cameras, projectors, tablets, computer peripherals, and smartphones, has gradually moved towards other application markets such as security monitoring and wearable devices due to slowing demand from end consumers. It develops in the fields of equipment, medical, and automotive applications.

● Industrial upstream, mid-stream and downstream relationships

All products produced by Young Optics are part of the optical industry. The upstream of the optical industry is optical materials, the midstream is optical components and opt mechanical products, and the downstream is optical application products. The company is committed to the design, manufacturing, and sales of optical component products in the midstream of the optical industry, and produces optical-mechanical engines and optical modules. Optical components can supply upstream and downstream optical products for various changes and integrations. Please refer to the table below for the overall optical industry supply chain relationship.



For more detailed product and process technology introduction, please visit the official website: <https://www.youngoptics.com/en/techniques-52>.

● Competitive advantage

Young Optics has great quality and rich design experience. Each functional unit of the team has accumulated many years of practical experience. In addition to having the ability to integrate up and down the technical level, it also strengthens quality stability and meets customer needs. The cooperating operating units in the factory adhere to the purpose of striving to improve production and sales operation times.

The complete product line and vertical integration of upstream and downstream manufacturing serve customer needs from a breadth and depth, creating market differentiation from other optical companies, thereby increasing competitive niches.

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Date	Item
2002	<ul style="list-style-type: none"> YOI was established with a paid-in capital of NT\$230,000,000. Launched the first HD2 (720P) optical engine for micro-projectors. Launched the first XGA optical engine for video wall applications.
2003	<ul style="list-style-type: none"> Launched the first zoom lens for front projection. Established Young Optics (Suzhou) Co., Ltd. in China through third-party investment.
2004	<ul style="list-style-type: none"> Increased the paid-in capital by NT\$ 130,000,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 360,000,000. Acquired the total equity of Grace China Investments Limited, an reinvestment holding company of the parent's company, Coretronic Corporation and its subsidiary, Young Optics (Kunshan) Co., Ltd. Additionally, successfully completed the expansion of optical engines and related optical components production. Successfully mass-produced the HD2+ (720P) optical engine.
2005	<ul style="list-style-type: none"> Increased the paid-in capital by NT\$ 30,000,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 601,765,000.
2007	<ul style="list-style-type: none"> YOI's stocks were listed on the Taiwan Stock Exchange (listing date: January 26, 2007). Increased the paid-in capital by NT\$ 92,460,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 835,816,000. Successfully developed Pico Display engine technology.
2008	<ul style="list-style-type: none"> Acquired all equity of Aptek Optical Corp.
2009	<ul style="list-style-type: none"> YOI was awarded the 12th Outstanding Photonics Product Award by the Photonics Industry & Technology Development Association (PIDA).

Date	Item
2010	<ul style="list-style-type: none"> Increased the paid-in capital by NT\$ 75,000,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 1,148,148,000. Awarded the "Outstanding Innovation Award" in the "Industrial Technology Advancement Award" by the Ministry of Economic Affairs. Successfully developed ultra-short-throw projector lenses and Megapixel car recorder lenses. Moved to 7, Hsin An Rd., Hsinchu Science Park, Hsinchu City, 300
2011	<ul style="list-style-type: none"> Cancellation of treasury stocks led to a capital reduction of NT\$ 7,550,000, resulting in a total paid-in capital of NT\$ 1,140,598,000. Established Young Optics (BD) Ltd. through third-party investment, to expand optical component production.
2012	<ul style="list-style-type: none"> Received the Health Promotion Award from the Bureau of Health Promotion, Ministry of Health and Welfare.
2013	<ul style="list-style-type: none"> Received an "A" ranking award in the 10th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute.
2014	<ul style="list-style-type: none"> Received an "A" ranking award in the 11th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute.
2015	<ul style="list-style-type: none"> Received an "A+" ranking award in the 12th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute. Ranked among the top 20% in the 1st Corporate Governance Evaluation" by the TWSE.
2016	<ul style="list-style-type: none"> Ranked among the top 20% in the 2nd Corporate Governance Evaluation" by the TWSE. Acquired 99% share of Mejiro Genossen Inc.

Date	Item
2017	<ul style="list-style-type: none"> Ranked among the top 6-20% in the 3rd Corporate Governance Evaluation" by the TWSE. Awarded the 20th Outstanding Photonics Product Award from the Photonics Industry & Technology Development Association.
2018	<ul style="list-style-type: none"> Ranked among the top 100 domestic corporate invention patent applicants in 2017. Ranked among the top 100 domestic corporate patent applicants in 2017. Ranked among the top 6-20% in the 4th Corporate Governance Evaluation" by the TWSE. Awarded the "Badge of Accredited Healthy Workplace" from the Health Promotion Administration, Ministry of Health and Welfare.
2019	<ul style="list-style-type: none"> Ranked among the top 100 domestic corporate invention patent applicants in 2018. Ranked among the top 6-20% in the 5th Corporate Governance Evaluation" by the TWSE. Awarded the 28th Taiwan Excellence Gold Awards.
2020	<ul style="list-style-type: none"> Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2019. Ranked among the top 6-20% in the 6th Corporate Governance Evaluation" by the TWSE. Awarded the 29th Taiwan Excellence Award.
2021	<ul style="list-style-type: none"> Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2020. Ranked among the top 21-35% in the 7th Corporate Governance Evaluation" by the TWSE.
2022	<ul style="list-style-type: none"> Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2021. Ranked among the top 21-35% in the 8th Corporate Governance Evaluation" by the TWSE.
2023	<ul style="list-style-type: none"> The subsidiary Young Optics (Kunshan) Co., Ltd. and Young Optics (BD) Ltd. have obtained the IATF 16949 audit certification. Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2022. Ranked among the top 36-50% in the 9th Corporate Governance Evaluation" by the TWSE. Merged the subsidiary Rays Optics Inc. in the form of absorption merger.
2024	<ul style="list-style-type: none"> Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2023. Ranked among the top 36-50% in the 10th Corporate Governance Evaluation" by the TWSE.

1.2 Economic Performance

Young Optics' 2023 consolidated operating income is NT\$3.010 billion, a year-on-year decrease of 36%, operating gross profit is NT\$317 million, operating gross profit margin is 10.5%, operating loss is NT\$311 million, and after-tax net loss is NT\$287.7 million, of which is attributed to the owners of the parent company The net loss was 287.3 million dollars, and the basic after-tax loss per share was 2.52 dollars.

• Consolidate Statement of Comprehensive Income

Amounts in thousands of NTD	2021	2022	2023
Operating revenue	4,562,666	4,683,503	3,010,369
Gross profit	785,270	809,273	316,622
Operating income	27,300	18,008	(311,497)
Non-operating income and expenses	24,558	78,240	22,811
Net profit before tax	51,858	96,248	(288,686)
Income tax expense	24,884	29,877	(939)
Net income	26,974	66,371	(287,747)
Basic earning per share (in NTD)	0.23	0.57	(2.52)
Summary statement of employee benefits, depreciation and amortization expense by function:			
Employee benefits expense	1,266,850	1,351,391	1,026,563
Financial cost:			
Interest on borrowing from bank	7,693	13,015	11,950
Interest on lease liabilities	10,253	9,440	8,956
taxation	18,241	17,262	15,755

• Consolidated Balance Sheets in recent 3 years

Amounts in thousands of NTD	2021	2022	2023
Total current assets	3,186,858	2,908,506	2,191,077
Property, plant and equipment, net	2,038,093	1,979,410	1,884,376
Total assets	5,940,138	5,566,258	4,716,656
Total current liabilities	1,550,402	1,481,347	1,262,359
Long-term borrowings	834,932	416,944	114,838
Total liabilities	2,756,303	2,253,811	1,720,574
Common stock	1,140,598	1,140,598	1,140,598
Capital surplus	1,648,711	1,648,711	1,648,205
Total retained earnings	598,604	663,186	375,683
Total equity	3,183,835	3,312,447	2,996,082

For detailed company operating performance and financial information, please refer to the company's website (<http://www.youngoptics.com>) or the 2023-year annual report of the Market Observation Post System.



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1.2 Economic Performance

Micro projectors are experiencing a reduction in stock levels, particularly from customers outside of China who are continuing to destock. Those who sell within the Chinese market are facing challenges due to the country's economic deflation, slow consumer spending, and competition from affordable single-chip LCD projection technologies. As a result, overall shipments have dropped significantly, by nearly 60%, compared to the previous year. Optical component products saw a 13% year-on-year decline due to adjustments in customer inventories. Imaging optics suffered a 22% decrease from the anticipated sales, influenced by the end-of-life (EOL) status of certain smart home lens models and a dip in demand for premium lenses. The 3D printing sector has been impacted by the interest rate hikes from European and American central banks, aimed at controlling high inflation. This led to a cautious approach from end-users regarding equipment investment, causing a 26% annual reduction in customer inventories and delays in launching new models. Automotive products experienced a modest 3% yearly decrease, primarily in heads-up displays (HUD) and investment products. However, an increase in floor lamp shipments compensated for the significant drop in automotive lens shipments, which was affected by the poor performance of the Chinese automotive market. In 2023, the gross profit margin fell to 10.5%, a 6.8% decrease from the previous year's 17.3%, influenced by a lower utilization rate and changes in the product sales mix.

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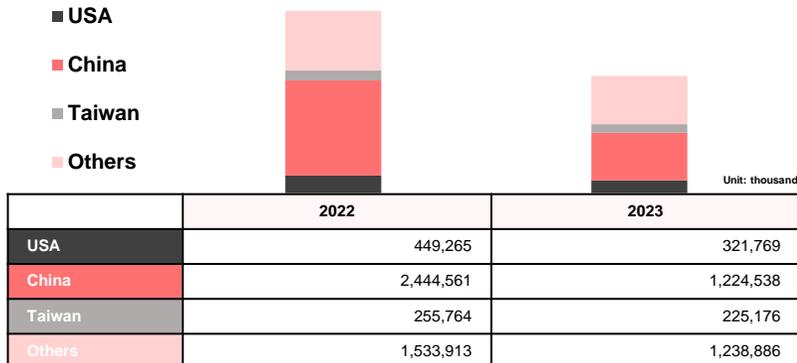
• The sales analysis of YOI's major products in recent 2 years

Unit: NTD million

Item \ Year	2022	2023	Increase (decrease) in amount
Pico Display	1,660	671	(989)
Image Optics	786	612	(174)
Optical Components	1,001	870	(131)
3D Printer	657	484	(173)
Auto	338	331	(7)
Others	242	42	(200)
Total	4,684	3,010	(1,674)

• Changes in sales (provision) regions of major goods (services) in the recent 2 years

- USA
- China
- Taiwan
- Others



● Projection products

In 2023, China's smart projector sales fell to 5.864 million units, a 5.1% decrease, with revenue dropping by 17.3%, indicating a sharper decline in revenue than in unit sales. The average online selling price was RMB 1,756, down 11% from 2022. Notably, projectors priced below RMB 500 dominated with a 31.9% market share, up 8.2% from 2022, and a 23% increase in sales volume. The high-end market, priced above RMB 6,000, grew by 1.6%, suggesting growth potential. The year's trends included product upgrades, price reductions, and increased high-end consumption.

DLP's market share dropped from 60% to 31.9% as single-chip LCD projectors, targeting mid to low-end prices, rose to 66.1% market share. RUNTO Technology forecasts a rebound to 6.2 million units in 2024 for China's market, a 5.7% growth, and a 7.0% increase to 12.1 million units globally. The company plans to maintain its presence in China while expanding into international markets.





1.2 Economic Performance

● Imaging products

Benefiting from artificial intelligence (AI) will help the innovation of smart home security cameras. New functions such as face recognition and object detection will be added. Together with smart home products, the annual growth will reach 20% by 2030. In the past two years, under the connection of the Internet of Things (IoT), the smart home product line has become more and more diversified. In addition to IP cameras and smart doorbells, the products span smoke sensors, smart door locks, baby cameras, and pet products. Surveillance machines, light bulbs with cameras, smart refrigerators, sweepers, pet monitoring, etc., and products connected to the Internet of Things (IoT) have the opportunity to increase the demand for lenses. The company continues to be optimistic about this market and business opportunities and continues to invest resources.

● 3D printing products

The main sales market for DLP 3D printing is dental and jewelry applications. The global dental 3D printing market is expected to grow from US\$1.9 billion in 2020 to US\$8.6 billion in 2026, with a compound annual growth rate of more than 29.2% during the forecast period; The 3D jewelry market is expected to grow at a compound annual growth rate of 22% from 2022 to 2027, and the market size is expected to increase by US\$3.7 billion.

1.3 Future Development

● Business Policy

1. Incorporate a customer-focused approach and quality excellence in product design, production, and service to offer cost-effective products with essential features and superior user experience, ensuring accessibility for all.
2. Prioritize employees, enhance operational efficiency, maintain a balance between environmental, social, and corporate concerns, consider short, medium, and long-term growth, optimize shareholder returns, and ensure sustainable operations.

● Business Plan Summary in 2024

● Expected sales quantity and basis

Based on the competitive dynamics of the application market, the status of customers' inventory destocking, the speed of China's economic recovery, the impact of competition from low-priced projection solutions, and the gradual entry into mass production of new models in the product line, it is estimated that the sales situation in 2023 will be approximately equal to or greater than that of the previous year. In addition to continuing to adjust product lines and develop new applications, the company has also simultaneously reduced scale and streamlined manpower, hoping to reduce the impact on operating results.

● Important production and marketing policies

1. Track geopolitical risks and overall economic development trends in various countries, understand the competitive dynamics of customers and products in the market, maintain the accuracy of sales forecasts and reduce collection risks, and make good use of data analysis to improve process stability and yield.
2. Based on the changes in the external political, economic, and social environment of each manufacturing site and the characteristics of the man-machine ratio in the manufacturing process, we will continue to adjust and configure the most suitable manufacturing sites to create a fast, cost-effective, precise and stable supply system.

● Future development strategy

Looking to the future, Young Optics will develop towards the following strategies:

1. Actively explore virtual and augmented reality optical components, automotive optical machines, 3D printing markets and customers in international markets.

2. Continuously improve process management and technology to enhance cost advantages and improve profit margins.

3. Implement quality excellence in every detail of products, processes and services, and become the most trustworthy supply partner for customers.

4. Cooperate with the group's operational layout and raise low-cost funds as a backing for the company's sustainable development.



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Sustainable Development

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2.3 Material Topics

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2.4 Material Topics' Boundary

2.5 ESG Policy and SDGs



2.1 Sustainable Development

In 2023, global sustainability and climate law take center stage. The Ministry of Environment replaces Taiwan's Environmental Protection Agency, aligning with net-zero emissions trends. The EU's Carbon Border Adjustment Mechanism (CBAM) begins trials, requiring carbon content declarations for exports. Enterprises worldwide prioritize sustainable development, and Young Optics leads by establishing ESG-focused policies and annual targets

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Environment

Continue to pay attention to the risks of climate change, and based on innovative research and development capabilities, we are committed to green design, innovative management, the development of green processes and green procurement, and work with our supplier partners to enhance technology and improve resource efficiency. Promote energy use, water resources management, waste management, etc., and continue to implement environmental sustainability.



Social

Ensure human rights, pay attention to employee welfare, safety, and health, and smooth labor-management communication relations, human rights, supply chain management, and community participation.



Governance

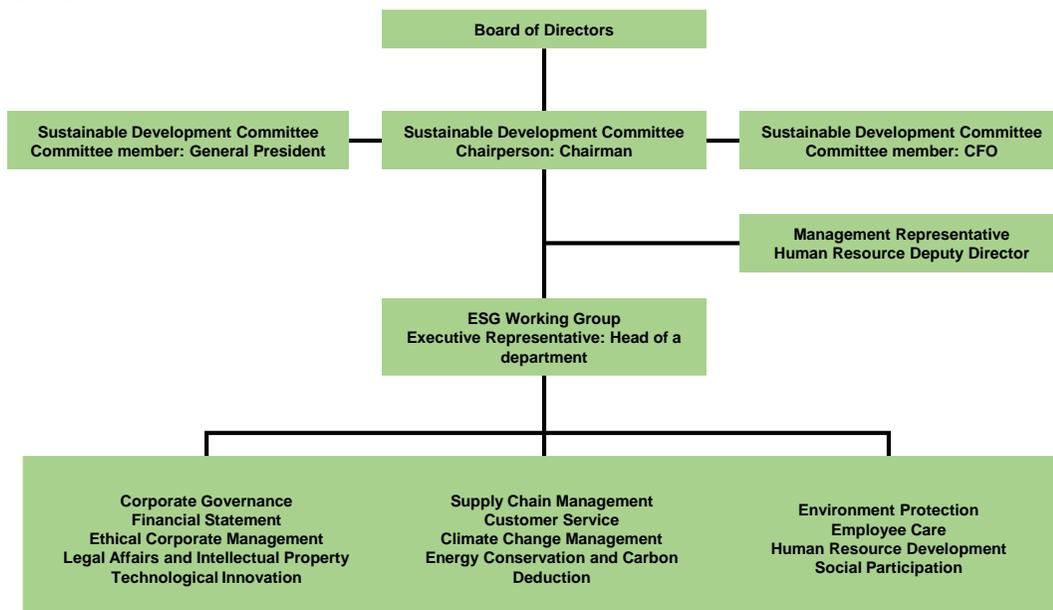
Implement sustainable management and corporate governance to create value and enhance shareholder rights, while at the same time complying with laws and regulations, strictly observing business ethics, and improving corporate governance.

2.1.1 Sustainable Development

Committee

Young Optics adheres to a "Code of Practice for Sustainable Development" and has formed a "Sustainable Development Committee" led by the chairman. The committee, including the general manager, chief financial officer, and business unit heads, drives sustainable development efforts. The management representative, from the Human Resources Operations Department, organizes meetings to establish and assess annual sustainability goals. Annually, the chief financial officer updates the board on the company's sustainable and ethical practices.

Sustainable Development Committee Organization



2.1 Sustainable Development

2.1.1 Sustainable Development Committee

In 2023, the Sustainable Development Committee will promote 2 economic/governance goals, 5 environmental goals, and 4 social goals, for a total of 11 sustainability goals, with an overall achievement rate of 73%. The specific promotion goals are as follows, and the promotion status of each indicator is explained in the relevant chapters.

Item	Goal	Strategy	Performance Indicators	Results	Chapter
Environment	Climate change management	Seed personnel education and training, greenhouse gas inventory boundaries and scope, data collection, emission calculations, greenhouse gas inventory report.	Implementation rate 100%	●	4.2 Greenhouse Gas Reduction and Management
	Reduce electricity usage	Annual energy saving rate.	An increase of 1% compared with the previous year	●	4.5 Energy Management
	Reduce waste	Resource recycle rate.	An increase of 10% compared with the previous year	▲	4.4 Environment Management
	Save water	Wastewater recycling and reuse rate.	An increase of 5% compared with the previous year	▲	4.4 Environment Management
	Develop energy-saving products	Optimize product design	Energy saving increased by 1%	●	5.2 Green Product
Social	Supplier sustainability assessment	Implement supplier annual sustainability self-assessment questionnaire.	Recycle rate 90%	●	5.3 Sustainable Alliance
	DEI support	Ethnicity, Gender, and Disability Support Programs.	Implementation rate 100%	●	6.2 Talent Development
	Promote sustainable education	Participation rate in employee sustainability activities.	Employee participation rate 80%	●	6.3 Remuneration and Benefits
	Friendly workplace	Smooth complaint channels, all types of complaint cases will be answered and handled within a week.	100%	●	6.3 Remuneration and Benefits
Governance/ Economy	Improve employees' awareness of integrity management	Improve the coverage of mandatory training courses for personnel.	90%	●	3.2 Integrity Management
	Improve operational performance	Reduce production losses during the manufacturing process.	5% annual decrease	Not disclosed for company confidentiality	Not disclosed for company confidentiality

● Achieve ▲ Not yet achieved/gradually improving

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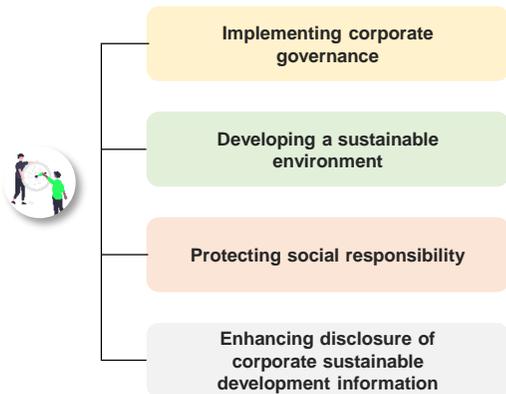


2.1 Sustainable Development

2.1.2 Sustainable Policy

Young Optics Sustainable

development committee adopts a sustainability policy that includes:



• Sustainable Development and Integrity Management Implementation

The CFO, a member of the Sustainable Development Committee in 2023, reported on the implementation of sustainable development and integrity management at the 11th meeting of the 8th Board of Directors (2023/10/27). The contents of the report include:

- Implementation of annual target performance indicators.
- Completed the collection and analysis of material topics, and screened out international sustainability trends, GRI guidelines, the United Nations Sustainable Development Goals (SDGs), optical industry-related issues, various corporate sustainability reports, and relevant announcements from government agencies, etc. 44 sustainability issues were collected from 53 stakeholders through stakeholder questionnaires, and 12 material topics were selected to formulate follow-up related goals and implementation plans.
- ISO 14001 environmental management system internal and external audit results.
- ISO 9001, IATF 16949 and QC 080000 internal and external audit results.
- The implementation progress of greenhouse gas inventory and verification of the Company and its consolidated subsidiaries.
- The implementation status of social welfare.
- Implementation and promotion of employee environmental safety and health.
- The results of the ninth corporate governance evaluation.
- Perform operations with integrity.



2.2 Stakeholders communication

Young Optics identified seven major stakeholders by collecting information from large domestic and foreign companies, conducting relevant questionnaires, and referring to the AA1000 SES Stakeholder Agreement Standard (2015) according to the five major standards of dependency, responsibility, tension, influence, and diversity perspectives. , respectively: employees, investors, customers, suppliers, local communities, non-profit organizations, and governments. Young Optics believes that establishing good interaction and communication channels with stakeholders can not only understand the needs of each stakeholder and their expectations for Young Optics, but also help the company master the economic, social, and environmental challenges, and provide better solutions for the company and the environment. Society creates greater value and promotes company development.

The communication channel between Young Optics and stakeholders is listed in the following table:

Stakeholder	What it values to Young Optics	Concerned Issues	Communication Channels	Communication Frequency	Communication Effectiveness
Employees	Employees are the important cornerstone of corporate development, so Young Optics values the voice of every colleague.	<ul style="list-style-type: none"> • Compensation system • Talent development/ training • Occupation health and safety 	• Contact email: employees@youngoptics.com	Promptly	<ul style="list-style-type: none"> • 3 pieces of suggestion box for employees • 3 sessions of education and training for new staff • 2023 Material topics questionnaire • 4 labor-management meetings • 12 seminars on migrant workers • 4 Employee Welfare Committees
			• Education and training for new employees	Irregularly	
			• Questionnaire on material topics	Once every two years	
			• Various conferences and seminars	Promptly	

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2.2 Stakeholders communication

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Stakeholder	What it values to Young Optics	Concerned Issues	Communication Channels	Communication Frequency	Communication Effectiveness
Investors	Investors are crucial to a company's operations and must take responsibility for it	<ul style="list-style-type: none"> • Operation performance • Corporate governance • Innovative research & development 	• Contact email: ir.yo@youngoptics.com	Promptly	<ul style="list-style-type: none"> • Regular meeting of shareholders: June 16, 2023 • Corporate briefing meeting, held once every six months, a total of 2 times
			• Spokesperson's hotline: (03) 620-6789	Promptly	
			• Public observation post system/Regular shareholders meeting/Corporate briefing session	Regular	
			• Official website	Promptly	
			• Financial quarterly and annual reports	Quarterly and annually	
Customers	Young Optics prioritizes customer needs and quality, delivering products and services that satisfy	<ul style="list-style-type: none"> • Economic performance • Green product 	• Contact email: webmail1@youngoptics.com	Promptly	<ul style="list-style-type: none"> • Participate in exhibitions, such as: 2024 India Electronics Supply Chain Exhibition
			• Meeting/Interview/Online communication	Irregularly	
			• Exhibition marketing	Promptly	
Suppliers	Young Optics values suppliers as key partners, fostering strong relationships for mutual success.	<ul style="list-style-type: none"> • Supply chain management 	• Contact email: webmail1@youngoptics.com	Promptly	<ul style="list-style-type: none"> • The response rate of supplier sustainability assessment questionnaire is 98%
			• Meeting/Interview/Online communication	Irregularly	
			• Regular supplier audits	Once a year	
Local Communities/ NGO/NPO	Young Optics' vision is to showcase the charm of optical technology and contribute to society.	<ul style="list-style-type: none"> • Environmental compliance • Community activities participation 	• Contact email: csr.yo@youngoptics.com	Promptly	<ul style="list-style-type: none"> • Charity sale income NT\$75,650 • Cooperating groups: Children Are Us, Taoyuan Children's Home, Man Fair3q, Xiongmiwu and Maker Bay
			• Participate in social care and charity activities	Irregularly	
Government	Young Optics has established a good communication channel with the government to ensure that the company's operations comply with regulations and make timely corrections.	<ul style="list-style-type: none"> • Labor Relation • Occupational health and safety • Environmental compliance 	• Official document system	Promptly	<ul style="list-style-type: none"> • Regularly/irregularly reply to relevant unit declaration documents
			• Hsinchu Science Park Safety Joint Prevention Committee/Fire Protection Business Communication Platform/Regulatory Briefing Session/Training Lecture/Inspection	Irregularly	
			• Information sharing and communication platform	Irregularly	

2.3 Material Topics

● Material topic identification process

In June 2023, Young Optics adhered to the GRI 2021 guidelines. They applied the “GRI 3: Material Topic 2021” principles to identify key topics and assess the impact of their economic activities on the economy, environment, and people, including human rights. Young Optics evaluated these impacts based on two criteria, one is the effect of their operations on the economy, environment, and people, and the other one is the level of stakeholder concern about these issues. The results helped Young Optics understand the potential positive and negative impacts of their activities and develop strategies to manage these impacts proactively. The assessment of material topics involved four steps:

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1

Understand the organizational context

By collecting international sustainability trends, sustainability reporting standards (GRI Standards), the United Nations Sustainable Development Goals (SDGs), issues related to the optoelectronics industry, various corporate sustainability reports, and relevant announcements from government agencies, 44 items were screened out for sustainability issues.



2

Impact assessment

A questionnaire survey on three aspects of ESG, stakeholder attention, and operational impact are used as evaluation items. 53 questionnaires were collected from stakeholders, including business executives, employees, and shareholders.



3

Significance

Based on the results of the questionnaire, the major themes were sorted, 12 major themes were selected, and their impact and affected objects were discussed.



4

Decide on a material topic

12 material topics are revealed in each chapter.





● Important Issues

Based on the collected data and summarization, the following 44 sustainability issues were: :

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Environment

- Circular Economy
- Environmental Policy and management System
- Environmental Protection
- Environmental Regulation Compliance
- Waste Management
- Green Process and Product
- Green Procurement
- Climate Change and Energy Management
- Raw Material Management
- Pollution Prevention
- Hazardous Substance Management
- Ecological Conservation and Biodiversity
- Water Management



Social

- Labor Relations
- Labor and Human Rights
- Salary and Benefits
- Occupational Health and Safety
- Training and Education
- Diversity, Equity and Inclusion's working environment
- Social Participation and Technology care
- Labor Regulations Compliance
- Talent Attraction and Retention
- Forced Labor
- Prohibition of Child Labor
- Equal Pay for Work of Equal Value
- Conflict Minerals
- Sustainable and Environmental Education
- Work-life Balance



Governance

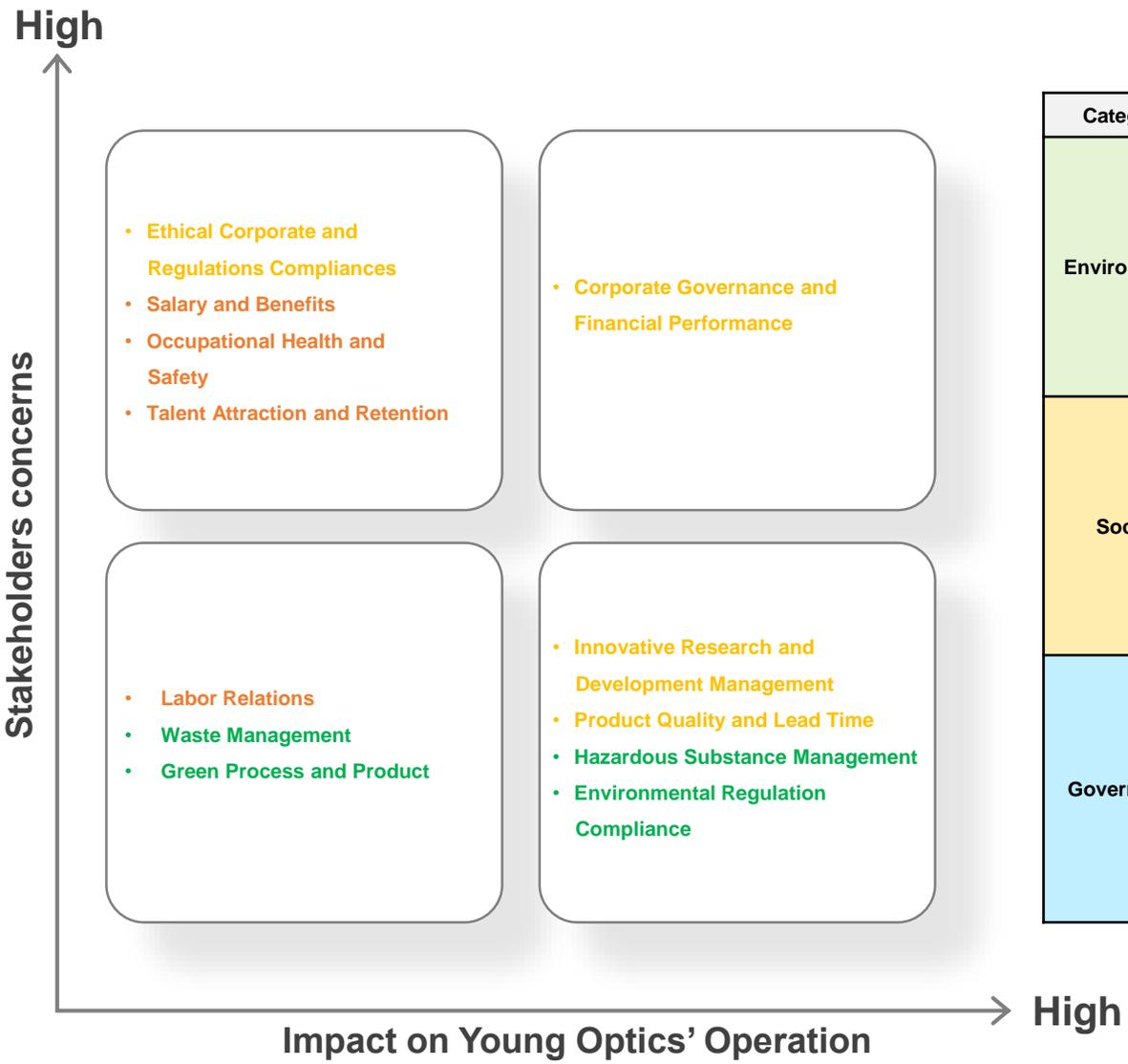
- Corporate Governance and Financial Performance
- Ethical Corporate and Regulations Compliances
- Sustainable Strategy and Promotion
- Information and Privacy Security
- Shareholder rights
- Customers 'Privacy and Relations Management
- Product Quality and Lead Time
- Supply Chain Management
- Innovative Research and Development Management
- Anti-corruption
- Responsible Consumption and Production
- Local Supply Chain
- Risk Management
- Corporate Image
- International Capital Market
- Stakeholders Communication and Channels



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12 Material Topics

According to the survey results, among the 12 material topics, the topic with the highest score for the degree of operational impact and stakeholder attention was corporate governance and operating performance. The remaining detailed results are demonstrated in the chart below. :



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● **Material topics list**

Material topic list	Policy and promise	Effect/Impact	Actual/Potential Positive/Negative impact	Affected stakeholders	Correspond chapter
Hazardous Substance Management	1. Comply with environmental laws and regulations and relevant competent authority regulations. 2. Passed ISO 14001 and formulated chemical management operating procedures.	1. Improper management of hazardous substances causes environmental impacts 2. Leakage of hazardous substances causing occupational safety risks to workers. 3. Poor management of hazardous substances can harm the company's image and lead to financial losses.	Potential/Negative	<ul style="list-style-type: none"> • Company • Employee • Local community • Government 	4.4 Environment Management
Waste Management	1. Comply with environmental laws and regulations and regulations of relevant competent authorities. 2. Passed ISO 14001 and formulated waste management operating procedures.	Properly manage waste, implement waste recycling, improve resource recovery rates, and reduce unnecessary waste of resources.	Actual/Positive	<ul style="list-style-type: none"> • Company • Local community • NGO/NPO • Government 	4.4 Environment Management
Environment Regulation Compliance	1. Comply with environmental laws and regulations and regulations of relevant competent authorities. 2. ISO 14001 certified.	Comply with environmental regulations, reduce the impact on the environment during operations, pay attention to changes in regulations, and track international environmental trends.	Actual/Positive	<ul style="list-style-type: none"> • Company • Investor • Customer • Local community • NGO/NPO • Government 	4.3 Policy and Promise
Green Process and Product	Formulate green product management operating procedures and encourage internal innovation through the patent award system.	The sustainability trend is changing rapidly. Create sustainable business opportunities through internal R&D energy of the company.	Actual/Positive	<ul style="list-style-type: none"> • Company • Investor • Customer 	5.2 Green Product
Salary and Benefits	We prioritize employee rights and benefits, conducting annual salary surveys to ensure competitive pay.	Talent is an important asset of an enterprise. Facing the wave of labor shortages, improving wages and benefits is an important strategy to retain talents.	Potential/Positive	<ul style="list-style-type: none"> • Company • Employee 	6.3 Remuneration and Benefits
Occupational Health and Safety	Formulate management measures related to occupational health and safety to ensure the safety of employees when performing business.	1. Preventing occupational injuries and illnesses avoids related disaster expenses. 2. Complete health protection measures can ensure employee employment safety and create a safe working environment.	Potential/Negative Potential/Positive	<ul style="list-style-type: none"> • Company • Employee • Government 	6.5 Safe Workplace
Talent Attraction and Retention	Adhering to the spirit of "employing people based on their talents", "appropriate talents for the right places" and profit sharing with employees	Talent is an important cornerstone of an enterprise. Through work value surveys, we can understand employees' work expectations, improve employee retention rates and reduce turnover.	Potential/Negative Potential/Positive	<ul style="list-style-type: none"> • Company • Employee 	6.2 Talent Development

● Material topics list

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Material topic list	Policy and promise	Effect/Impact	Actual/Potential Positive/Negative impact	Affected stakeholders	Correspond chapter
Labor Relations	1. Address labor-employer relations directly and use strategies to maintain good relations. 2. Develop measures for labor-management meetings, hold them regularly, and listen to employees.	If labor management is not implemented, it may face relevant legal penalties.	Potential/Negative	<ul style="list-style-type: none"> • Company • Employee 	6.3 Remuneration and Benefits
Corporate Governance and Financial Performance	Develop guidelines for integrity management, financial operations between related parties, handling internal material information, and preventing insider trading.	If a violation of integrity management occurs, it will not only endanger the rights and interests of investors but also affect the company's perception by customers and suppliers, causing financial losses.	Potential/Negative	<ul style="list-style-type: none"> • Company • Investor • Customer • Supplier • Government 	3.2 Integrity Management
Ethical Corporate and Regulations Compliances	Formulate corporate governance codes of practice, uphold quality excellence, customer focus, and strive to provide good products and services.	Implement the responsibilities of corporate managers, protect the legitimate rights and interests of shareholders and take into account the interests of other stakeholders	Potential/Negative	<ul style="list-style-type: none"> • Company • Employee • Investor • Customer • Supplier • Government 	Chapter 1 About Young Optics Chapter 3 Corporate Governance
Innovative Research and Development Management	Formulate a patent reward system to encourage employees to innovate and develop, and set up an intellectual property area and related rules and regulations on the company's internal website.	Through patented research and development, we can drive corporate research and development momentum and continue to create new business opportunities.	Potential/Actual/Positive	<ul style="list-style-type: none"> • Company • Investor • Customer • Supplier 	5.1 Innovation Management
Product Quality and Lead Time	1. Create risk analysis tools and SOPs for defective products. Quality assurance will audit processes and products to ensure proper production. 2. Plan production schedules by balancing quality, time, and cost to meet customer deadlines.	Failure to implement product quality management will increase the risk of defective products.	Potential/Negative	<ul style="list-style-type: none"> • Company • Investor • Customer • Supplier 	Chapter 5 Sustainable Innovation



2.4 Material Topics' Boundary

The scope of corporate disclosure in this report is Taiwan headquarter, the company and employees within the organization, and investors, customers, suppliers, local communities, non-profit organizations and governments outside the organization.

Category	Material topics	GRI Topic-specific standards	Chapter	Scope							
				YOI		Stakeholder					
				Company	Employee	Investor	Customer	Supplier	Local Community	NPO/NGO	Government
Environment	Hazardous Substance Management	Custom Topic	4.4 Environment Management	●	●	—	—	—	●	—	●
	Waste Management	GRI: 306 Waste	4.4 Environment Management	●	—	—	—	—	●	●	●
	Environmental Regulation Compliance	Custom Topic	4.3 Policy and Promise	●	—	●	●	—	●	●	●
	Green Process and Product	Custom Topic	5.2 Green Product	●	—	●	●	—	—	—	—
Social	Salary and Benefits	GRI: 401 Labor/Management Relations	6.3 Remuneration and Benefits	●	●	—	—	—	—	—	—
	Occupational Health and Safety	GRI: 403 Occupational Health and Safety	6.5 Safe Workplace	●	●	—	—	—	—	—	●
	Talent Attraction and Retention	GRI : 404 Training and Education	6.2 Talent Development	●	●	—	—	—	—	—	—
	Labor Relations	GRI: 401 Labor/Management Relations	6.3 Remuneration and Benefits	●	●	—	—	—	—	—	—
Governance	Corporate Governance and Financial Performance	GRI: 205 Anti-corruption	3.2 Integrity Management	●	—	●	●	●	—	—	●
	Ethical Corporate and Regulations Compliances	GRI: 201 Economic Performance	Chapter 1 About Young Optics Chapter 3 Corporate Governance	●	●	●	●	●	—	—	●
	Innovative Research and Development Management	Custom Topic	5.1 Innovation Management	●	—	●	●	●	—	—	—
	Product Quality and Lead Time	Custom Topic	Chapter 5 Sustainable Innovation	●	—	●	●	●	—	—	—

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2.5 ESG Policy and SDGs

Young Optics is committed to the Sustainable Development Goals (SDGs) established by the United Nations in 2015. By leveraging its core expertise and focusing on key themes, the company aims to use its professional capabilities to contribute to these goals and strive for a better life for humanity.

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SDGs	Results	Chapter	
<p>Goal 3. Good health and well-being</p>	<ul style="list-style-type: none"> Target 3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. Target 3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks. 	<ul style="list-style-type: none"> Obtained ISO 14001 certification Held 6 health lectures. Recruit occupational medicine specialists and full-time nurses to work in the company. Received the health promotion seal from the Ministry of Health and Welfare. 	<ul style="list-style-type: none"> Chapter 4 Sustainable environment Chapter 6 Friendly workplace
<p>Goal 4. Quality Education</p>	<ul style="list-style-type: none"> Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. 	<ul style="list-style-type: none"> Participated in 6 career fairs Participated in the Youth Employment Program of the Ministry of Labor and trained a total of 3 colleagues to join the company Accumulated 961 hours of education and training. 	<ul style="list-style-type: none"> Chapter 6 Friendly workplace
<p>Goal 5. Gender Equality</p>	<ul style="list-style-type: none"> Target 5.1 End discrimination against women and girls. 	<ul style="list-style-type: none"> Anti-discrimination policy incorporated into Young Optics work rules. Promote the four major labor health protection plans of the Ministry of Labor - Maternal Health Protection Plan. 	<ul style="list-style-type: none"> Chapter 6 Friendly workplace
<p>Goal 8. Decent work and economic growth</p>	<ul style="list-style-type: none"> Target 8.5 By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. Target 8.8 Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment 	<ul style="list-style-type: none"> Seven colleagues were employed in compliance with the Act on the Protection of Rights and Interests of Persons with Disabilities. Formulate occupational safety and health management measures and labor safety codes. 	<ul style="list-style-type: none"> Chapter 6 Friendly workplace
<p>Goal 12. Responsible consumption and production</p>	<ul style="list-style-type: none"> Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse. Target 12.6 Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 	<ul style="list-style-type: none"> Resource recycle rate 45.8%. Sustainability reports regularly disclose environmental-related information. 	<ul style="list-style-type: none"> Chapter 4 Sustainable environment
<p>Goal 13. Climate Action</p>	<ul style="list-style-type: none"> Target 13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries. Target 13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning 	<ul style="list-style-type: none"> Obtained ISO 14064-1 verification. Propose TCFD climate change risk scenario settings. Sustainable education activities, participation rate 82%. 	<ul style="list-style-type: none"> Chapter 4 Sustainable environment Chapter 6 Friendly workplace



Corporate Governance

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3.2 Integrity Management

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GRI 2-29 GRI 205-2

3.3 Risk Management

GRI 2-12 GRI 2-13 GRI 2-23 GRI 2-24

3.4 Information Security Management

GRI 2-23

3.1 Corporate Organization

Material Topics

To fulfill its corporate responsibilities and protect the rights of shareholders and other stakeholders, Young Optics has established a robust corporate governance structure. This structure is based on the “Code of Practice for Governance of Listed Overseas Companies” and aims to enhance the board of directors functions and improve information transparency.

Believing that a strong board of directors is essential for good corporate governance, the company appointed Chief Financial Officer Cynthia Chang as the corporate governance manager on October 28, 2022. She leads the financial units in handling corporate governance matters, protecting shareholders’ rights, and strengthening the board’s functions. Cynthia Chang has over ten years of management experience in accounting, finance, stock affairs, and deliberation. Key aspects of corporate governance include:

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1. Assist directors in performing their duties, provide required information, and arrange further training for directors.

- Board members will be notified from time to time of the latest revisions to laws and regulations related to the company's business areas and corporate governance.
- Provide company information required by directors and maintain communication between directors and senior managers.
- Arrange for independent directors to communicate individually with the internal audit supervisor or certified accountant to understand the company's financial business.
- Arrange annual refresher courses for directors in accordance with current legal updates.
- Evaluate and purchase appropriate directors' and managers' liability insurance. The annual renewal of directors' and managers' liability insurance will take effect on September 30, 2023, and will be reported to the board of directors on October 27, 2023.

2. Assist various functional committees, board of directors, and shareholders meeting proceedings and legal compliance matters

- Formulate various meeting procedures, notify directors seven days in advance to convene the meeting, and provide relevant information and topics for the meeting. If there is a need to avoid interests, provide advance reminders and provide minutes of each meeting within 20 days after the meeting. In 2023, a total of 4 board meetings, 4 audit committee meetings, and 2 salary and remuneration committee meetings were held.
- Assist and remind directors of the laws and regulations they should abide by when executing business or making formal board resolutions.
- Responsible for the release of important information regarding important board resolutions and ensuring the legality and accuracy of the content of important information.
- Pre-registration of shareholders' meeting dates is carried out by the law, and relevant documents such as meeting notices, meeting manuals, minutes, and annual reports are produced within the legal period to provide investors with reference.

3. Maintain investor relations

- Communicate with investors through online corporate briefings held every six months and annual shareholder meetings. The company's corporate website is updated from time to time to enable investors to understand the company's financial, business, corporate governance, and other relevant information, and to safeguard the rights and interests of shareholders.



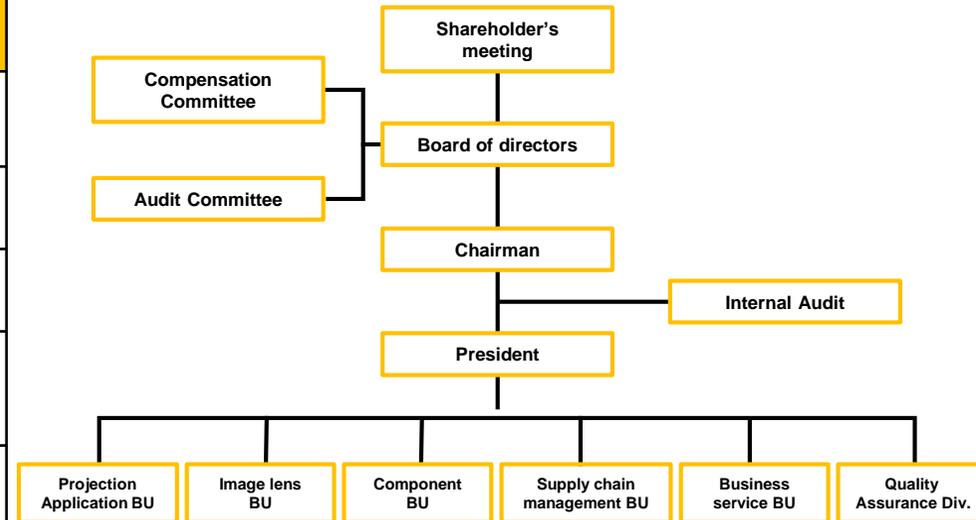
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• Corporate governance performance

Performance of Corporate Governance	2022	2023
Corporate Governance Evaluation System	Listed Company Top 50%	Listed Company Top 50%
Average Attendance Rate	96%	100%
Audit Committee's Average Attendance Rate	100%	100%
Compensation Committee's Average Attendance Rate	100%	100%
Directors' Training Hours	47	51

• Organization structure



3.1.1 Board of Directors and Functional Committees

● Board of directors

The board of directors is the company's highest governance unit and major operational decision-making center. Its main responsibilities include supervising operating performance, preventing conflicts of interest, ensuring that the company complies with various laws and shareholder meeting resolutions, and is committed to maximizing shareholders' rights.

The term of the eighth board of directors is from July 15, 2021, to July 14, 2024. The board of directors will convene at least once every quarter. The board of directors will convene a total of 4 times in 2023. The company's management will report operating performance to the board of directors, and the board of directors will decide on major business policies and investment plans. In 2023, the actual attendance rate of all directors will be 100%.

● Board diversity and independence

According to the company's "Code of Corporate Governance Practice", the composition of the board of directors should consider diversity and formulate appropriate diversity policies based on its operations, operating types, and development needs, which should include but not be limited to the following two major standards:



(1) Basic conditions and values: gender, age, nationality and culture, etc.



(2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.

3.1.1 Board of Directors and Functional Committees

● Board diversity and independence

• Diversity, professional ability and attendance of the 8th Board of Directors

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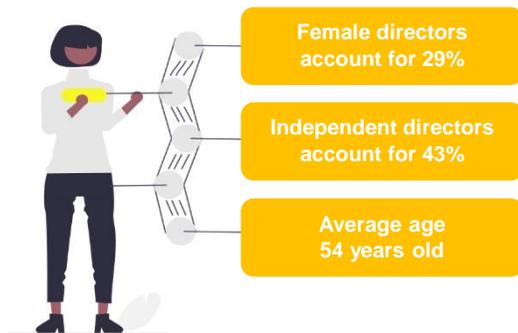
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Young Optics will hold a comprehensive re-election of its board of directors on July 15, 2021. The board will consist of seven directors, including three independent directors, six non-executive directors, and one director representing employees. There are no marital or familial ties among the directors. Independent directors make up 43% of the board, and none have served for more than nine years. The directors' ages range as follows: one is between 61-70 years old, four are between 51-60, and two are under 50, with an average age of approximately 54 years.

The company aims for at least 14% female representation on the board. Currently, two of the seven directors are women, achieving a 29% female ratio.

The board's diversity extends to professional backgrounds, encompassing technology, finance, accounting, law, education, academia, and management. The directors' expertise includes: Sarah Lin, Sara Lin, and Ken Wang: Operational management, leadership, and knowledge of the optoelectronics industry.

Jyh-Hong Shyu: Legal expertise, business management, and leadership in the optoelectronics sector. Hsiang-Hsu Wu: Academic background with experience in investment and management. Chih-Hung Huang: Accounting expertise, financial acumen, and operational management, also serving as a lecturer at the IRTC Corporate Manager Training Center. Wan-Ting Yuan: Experience in operational management and leadership. These diverse qualifications contribute to the company's strategic planning and operations.

Title	Name	Gender	Age	Education	Professional qualification and experience						In-person attendance rate(%)
					Business Management	Leadership	Industry knowledge	Legal Knowledge	Investment management	Financial Accounting	
Chairman	CORETRONIC Corporation Legal Representative: Sarah Lin.	Female	61-70	National Chengchi University (NCCU), Bachelor of International Business President of Coretronic Corporation	●	●	●				100%
Director	CORETRONIC Corporation Legal Representative: Sara Lin.	Female	51-60	MBA of Johnson & Wales University, USA Executive Vice President of Coretronic Corp.	●	●	●				100%
Director	CORETRONIC Corporation Legal Representative: Ken Wang	Male	51-60	Master of Electronic and Computer Engineering National Taiwan University of Science and Technology President of Nano Precision Taiwan Limited	●	●	●				100%
Director	Jyh-Hong Shyu	Male	51-60	Master of College of Law, National Taiwan University President of YOUNG OPTICS INC.	●	●	●	●			100%
Independent director	Hsiang-Hsun Wu	Male	41-50	Ph.D. of International Business, National Taiwan University Assistant Professor College of Management, Yuan Ze University					●		100%
Independent director	Chih-Hung Huang	Male	41-50	Master of Accountancy, National Cheng Kung University Chairman and financial manager of HABITZ MEDTECH CO., LTD	●					●	100%
Independent director	Wan-Ting Yuan	Male	51-60	EMBA from Guanghua School of Management, Peking University, China Chairman of Aces Electronics Co., Ltd.	●	●					100%

3.1.1 Board of Directors and Functional Committees

● Functional committee operations

Item	Audit Committee	Remuneration Committee
Purpose	To strengthen corporate governance, Young Optics voluntarily established an audit committee in 2012, which will perform the supervisory powers by the law. The Audit Committee is composed of all independent directors and has three members. The Audit Committee convenes at least once every quarter and may convene meetings at any time as necessary.	To strengthen corporate governance, Young Optics established a salary and remuneration committee in 2012. There are three members of the remuneration committee, and it is composed of three independent directors appointed by the board of directors. Meetings are held at least twice a year and can be convened at any time as needed.
Responsibilities of the committee	<ul style="list-style-type: none"> • Establish or amend internal control systems • Assessment of the effectiveness of internal control systems • Formulate or amend procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, endorsing or providing guarantees for others • Review matters involving directors' own interests • Review significant asset or derivatives transactions, significant capital loans, endorsements or provision of guarantees • Appointment, dismissal or remuneration of certified public accountants and annual periodic assessment of independence and competency • Review quarterly financial reports • Communicate regularly with the internal audit supervisor and accountant on major matters regarding the company's financial business • Supervise the operational mechanisms related to risk management 	From a professional and objective standpoint, regularly evaluate the company's salary and remuneration policies and systems for directors and managers, the achievement of performance goals, determine the content and amount of individual salary and remuneration, and make recommendations to the board of directors for decision-making reference.
Audit meeting times	4	2
In-person Attendance Rate	100%	100%

● Board of Directors Remuneration Payment Policy

The company's rules state that the board of directors decides the pay for directors, based on industry standards. A special committee helps set up the pay policies for directors and managers. Directors' pay is partly based on how often they attend meetings. The company regularly checks if managers' salaries match those in similar companies. Pay is also based on the importance of the job and how much it helps the company. When setting pay, the company considers overall performance, individual and team performance, contributions to success, and future risks.

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3.1.1 Board of Directors and Functional Committees

● Board performance evaluation

The company has established "Directors and Managers' Salary Remuneration Policy and System and Performance Evaluation" and "Board of Directors Performance Evaluation Methods". At the end of each year, online questionnaires are used to conduct performance evaluations for the year and performance evaluations of the Board of Directors and functional committees. The 2023 annual evaluation results committee members all gave positive and positive evaluations, believing that it operates well and can fully function.

The evaluation objects and the measurement aspects of performance evaluation are as follows:

Board performance evaluation	Board member (self or peer) performance evaluation	Functional committee performance evaluation
<ul style="list-style-type: none"> • Participation in company operations • Improve the quality of board decision-making • Board composition and structure • Selection and continuing education of directors • Internal control 	<ul style="list-style-type: none"> • Mastery of company goals and tasks • Awareness of Directors' Responsibilities • Participation in company operations • Internal relationship management and communication • Professional and continuing education for directors • Internal control 	<ul style="list-style-type: none"> • Participation in company operations • Functional Committee Responsibilities Awareness • Improve decision-making quality of functional committees • Functional committee composition and member selection • Internal control

To improve the corporate governance-related abilities and qualities of all directors, the company arranges regular training courses for directors every year. In 2023, the total number of training hours for all directors will be 51 hours. The training courses are as follows:

Corporate Governance
<ul style="list-style-type: none"> • Future of Enterprises in a Changing Landscape: Strategic Shifts & Transformations • 2023 Insider Trading Prevention Seminar • 2023 Insider Equity Trading Compliance Seminar • The 14th Taipei Corporate Governance Forum • Case Analysis of Money Laundering and Insider Trading Patterns

Sustainable management
<ul style="list-style-type: none"> • 2023 Cathay Sustainable Finance and Climate Change Summit Forum • Promotion Conference for the Sustainable Development Action Plan of Listed Companies • Theory and Practice of Greenhouse Gas Inventory.

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3.2 Integrity Management

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Young Optics has a code of integrity management. This code states that directors, managers, employees, assignees, or anyone with significant control must not engage in any improper actions during business activities. This includes not offering, promising, requesting, or accepting any improper benefits. They must avoid any dishonest acts that violate integrity, break the law, or breach their duties to gain or maintain interests. Detailed internal regulations can be found in the company's documentation: <https://www.youngoptics.com/en/investors-37-38-page39>

● Emphasizing Business Ethics and Integrity

The company is committed to pursuing business ethics and establishing a corporate culture of honest management. It requires directors, managers, and employees to adhere to the principle of integrity and implement it in all commercial interactive activities. The human resources department is responsible for promoting the company's honest management.

To promote the core values of corporate integrity and integrity and implement corporate internal control and internal audit mechanisms, the company has formulated the "Integrity Business Code", "Integrity Business Operation Procedures and Behavior Guidelines" and "Supplier Interest Avoidance Management Measures" as all members In addition to complying with the ethics and integrity of suppliers, under the "Integrity Business Code" whistle-blowing system project, relevant regulations such as procedures for handling whistle-blowing cases and confidentiality of the whistle-blower's identity and whistle-blowing content are formulated, and there are also provisions for whistle-blowing reports by various stakeholders Dedicated mailboxes, etc., to ensure the rights and interests of the company and all stakeholders.

● Implement integrity management

Young Optics ensures that all employees strictly follow the Employee Integrity Code. This commitment to honest management is emphasized during new employee orientation and reinforced through regular training and external education programs. The company and its vendors adhere to the "Supplier Interest Avoidance Management Measures," requiring suppliers to sign a "Supplier Integrity Commitment Letter" before any transactions. In 2023, out of 147 new suppliers, 137 signed the Integrity Commitment Letter, while 10 were exempted according to internal regulations.

In 2023, no reports or documents were received through the professional ethics contact mailbox, the stakeholder communication mailbox, or the internal employee suggestion box.

The internal audit unit reviewed various operational processes, including employment contracts, regulations, external files, company websites, supplier evaluation data, internal control systems, education and training, assessment and reporting, and disciplinary and grievance systems. An audit report was then submitted to the board of directors.

• Reporting and Complaint Channels

Name	Contact email
Business ethics contact email	webmail2@youngoptics.com
Dedicated mailbox for communication channels with stakeholders	ir.yo@youngoptics.com csr.yo@youngoptics.com employees@ youngoptics.com

● Internal training on integrity management

To let all colleagues understand the company's corporate culture of honest management, the human resources department is responsible for the formulation and implementation of the honest management policy. In addition to including the integrity management code in the employment contract, relevant training is held for new employees, supervisors at all levels, and all in-service personnel. The course reminds all colleagues to pay due attention when performing their work.

Name	Execution status
Executive level	The supervisor's annual integrity management education and training has been completed by the end of September 2023, with a total of 80 people.
Employee	In December 2023, the online course training on integrity management and insider trading prevention (Chinese and English courses, about 1 hour in length) for indirect employees between Taiwan factories (including current managers and supervisors at the division level or above) was completed, and a total of 100 employees participated in and passed the course evaluation 452 people (training rate 100%).



3.3 Risk Management

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<p>Risk assessment scope</p>	<ul style="list-style-type: none"> The risk assessment disclosure scope is based on Young Optics Taiwan's headquarters. Based on the relevance to the operating industry and the degree of impact on major issues, the risk management orientation will also include important subsidiaries Kunshan Young Optics. and Suzhou Young Optics. Included in the risk management assessment.
<p>Risk management purpose</p>	<ul style="list-style-type: none"> To implement and manage various internal and external risks faced in the operation process, through systematic identification, we can control or reduce risks according to possible crises to ensure the achievement of operational goals and the realization of sustainable development of the enterprise.
<p>Risk management team</p>	<ul style="list-style-type: none"> On October 27, 2023, Young Optics adopted risk management policies and procedures based on the Code of Practice for Risk Management of Listed Over-the-Counter Companies. The board of directors established a risk management group under the audit committee. This group is responsible for planning, executing, and supervising risk management activities. They ensure that all units effectively implement the audit committee's management decisions. Additionally, they compile and submit reports on the company's risk management operations to the audit committee at least once a year.

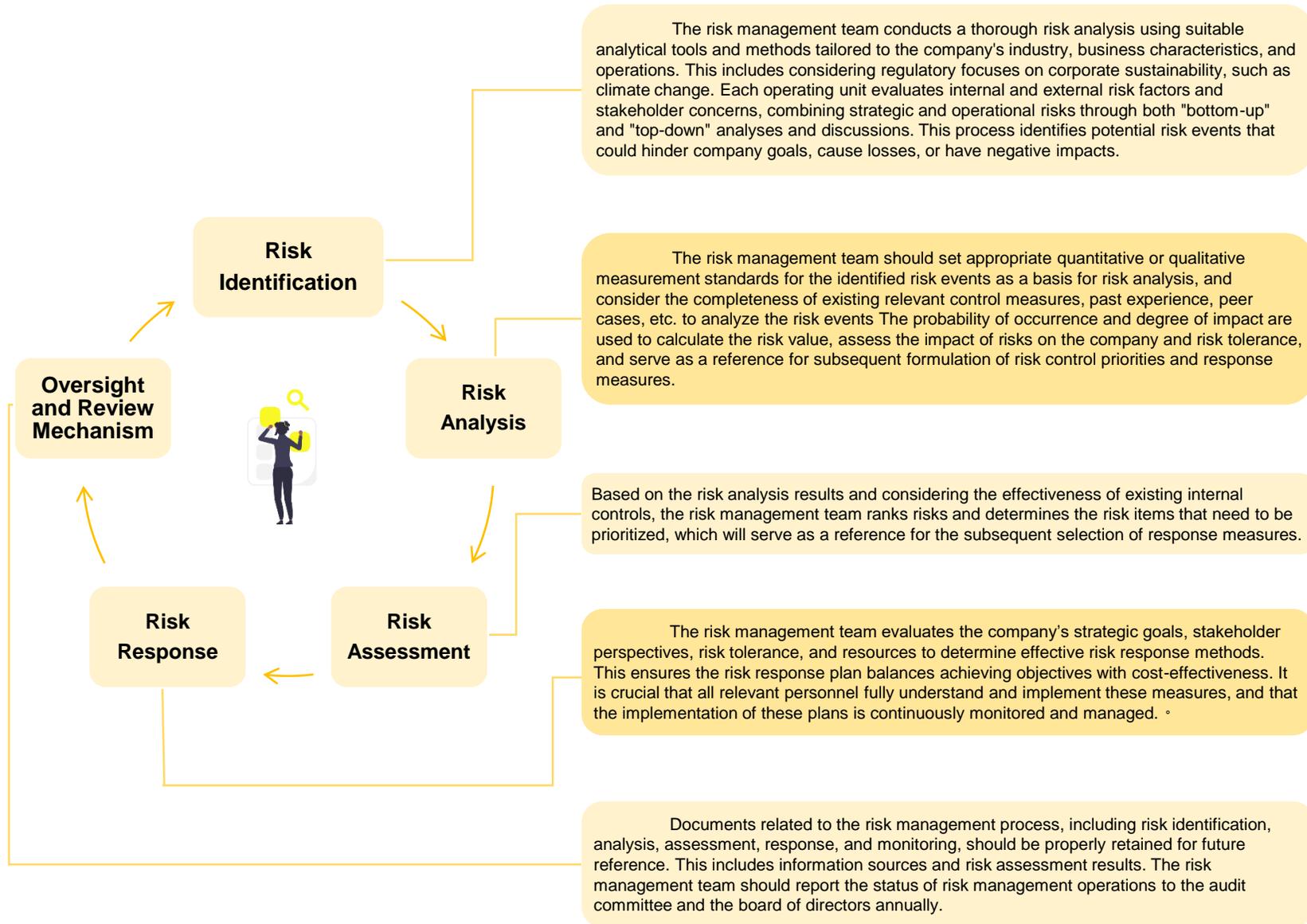
Based on the identified major risks, in addition to establishing risk management policies and procedures, Young Optics also has relevant internal procedure requirements, different systems, and regulatory requirements under different risk types, such as ISO9000, ISO14001, IATF16949, human rights, occupational safety, and Information security regulations, etc.

• Risk Management Group Organization structure



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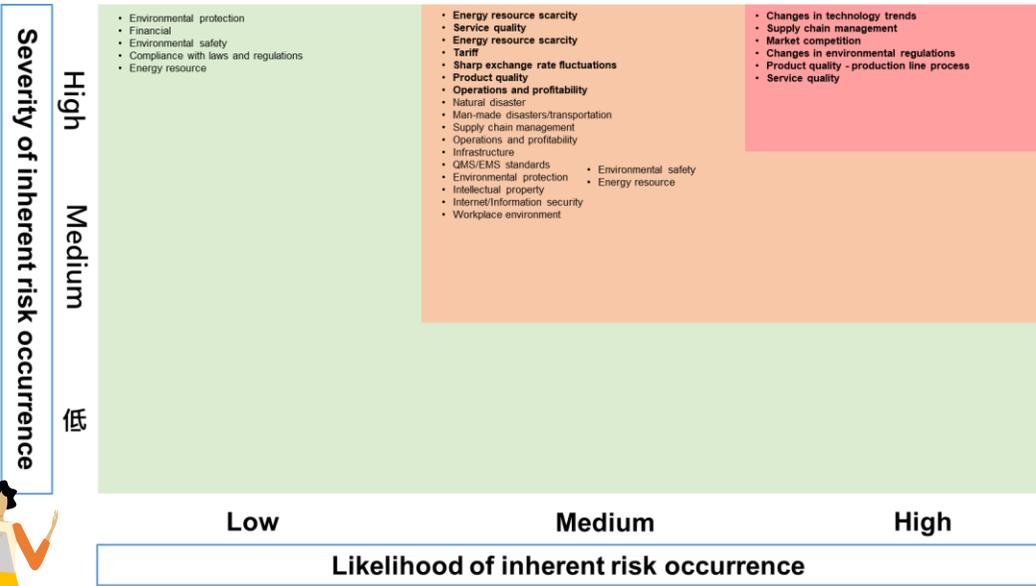
3.3 Risk Management

● Medium and high risk categories

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Identify medium and high risks through selected risk issues, and select the top 11 risks in 2023 for disclosure. There are a total of 5 medium risks and 6 high risks. Relevant countermeasures are formulated for medium and high risks respectively to ensure resilience. Corporate management strategies respond to unknown challenges under rapid global change.

Medium risks include energy resource constraints, tariffs, sharp exchange rate fluctuations, product quality, and customer revisions or cancellations of orders; high risks include changes in technological trends, supply chain management, market competition, changes in environmental regulations, and product quality.



● Middle Risk

Risk	Effect and chance	Strategy
Energy resources are tight: power is tight during peak power consumption, power rationing in areas, or abnormal power supply from Taiwan Power Company (such as sudden voltage drop or interruption)	<ul style="list-style-type: none"> Power cuts/outages lead to reduced operational stability 	<ul style="list-style-type: none"> Establish an energy management system to improve energy efficiency and reduce carbon emissions <ol style="list-style-type: none"> Investigate high-power equipment in the factory and manage their usage frequency and time. Cooperate with Taiwan Power Company announcement and take preventive measures to stop production to reduce equipment damage. Equipment efficiency assessment, replacement of poorly performing equipment and replacement of energy-saving equipment. Implement energy conservation, turn off lights throughout the factory during lunch breaks, and promote turning off lights at will. Set the air conditioning temperature in the office. Control energy resource information and corresponding mechanisms <ol style="list-style-type: none"> Install uninterruptible power supply system on important equipment. Control the temperature, humidity and power usage status of the computer room to optimize energy usage efficiency. In case of abnormality, activate the emergency response plan and arrange the production plan accordingly. In cooperation with power restriction measures, production is being adjusted flexibly to meet shipment demand, which is ongoing. Monitor supplier delivery dates and ensure on-time shipments.

3.3 Risk Management

● Medium and high risk categories

• Middle risk

Risk	Effect and chance	Strategy
Tariff: Due to the international political situation, trade obstruction between countries, increasing tariffs, or banning the sale of products.	<ul style="list-style-type: none"> The imposition of additional tariffs will increase costs, and affect the price competitiveness and profitability of products. Receive supply chain transfer orders from customers and increase the chance of orders. 	<ul style="list-style-type: none"> In the face of risks/opportunities, continue to pay attention to international regulations, market, and client information, and developments to adjust strategies accordingly. Set up production bases worldwide and schedule production locations according to strategies at any time to face the occurrence of risks/opportunities. Continue to develop multi-country supply chains to reduce the risk of subsequent trade obstacles caused by changes in the international situation.
Rapid exchange rate fluctuations.	<ul style="list-style-type: none"> Increased exchange losses, affecting company profits 	<ul style="list-style-type: none"> Sales quotations are mainly in US dollars, so that foreign currency receivables and foreign currency payables are in the same currency, creating a natural hedging effect. Foreign currency positions consider using forward foreign exchange contracts to manage exchange rate risks.
<p>Product quality :</p> <ul style="list-style-type: none"> Customer property is damaged or the product is defective and is returned/recalled/complained by the customer. Returns and repairs, complaints, scrapping, and rework at the use site do not meet product specifications/functiona l requirements. 	<ul style="list-style-type: none"> The product's unique features are not identified, and risk analysis is not conducted. Customer special requirements are not communicated to the relevant production units, and effective control methods are lacking. This leads to risks such as returns, scrapping, rework/repair, and customer loss. If the customer's property rights or personal rights are damaged during the use of the product, the customer shall be liable for civil compensation. The production process does not implement risk factor analysis such as man/machine/material/method/ environment or performs inaccurate or excessive human operations, increasing the risk of producing defective products. 	<ul style="list-style-type: none"> Clearly understand customer requirements and develop a customer needs identification list. The cross-functional team jointly identifies a list of special features and planned control actions, and releases project team members, customer assets, and business accounting management and confirmation status. Define risk analysis tools and formulate SOPs, activate them as dynamic documents, confirm the occurrence or changes of potential risks, and feedback experiences such as customer or market complaints/product recalls, and save relevant experiences as inheritance. Department of Quality Assurance conducts process and product audits to confirm production implementation and identify the possibility of unidentified potential risks. Learned from product recalls, product audits, on-site returns, and repairs, complaints, scrapping and rework, educating and training relevant personnel, introducing error-proofing concepts and practices, clearly defining error-proofing procedures, and implementing them in actual operations. At the same time, it serves as evidence of the risk analysis results.
Customer revise or cancel order	<ul style="list-style-type: none"> Decline in customer demand, increased order instability, and the risk of sluggish materials and failure to achieve revenue. 	<ul style="list-style-type: none"> Make requests to customers for material preparation or negotiate with customers on the end time of product updates. Negotiate with suppliers to delay delivery or cancel orders for raw materials that have been ordered but not yet received. By participating in exhibitions and visiting customers, we actively expand new customer sources or participate in the development of customers' new products, thereby increasing revenue and eliminating inventory opportunities.

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3.3 Risk Management

● Medium and high risk categories



• High risk

Risk	Effect and chance	Strategy
<p>Changes in technological trends: due to rapid changes in technological trends, an increase in competitors for similar products and services, and price fluctuations.</p>	<ul style="list-style-type: none"> The methods used in the industry and market/customer demand surveys are inappropriate and do not accurately clarify the market demand for the product and the future application development of the product, which increases operational risks and reduces opportunities to expand new products. Fluctuations in low-peak and peak seasons for products affect the company's business development and economic benefits, as well as customer product delivery and services, causing customer complaints. Product price risk is affected by the cost, quality, and reputation of the product, competitors, customers, etc. 	<ul style="list-style-type: none"> Collect/monitor relevant information and data, sort out market share (including competitors), adjust strategies, and actively find target customers through customer visits and exhibitions. Develop new customers according to strategy. Regularly take inventory, do a great job in inventory management, formulate reasonable production plans and implement them, continue to control the progress and provide customers with excellent quality and services, put customers first, and win more customers. Collect industry/international trend analysis, define future/strategic development directions, propose plans to the general manager's office, decide strategic response measures, and regularly review strategic plans, propose timely modifications to meet the ever-changing market, and achieve operational goals.
<p>Supply chain management: Supplier product quality or supply cannot meet requirements.</p>	<ul style="list-style-type: none"> The suppliers do not clearly define or have completed test methods in the product/material specification, and there is a risk of delivering defective raw materials to customers, resulting in customer complaints and compensation. The supplier's product quality is unstable, and it does not have suitable equipment or methods to identify defective products. Defective products are shipped to customers, causing customers to complain or demand compensation. 	<ul style="list-style-type: none"> Before mass production, suppliers must complete the submitted product quality/function/material approval process. The verification department creates specific guidelines that suppliers must follow, based on the characteristics of the materials, their applications, and customer needs. They then review and enforce these guidelines to ensure that the materials meet the necessary product requirements. Continuously improve inspection methods and measuring equipment. Participate in measuring instrument exhibitions to gather development trends of instruments and equipment, and provide supervisors with a selection of suitable equipment that meets or exceeds the goal of 1/10 of the product tolerance.
<p>Market competition: products with new technology applications are launched.</p>	<ul style="list-style-type: none"> The company's existing technologies, processes, and equipment cannot keep pace with or improve the development of the industry and lack market competitiveness. Develop new technology application products, expand product lines, and increase company revenue and market share. 	<ul style="list-style-type: none"> Actively gather global trends, develop new technologies, products, and projects, implement new processes and equipment, recruit R&D personnel, enhance core technology, and reduce costs to increase competitiveness.

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3.3 Risk Management

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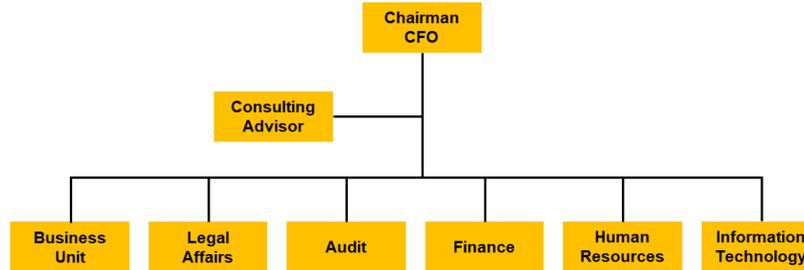
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Risk	Effect and chance	Strategy
<p>Changes in environmental regulations: Consumer awareness of environmental protection is increasing. International environmental regulations, such as EU RoHS and China RoHS, are updated or announced at any time. Products containing restricted substances exceeding the limit cannot be sold in the market, and there may be fines for non-compliance.</p>	<ul style="list-style-type: none"> • Laws, regulations and other requirements are not monitored and implemented in a timely manner, resulting in non-compliance with regulations. • The submitted compliance certificate cannot meet the customer's requirements. • Some employees do not comply with international regulations and customer requirements. Some lack environmental awareness and may behave in ways that violate the requirements. • The use, addition, or mixing of harmful substances during the manufacturing and production process may lead to product contamination, resulting in customer complaints and compensation. • The latest version of the green product specifications has not been obtained, and there are non-compliant materials for production and shipment. 	<ul style="list-style-type: none"> • Clearly defined units with responsibilities are responsible for collecting and updating applicable laws and regulations, customer environmental specifications, product standards, etc. • Before product development, identify customer environmental requirements and product regulatory requirements and record them. • Develop green product production SOPs, and control the production process and requirements such as tools, equipment, materials/consumables, etc., to ensure that products are not manufactured with contamination. • Adopt a compulsory training curriculum for grades, CE is responsible for producing teaching materials and providing GP training/general testing for all employees. • Procurement notifies suppliers to update green product specifications. Suppliers can obtain the latest version of green product specifications through the GPMP system and confirm the version through regular or irregular supplier assessments.
<p>Product quality: The impact on output efficiency during production line process optimization</p>	<ul style="list-style-type: none"> • Optimize by linking manufacturing-related elements to enhance corporate competitiveness and profitability. Strengthen the company's role and value in the global supply chain, from cost, quality, delivery, and promotion to minimum purchase quantity and customized service satisfaction. 	<p>Three elements include quality, time, and economy to balance production schedule planning to meet customer delivery dates. Adjust constraints and scheduling rules concerning production mode, production demand, and order status to arrive at a reasonable plan:</p> <ul style="list-style-type: none"> • Strategy meetings and operation management meetings clarify the mission and goals of the company, detect and evaluate the external environment in which the company is located, and the company's resource conditions. • Make reasonable design adjustments based on the company's strategic goals to ensure effective division of labor and collaboration in the organization. Let employees understand their responsibilities and ensure the healthy operation of the organization.
<p>Service quality: The product is delayed in delivery or the customer does not agree to change the shipping date, and the customer is dissatisfied</p>	<ul style="list-style-type: none"> • There is a shortage of materials for key components, and the expected delivery L/T is insufficient. From procurement/material control, material preparation, production management schedules, and insufficient production operation time, it is impossible to deliver on time. • Damage to equipment or production molds, material shortages, production technology bottlenecks, lack of work, or force majeure factors (such as natural disasters, man-made disasters...), etc., affect the production and sales process, resulting in customer complaints or compensation claims. 	<ul style="list-style-type: none"> • Accurate stocking mechanism, fundamentally corresponding to L/T Dome Realm. <ul style="list-style-type: none"> -The ERP system correctly integrates requirements and has an accurate stocking mechanism. -Optimize supply chain delivery time through design, development, optimization and shared platform • Equipment/molds must undergo regular maintenance and long-delivery spare parts must establish safety inventories and monitor equipment efficiency. Regularly review spare parts inventory status with spare parts suppliers, and establish 2nd source suppliers to ensure replacement of spare parts. • The senior supervisor approves and simulates the production contingency plan for emergencies to ensure the effectiveness of the plan. The responsible unit is required to conduct drills to quickly respond to actual occurrences and reduce customer dissatisfaction or losses.

3.4 Cyber Security Management

Young Optics established the "Cyber Security Management Committee" in 2020. This committee is responsible for coordinating, planning, auditing, and promoting the integration of internal and external resources for unified information security management. It serves as a strong support for the sustainable development and continuous operation of the enterprise. Starting from 2020, the implementation of information security management will be reported to the board of directors every year. The latest report to the board of directors is scheduled for October 27, 2023.

• Cyber Security Management Committee structure



Unit	Duty
Information Security Management Committee	Integrate resources and coordinate, plan, audit, and promote the information security.
Other business unit	Cooperate the executive of policy
Legal unit	Provide the legal assistances, manage the litigation and no litigation cases, and avoid infringing on the interests.
Audit unit	Evaluate the executive of information security policy, audit the acts and regulations which are observed, and provide the improving suggestions.
Finance unit	Cooperate the executive of policy.
Human resources unit	Promote the information security policy and educational training.
Information unit	Plan and execute the information security policy.

Cyber Security Policy

Young Optics is committed to creating a good, convenient, and secure information environment, reducing corporate information security threats from the system, technology and program levels, and establishing information protection services that meet customer requirements and the highest standards.

Continue to improve a more complete information security management system, evaluate the feasibility of each factory site to obtain international information security management system certification, such as ISO/IEC 27001, and ISO/IEC 15408, and conduct necessary planning operations.

Based on the latest internal audit development and standards requirements, we will strengthen corporate risk management, continue to invest manpower and funds in information security risk-related issues, and strengthen the promotion of information security concepts and operational standards of conduct.

Both labor and management work together to build a strong information security environment to meet the needs of corporate operation and development and increase shareholder value.



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3.4 Cyber Security Management

● Information security management plan

Item	Action Plan
Enhancing the cyber security defense system	We joined the "Information Security Association" established by Information Service Industry Association of R.O.C. (CISA) to enhance the information security and defense and communication among the industry horizontally in 2023.
Raising employees' awareness of cyber security among employees	<ol style="list-style-type: none"> 1. Publish the cyber security reports and cyber security advocacy periodicals, which contain the sharing of recent cyber security incidents and information related to cyber security. 2. Conduct email social engineering exercises, educate and train personnel who mistakenly open emails or links, and enhance employees' alertness for email, so as to avoid events of harming the network security or personal information leakage due to browsing malicious emails. 3. Conduct training courses on cyber security awareness, treat employees as the first line of defense for cyber security, and educate employees to identify and prevent common cyber security risks to reduce potential threats to the organization.
Monitoring external exposure to cyber security risks	Use the SecurityScorecard system and non-invasive information collection techniques, through collecting public data, integrating online honeypot mechanisms with threat intelligence and utilizing vulnerability search engines, to analyze all collected security risk indicators, thereby helping to monitor network risks. Through completing the evaluation and analysis of network threat intelligence signals, the network security status of enterprise entities is assessed for management of enterprises and third-party suppliers' external exposure to cyber security risk. YOI's average rating on this platform is 85 in this year.
Computer security management	<ol style="list-style-type: none"> 1. Restrict the use of system platform administrator privileges to reduce the chance of computer poisoning, intentional or unintentional modification of system settings and arbitrary installation of illegal software, personal software derived from the legal liability and loss of the company's operations. 2. Monthly computer spot checks, including anti-tampering seal checks, confirming the installation of USB device control programs, confirming the installation of file encryption software, the installation of software authorized by the company, confirming the inclusion of the company's domain, confirming the absence of private replacement or addition of components, and so on.
Enhancing remote connection security	Enable two-factor authentication login mechanisms for remote connection VPN and use mobile App OTP to enhance both convenience and security for employees working remotely;
Strengthening email security	The mail filtering system is equipped with the ADM advanced defense module. The program can automatically unpack the file for scanning, and discover potential codes, hidden logical paths and disassembly program code, so as to facilitate advanced malware comparison. Apply advanced defense against spear-phishing attacks, BEC (Business Email Compromise), APT attack, ransomware, and new types of attacks. Use multi-factor authentication mechanisms compulsorily for email login to prevent hackers from using leaked account passwords to log in to steal the Company's secrets or conduct phishing attacks with fake identities of employees.
Privileged account management	Implement two-factor login authentication mechanisms for system administrator accounts. When logging in to important systems, in addition to the traditional way of logging in with the account password, it also requires the mobile App login authentication, so as to enhance protection of privileged accounts for important systems, ensure that the management rights of important information systems will not be stolen and infringed, and achieve the non-repudiation of operation behaviors.
Building a backup environment for the core systems	Build a cloud-based backup environment for SAP ERP system to enhance system security and availability. When a serious problem occurs and cannot be recovered in a short time, it can switch to this backup environment to ensure the uninterrupted operation of the Company. Disaster recovery drills were completed in January and October 2023.

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3.4 Cyber Security Management

● Information security management plan

Item	Action Plan
Equipping with the Managed Detection and Response (MDR)	Equip with the threat detection and response services of MDR and entrust a third-party security provider to continuously monitor abnormal behaviors to immediately respond to and actively block intrusion attacks when hacker malware is launched, strengthening the resilience of important system security.
Conducting system vulnerability scanning	Conduct system vulnerability scanning for internal server hosts to confirm whether there are vulnerabilities in the managed devices and performed vulnerability patching operations, minimizing the risk caused by vulnerabilities.
Updating the backup system	Integrate and update the existing backup systems and storage devices, implement cloud-based off-site backup, enable data encryption, anti-tampering and other protection mechanisms to ensure the confidentiality, integrity and availability of backup data.
Preventing the Company's trade secret leakage risk	Introduce a document preservation and encryption system. The release of files to external parties requires authorization from the supervisor, and access to mobile storage devices is also under control, providing double protection to ensure security.
Anonymous device access to the intranet risk	Implement real-name wireless network connection and effectively monitor the use of wireless networks.
Establish personnel device usage management regulations	Such as software installation, email, internet usage, personal information devices, and portable media control regulations.
Establish control regulations in computer rooms and important areas	Establish appropriate management measures for physical security control, personnel access control, and environment maintenance (such as temperature and humidity control) in important sites and areas.
Develop emergency response plans for core systems in the event of disasters	Establish Recovery Time Objectives (RTO) and data Recovery Point Objectives (RPO), and educate and train relevant personnel and hold drills regularly to ensure the effectiveness of the backup plan.

● Investment in cyber security management

YOI places great emphasis on cyber security issues and has appointed the Cyber Security Manager and personnel responsible for cyber security in December 2023. We have invested NT\$5.23 million in cyber security-related software resources and hardware equipment. We also allocated a budget for cyber security issues in 2024 to continue introducing innovative security defense technologies and ensure that our security architecture protection capabilities keep up with the times.

Any losses suffered by YOI in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.



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4.1 Climate Change Management

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In June 2019, the Financial Stability Board (FSB) officially released the Task Force on Climate-related Financial Disclosures (TCFD) framework, which requires companies to effectively manage climate-related risks and opportunities through four key elements: "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

The TCFD framework helps companies assess changes in policies, regulations, technologies, markets, and reputation concerning transition risks and opportunities. Based on evaluating physical risks, transition risks, and opportunities, companies can make rolling adjustments to address potential operational and financial impacts arising from medium- and long-term greenhouse gas reduction targets outlined in Climate Change Response Act. For the 2023 fiscal year, Young Optics' climate change management goals include tracking greenhouse gas emissions, improving energy efficiency, and reducing greenhouse gas emissions. We will also propose future climate-related scenario settings. In 2024, we will assess climate risks based on the following scenarios and disclose the results in next year's sustainability report. Additionally, the company has set a medium- to long-term target to reduce greenhouse gas emissions by 3% annually.

- Identification and assessment of climate-related risks and opportunities

Time sequence	<ul style="list-style-type: none"> • Short term: 2023~2025 • Mid-term: 2026~2030 • Long term: 2031~2050
Risk and opportunity scale	<ul style="list-style-type: none"> • Probability of occurrence • Financial impact
Risk and Opportunity Categories	<ul style="list-style-type: none"> • Transition risk : <ul style="list-style-type: none"> - Total greenhouse gas control, carbon tax, and carbon fee - Renewable energy regulatory requirements - Uncertainty about climate change mitigation and adaptation regulations - Customers choose products and services that are more energy-saving and have low environmental impact - Increase in natural disaster insurance premiums • Physical risk : <ul style="list-style-type: none"> - Temperature rise - Floods and Droughts • Chance <ul style="list-style-type: none"> - Investment in energy-saving and carbon-reducing technologies - Promote green production - Use recycled materials - Provide low environmental impact products or services - Develop innovative low-carbon products and service types
Climate scenario setting	<ul style="list-style-type: none"> • 1.5°C scenario, Taiwan's 2050 net-zero emission path and strategy (24%±1% reduction in 2030)

- Climate scenario setting: 1.5 degrees, Taiwan's 2050 net-zero emission path and strategy

Item	Description
Imposition of carbon fee	<ul style="list-style-type: none"> • On April 29, the Ministry of Environment announced three drafts, including the carbon fee charging method. The method stipulates that enterprises that emit greenhouse gases of 25,000 tons of CO2e per year are the starting point for the carbon fee, and the threshold will be expanded in stages before 2030. For objects, the threshold is gradually lowered based on annual emissions of 15,000 tons CO2e and 10,000 tons CO2e. • Young Optics' carbon emissions are approximately 12,000 tons of CO2e. Based on the lowest risk coefficient value of 0.2 and the carbon fee of NT\$500 called for by citizen groups, the preliminary estimate is NT\$ 1,200,000
Electricity bill increases	<ul style="list-style-type: none"> • The future rise in temperature will indirectly affect the increase in electricity consumption. The 20% increase in electricity charges in the past two years suggests that it is very likely to continue increasing.
Requires installation and introduction of renewable energy	<ul style="list-style-type: none"> • Capacity expansion must increase contract capacity, and large power users must have at least 10% renewable energy obligations. • The overall supply of renewable energy is insufficient • Taiwan Power Company's Feed-In Tariff(FIT) leads to insufficient free market transaction volume • Green electricity certificate price transparency is low • Obstacles to obtaining credits through different green electricity channels
Customer requirements	<ul style="list-style-type: none"> • Customers have increasingly stringent environmental requirements for suppliers, such as requiring supply chain manufacturers to use renewable energy for production and become carbon neutral.
Government provides relevant subsidies	<ul style="list-style-type: none"> • The Taiwan government provides companies with subsidies for carbon reduction, renewable energy, energy storage systems, carbon capture, etc., through the Climate Change Response Act.



4.2 Greenhouse Gas Management

Sustainable Development Committee Goals

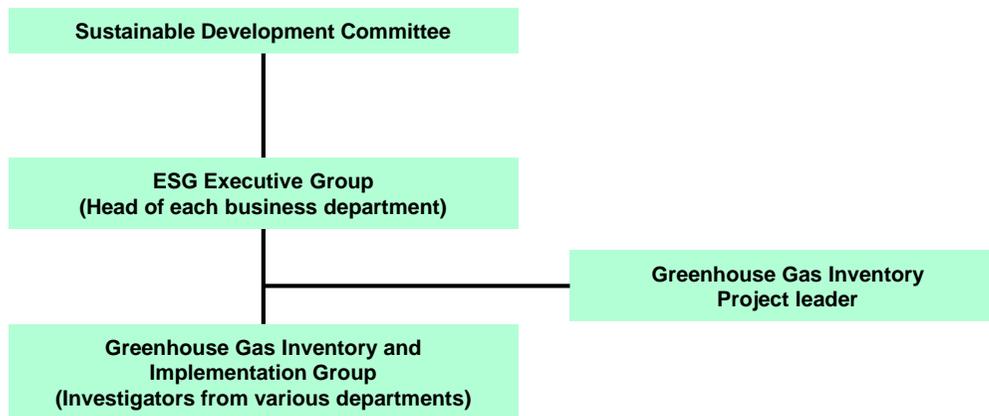
Young Optics has been conducting greenhouse gas inventories since 2013, actively engaged in greenhouse gas reduction work, established an internal management mechanism, and independently conducted an inventory of greenhouse gas emissions in Taiwan factories. In 2023, it will officially introduce ISO 14064-1:2018 and conduct External verification.

Greenhouse Gas Inventory Policy Statement

Sustainable development has become essential for the world to cope with climate and environmental changes, and we are well aware of the seriousness of global warming. To cope with the impacts of climate change on the environment and climate, Young Optics Inc. will initiate a greenhouse gas (GHG) inventory and validation in 2023 to strengthen the management of carbon emission information disclosure, grasp the situation of GHG emissions, and manage it effectively. It will also continue to research and develop the corresponding GHG reduction-related plans to promote various energy-saving and carbon-reducing measures.

Greenhouse Gas Inventory Initiative

The Greenhouse Gas Inventory and Implementation Group is affiliated to the Sustainable Development Committee. The detailed organizational structure is as follows:



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4.2 Greenhouse Gas Management

● Greenhouse gas inventory results

Young Optics' 2023 greenhouse gas inventory scope includes Taiwan, China(Kunshan and Suzhou), Bangladesh, and Japan. Only the Taiwan factory has obtained the verification report opinion letter from the independent third-party verification body AFNOR ASIA. All other overseas factories conduct internal auditing. The results of the inventory of each factory area are as follows:

• 2023 Young Optics Greenhouse Gas Inventory Results

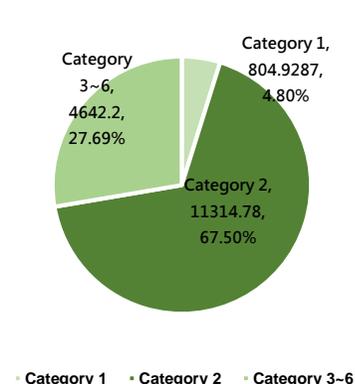
Unit: tons of CO2e

Factory area Category	Description	Taiwan	Kunshan	Suzhou	Bangladesh	Japan	Total
Category 1	Direct greenhouse gas emissions and removal.	804.9287	232.0528	4.6057	176.201	699.2675	1,917.06
Category 2	Indirect greenhouse gas emissions – imported energy.	11,314.78	2895.9464	34.6834	2,455.27	646.3908	17,347.07
Category 3	Indirect greenhouse gas emissions – transportation.	1,094.51	52.7883	3.1695	-	-	1,150.47
Category 4	Indirect greenhouse gas emissions - products used.	3,547.69	826.8361	7.8946	512.0924	-	4,894.51
Total indirect greenhouse gas emissions	(Category2+3+4)	15,956.98	3775.5708	45.7475	2,967.36	646.3908	23,392.05
Total direct and indirect greenhouse gas emissions	(Category1+2+3+4)	16,761.91	4007.6236	50.3532	3,143.56	1,345.66	25,309.10

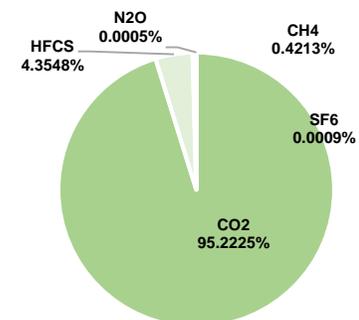
• Taiwan factory

The greenhouse gas inventory of the Taiwan factory was conducted following ISO 14064-1:2018, and a verification opinion from the verification body AFONOR ASIA was obtained on June 10, 2024. Category 1 and Category 2 obtained reasonable level; categories 3 to 6 are limited level; please refer to appendix 3 for details. The inventory period is from January 1, 2023, to December 31, 2023. The total greenhouse gas emissions are 16,761.9092 tons of CO2e. According to the inventory results, Category 1 emissions are 804.9287 tons of CO2e, accounting for 4.80% of the total emissions. The primary carbon emissions from Category 2 are 11,314.7798 tons of CO2e, accounting for 67.50% of the total emissions, and the emissions from Category 3 to Category 6 are 4,642.2007 tons of CO2e, accounting for 27.69% of the total emissions. According to the greenhouse gases classification, CO2 emissions are 15,961.1091 tons CO2e; CH4 emissions are 70.6246 tons CO2e; N2O emissions are 0.0919 tons CO2e; HFCS emissions are 729.9397 tons CO2e; SF6 emissions are 0.1439 tons CO2e; PFCS and NF3 emissions are both 0 tons CO2e. The carbon intensity 2023 will be 4.4087 tons of CO2/million New Taiwan Dollar.

• Greenhouse gas emissions - by category



• Greenhouse gas emissions - by gas classification



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4.2 Greenhouse Gas Management



● Greenhouse gas inventory results-overseas factories

The greenhouse gas inventory of Young Optics overseas factories is based on ISO 14064-1:2018 for data collection and internal auditing. The inventory scope includes Kunshan and Suzhou, Japan, and Bangladesh factories. The inventory period is from January 1, 2023 to December 2023. The reporting boundary includes Category 1 to Category 4. The data will be collected based on the organizational capabilities. The results of the inventory is shown in the following information.

● China factory

Category 1 emissions from China's factories (Kunshan and Suzhou) are 236.6585 tons of CO₂e, accounting for 5.83% of the total emissions. The main carbon emissions come from Category 2 emissions, which are 2930.6298 tons of CO₂e, accounting for 72.22% of the total emissions. The emissions from categories 3 to 6 are 890.6885 tons of CO₂e, accounting for 21.95% of the total emissions.

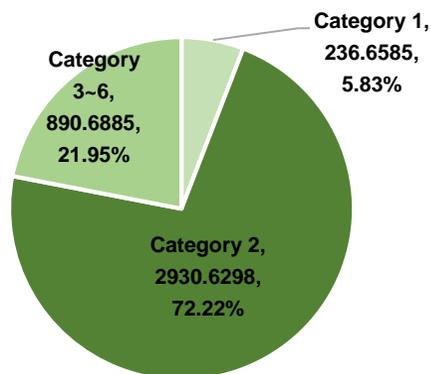
● Bangladesh factory

The Bangladesh factory's Category 1 emissions are 176.2010 tons of CO₂e, accounting for 5.61% of the total emissions. The main carbon emissions come from Category 2 emissions, which are 2455.2650 tons of CO₂e, accounting for 78.10% of the total emissions. Category 3 to Category 6 emissions are 512.0924 tons of CO₂e, accounting for 16.29% of the total emissions.

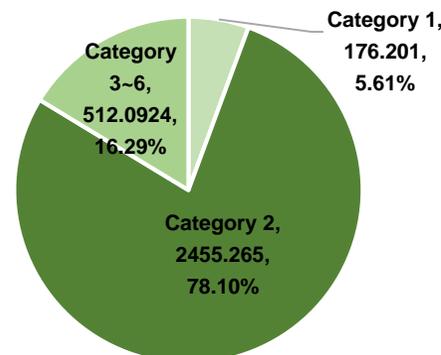
● Japan factory

Category 1 emissions from the Japan factory are 699.268 tons of CO₂e, accounting for 51.96% of the total emissions. The main carbon emissions come from Category 2 emissions, which are 646.3908 tons of CO₂e, accounting for 48.04% of the total emissions. Due to limited inventory capacity, categories 3 to 6 are not available in this inventory.

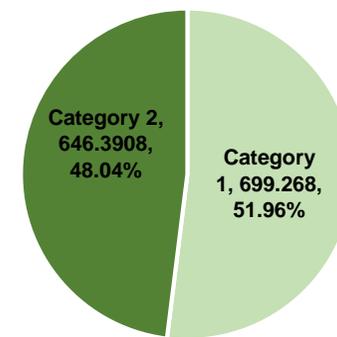
● Greenhouse gas inventory results-
China factory



● Greenhouse gas inventory results-
Bangladesh factory



● Greenhouse gas inventory results-
Japan factory



■ Category 1 ■ Category 2 ■ Category 3~6 ■ Category 1 ■ Category 2 ■ Category 3~6 ■ Category 1 ■ Category 2

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4.2 Greenhouse Gas Management

● Base year setting

The base year for Young Optics' greenhouse gas inventory is 2023. The total greenhouse gas emissions in the base year are 16,761.9092 tons of CO₂e. The carbon inventory system will be implemented in 2023, and the inventory data is expected to be more accurate. To ensure the accuracy of the inventory data, 2023 will be used as the base year. The total greenhouse gas emissions in the base year are 16,761.9092 tons of CO₂e.

● Operational procedures and information management

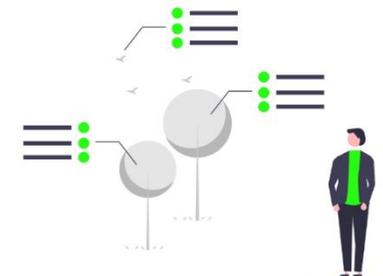
Following ISO 14064-1:2018, the greenhouse gas inventory management procedure (EP-01-005) involves greenhouse gas inventory, internal auditing, and data quality management to adhere to information management requirements and support management decision-making.

● Operational Procedures and Information Management

Based on the greenhouse gas inventory results, the following reduction strategies are proposed, and greenhouse gas reduction goals are planned based on climate science, reduction potential, international and national scenarios, the overall industrial environment, and organizational, and technical capabilities as follows:

- 1) Management of energy demand and usage
- 2) Energy efficiency
- 3) Technology or process improvement
- 4) Management of transportation and travel needs
- 5) Waste reduction

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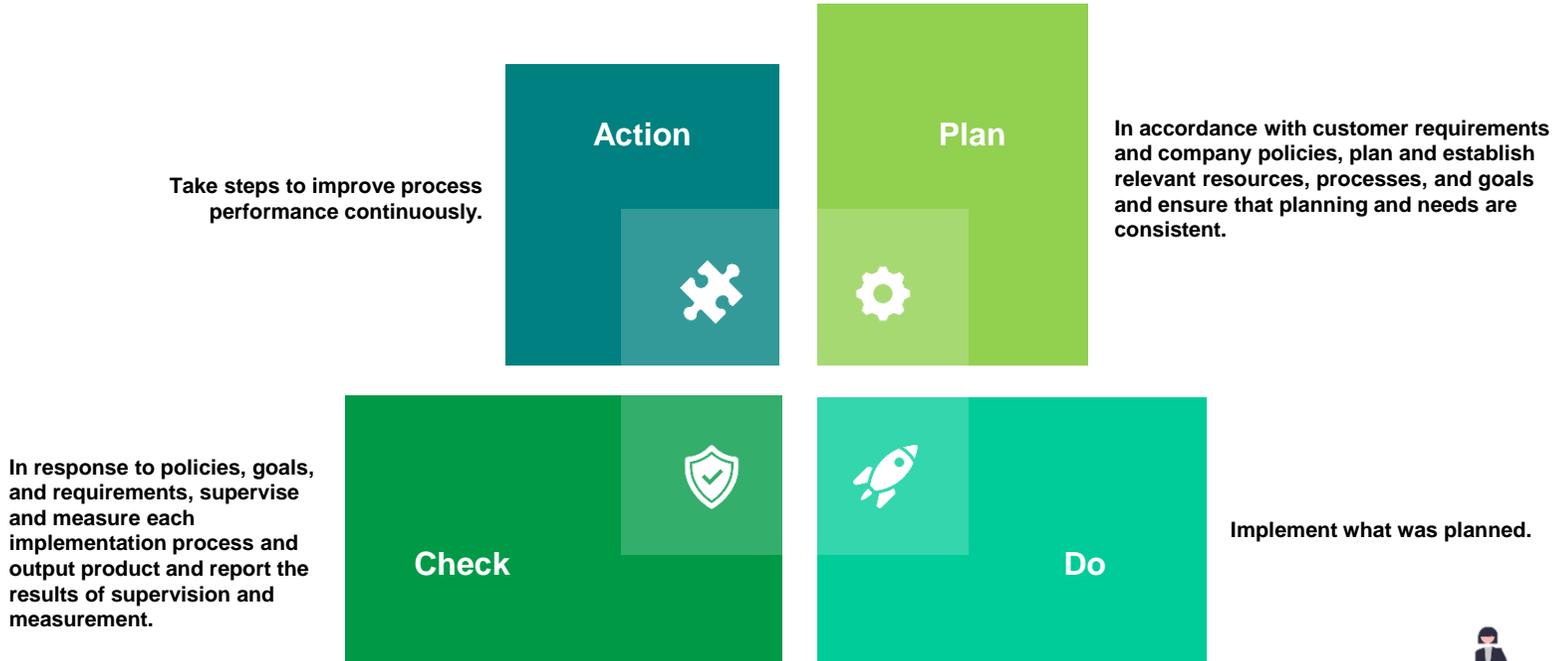


4.3 Policy and Promise

Material Topics

Young Optics is committed to working hard for environmental protection and sustainable development and demonstrates its firm determination to improve environmental performance and customer satisfaction through the implementation of the ISO 14001:2015 environmental management system. Young Optics' Taiwan headquarters and factories in Kunshan and Suzhou have obtained the ISO 14001:2015 verification report (valid until 2024/07/04). In addition, we continue to make improvements through system operation to enhance the environmental friendliness of our products and services, comply with current environmental regulations, and are responsible for future generations. Young Optics applies the PDCA method to the environmental management process:

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● Environmental policy

The environmental policy of YoungOptics has been ensured in writing by the president and made available to all company employees and those who provide relevant stakeholders.

● Product activities comply with environmental regulations.

● Save money, reduce waste, and prevent pollution.

● Environmental commitment

● Effectively use energy and resources to protect the environment.

● Continuous improvement and efforts to prevent contamination and protect employee health and safety.

● Implement industrial waste reduction and resource recycling work to reduce the generation and emission of waste gas, noise, and waste.

● Comply with environmental laws, regulations, and related requirements, and publicize and inform all employees.





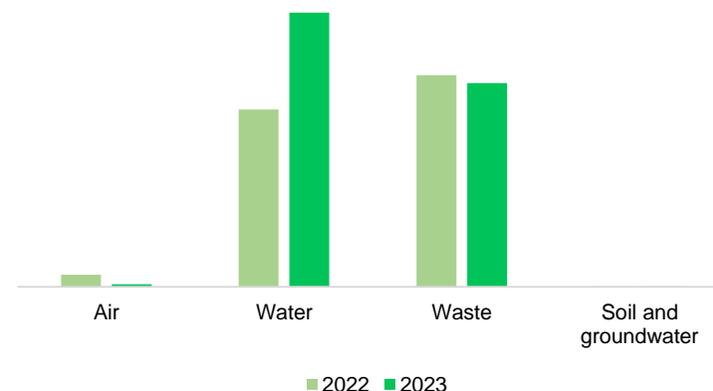
4.3 Policy and Promise

● Environmental protection expenses

In 2023, Young Optics suffered no losses due to environmental pollution and industrial safety incidents, nor was it subject to fines by the competent authorities. Environmental protection expenses in 2023 total approximately NT\$3.22 million. Environmental protection expenses are mainly invested in water and waste treatment to maintain water resources and properly dispose of waste to reduce environmental impact.

• Environmental protection expenses

Pollution sources	Amount (thousand NT dollars)	
	2022	2023
Air	81.868	17.011
Water	1,188.888	1,837.160
Waste	1,418.291	1,365.888
Soil and groundwater	0.568	0.323
Total	2,689.615	3,220.382



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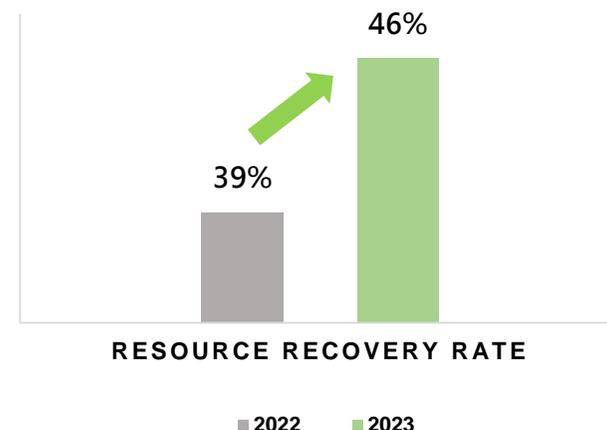
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4.4 Environment management

Waste management is the management goal of the company's sustainable development committee, and the resource recovery rate is a performance indicator. The goal is to reduce waste generation by increasing the resource recovery rate. The resource recovery rate in 2023 is 45.8%, an increase of 7% compared with 2022, but it has not yet reached the management goal of increasing the resource recovery rate by 10% compared with the previous year.

The management goal for 2024 is that the resource recycling rate for that year must reach 50%, and we will continue to work towards reducing waste generation.

Sustainable Development Committee Goals Material Topics



4.4 Environment management

To effectively remove and process waste, improve environmental sanitation, and reduce the impact of the product production process on the environment, Young Optics Optics has formulated waste management operating procedures and passed ISO 14001 environmental management system certification, which is carried out by the environmental safety unit:

- ✓ Selection and regular audit of waste manufacturers
- ✓ General industrial waste and hazardous industrial waste, dealer notification and removal processing procedures
- ✓ Inspection of waste storage areas
- ✓ Waste cleanup plan writing, revision and changes
- ✓ Make waste declarations in accordance with relevant laws and regulations



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Waste removal follows the classification specifications announced by the Environmental Protection Agency, and domestic qualified removal and processing agencies are entrusted with proper disposal. We actively improve the waste recycling and reuse rate and seek new recycling and reuse methods to reduce the total amount of waste the company generates.

- The output of general industrial waste in 2023 will be 80.90 tons.
- The output of hazardous industrial waste in 2023 will be 7.67 tons.
 - **Waste output**

Item	Unit	Year	
		2022	2023
General industrial waste	Ton	81.06	80.90
Hazardous industrial waste	Ton	3.33	7.67
waste intensity	Ton /Million dollar turnover	0.0181	0.0322

(Numbers rounded to 2nd decimal place)

● Waste disposal options in 2023

Subsequent waste treatment methods are entrusted or jointly processed. General industrial waste and hazardous industrial waste are incinerated as the main treatment method.

Waste name	Declared weight (tons)	Intermediate processing	Proportion of processing methods
General industrial waste			
Waste plastic mixture	17.81	Incineration	90.7%
General waste generated from business activities	53.03		
waste paper mixture	2.49		
Waste fiber or other cotton, cloth and other mixtures	0.05	Physical handling	9.3%
waste oil mixture	7.52		
Hazardous industrial waste			
The flash point of waste liquid is less than 60°C (excluding alcoholic waste with ethanol volume concentration less than 24%)	4.14	Incineration	100%
Other flammable industrial waste mixtures	1.35		
Waste ion exchange resin	2.18		

(Numbers rounded to 2nd decimal place)

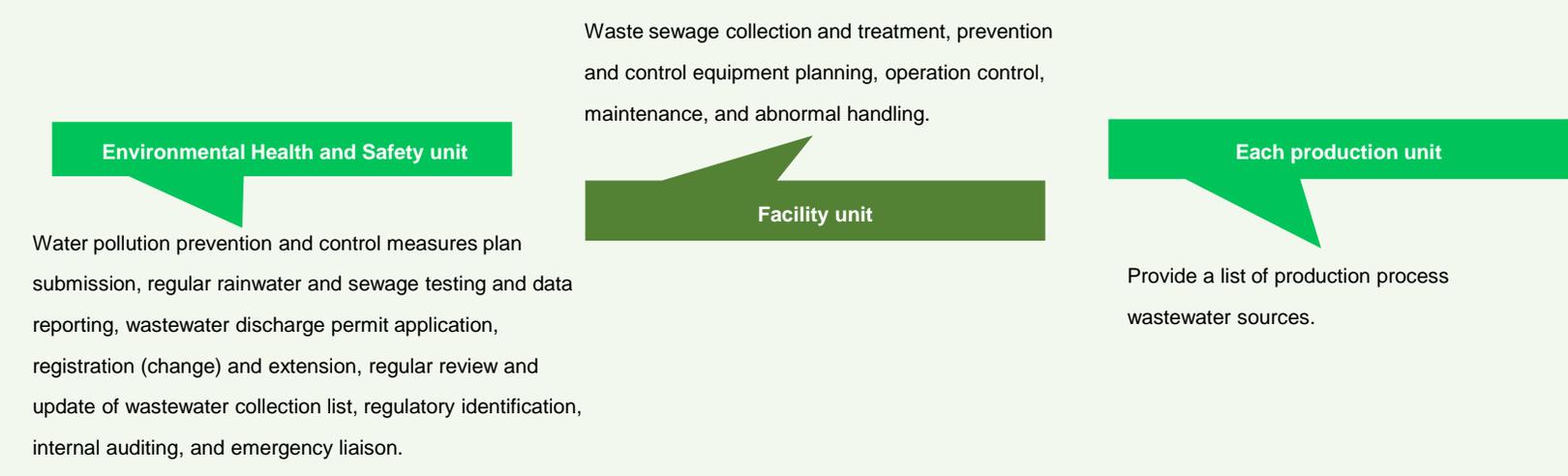


4.4 Environment management

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● Water resources management

Young Optics has formulated rainwater and wastewater management procedure for water resources management. The discharging water quality test results meet the management standards of the Hsinchu Science Park Bureau. Management procedure ensure that wastewater problems arising from the company's various manufacturing, services, and activities can be controlled. The rights and responsibilities of each unit are as follows to implement wastewater management:



Water resources are also one of the Sustainable Development Goals. In response to SDGs Goal 6 - ensure availability and sustainable management of water and sanitation for all, Young Optics' Sustainable Development Committee has set management goals for wastewater recycling and reuse rates. To ensure that water resources can be used sustainably, the wastewater recycling and reuse rate needs to increase by 5% compared with the previous year.

- 1 **Wastewater Recycling Practices**
Wastewater is recycled for toilet flushing and cooling water tower replenishment to achieve water conservation management policies.
- 2 **Achieve status**
The total water consumption of Young Optics' Taiwan factory in 2022 will be 88,948 tons, and the total water consumption in 2023 will be 67,947 tons. The overall water consumption will decrease by 23%. As for wastewater recycling and reuse, the wastewater recycling and reuse rate in 2022 will account for approximately 14.9% (15,600 tons recycled). The wastewater recycling rate 2023 will be approximately 14% (11,100 tons recycled). This is mainly due to the reduced water consumption, so the recycling volume will also decrease.
- 3 **The future targets**
Based on the implementation status in 2023, the wastewater recycling target for 2024 has been rolling wave planning. The target is for the wastewater recycling and reuse rate to reach 15%, which can reduce water use and jointly protect water resources.



• **Water consumption situation in the past two years**

Item	2022	2023
total water consumption Unit: tons	88,948	67,947
Wastewater recovery volume Unit: tons	15,600	11,100
Wastewater recycling/(water + wastewater recycling)	14.9%	14.0%
Water intensity (tons/million turnover)	19.0498	24.7165

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4.5 Energy management

Young Optics actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving design, reduces energy consumption, and optimizes energy usage efficiency. The electricity consumed in 2023 was 22,858,141 kwh, and the usage of purchased electricity is 100%. In terms of energy saving, according to Bureau of Energy, Ministry of Economic Affairs' implementation of 10% electricity savings in 10 years, the company has a cumulative energy saving rate of 14.85% from 2015 to 2023 (average annual energy saving rate 1.65%), saving a total of 3,769,480 kwh of electricity. Analyze the energy consumption of individual equipment and the energy-saving actions of equipment replacement. In the future, we will continue to work towards data diagnosis, intelligent control, and renewable energy.

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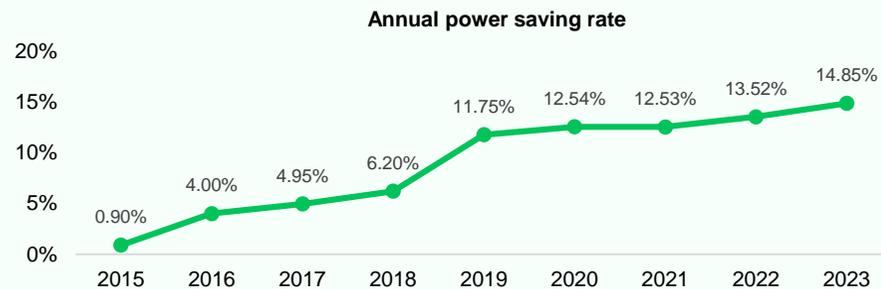
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Year	Electricity consumption(kwh)	Billion joules (GJ)
2022	25,148,222	90533.5992
2023	22,858,141	82289.3076



● Energy saving practices

Reduce leakage:

- Strengthen the treatment of gaps between the ceiling and the floor.
- Regularly check the air route for leaks, check at least 80 points monthly, and the target leakage is <10 points.
- Repair damaged air trunk to reduce RCU leakage and reduce MAU air supply.

Reduce energy consumption:

- The cooling water temperature is increased by 1°C to reduce heat dissipation energy consumption and evaporated water volume.
- To reduce dehumidification energy consumption, the clean room's MAU air outlet dew point temperature is increased by 1°C.
- Optimize the heat load of the ice water host and reduce energy consumption.
- Office lights will be turned off for one hour during the lunch break, and energy-saving measures will be taken during holidays and nights.
- Choose LED lighting fixtures with good energy-saving efficiency.

Ambient temperature adjustment:

- Office air conditioning temperature setting.
- The temperature and humidity of clean rooms and laboratories should be set appropriately.

Improved equipment operation efficiency:

- Improve the efficiency of the air compressor: the system pressure is reduced from 8Kg/cm² to 7.7kg/cm², the load of the air compressor is reduced by about 7%, and the power consumption is reduced by about 6,100 degrees per month. In addition, the machine's operating efficiency is simultaneously evaluated, and the air conditioner is replaced with a compressor head to improve air compressor efficiency.
- Evaluate equipment efficiency and replace old machines with poor efficiency.
- Rent energy-saving water dispensers.

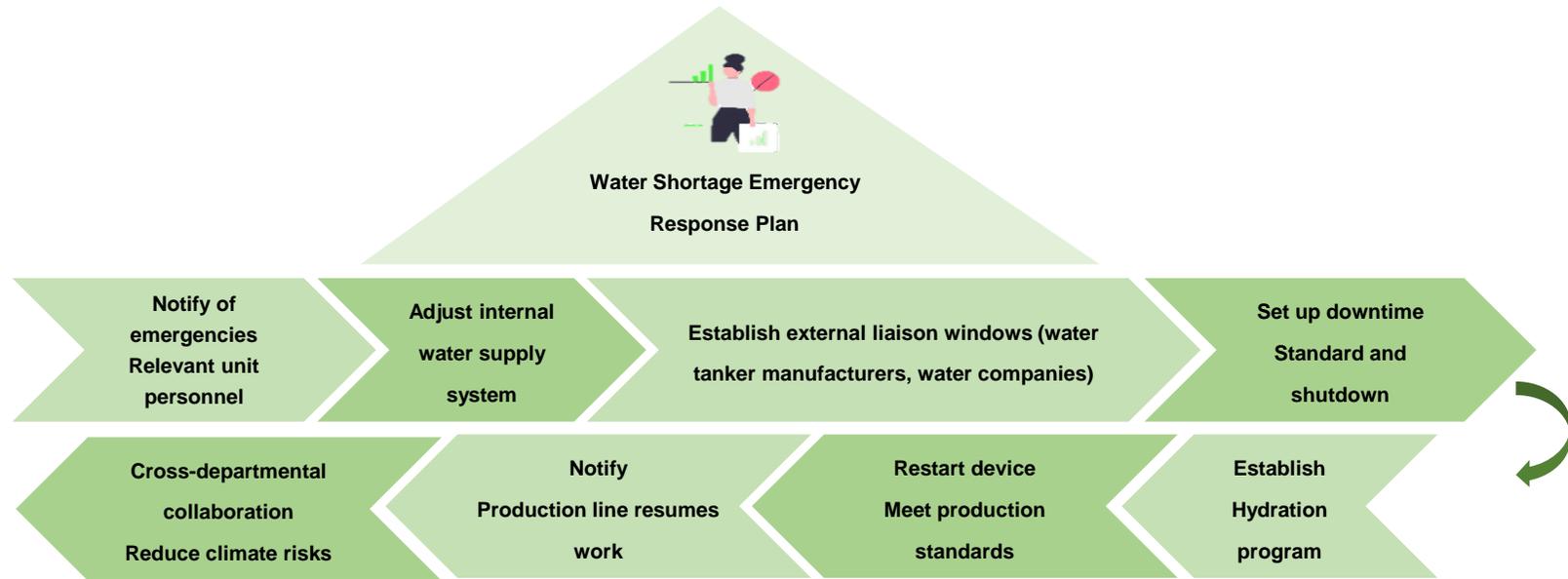
Energy saving habits:

- Promote a ride-sharing system for commuting to and from get off work.
- Encourage video conferencing to replace business travel.
- Encourage employees to take the stairs instead of taking the elevator.
- PC energy saving settings.
- Promote the habit of turning off the lights.



4.6 Emergency Management

As the frequency of extreme weather increases under the influence of climate change, the resilience of the water supply is facing a test. Young Optics has formulated emergency response procedures based on hydraulic emergencies to prevent the impact of extreme weather and ensure that team members have completed emergency incident training and are equipped to implement emergency response—the ability to plan and activate emergency response and recovery procedures when a situation occurs. The water shortage emergency response plan includes notifying personnel of relevant units in the emergency, adjusting the internal water supply system, establishing external contact windows (water truck manufacturers, water companies), setting shutdown standards, and shutting down to reduce shutdowns caused by water shortage in factory machinery and equipment. Abnormal temperature and humidity lead to production interruption; in terms of recovery operation procedures, water replenishment procedures must be established, equipment must be restarted, and the production line must be notified to resume work when production standards are reached. Cross-department collaboration minimizes climate risks to the company's internal operations.



● Six strategies for emergency response to climate change

- | | | |
|---|--|--|
| <p>1.
Emergency response plan</p> | <p>2.
Cross-unit response team</p> | <p>3.
Daily monitoring mechanism</p> |
| <p>4.
Internal notification started</p> | <p>5.
Internal adjustment strain</p> | <p>6.
External resource assistance</p> |

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Sustainable Innovation

5.1 Innovation Management GRI 2-24

5.2 Green Product GRI 2-23 GRI 2-24 GRI 204-1

5.3 Sustainable Alliance GRI 308-1



5.1 Innovation Management

Material Topics

Young Optics has always valued technological innovation as a core principle in pursuing quality excellence. To continue fostering innovative thinking among employees, the company has upheld its innovative spirit, implementing the "Patent Management and Reward Measures" since 2015. These measures aim to encourage regular discussions on patent applications and technology publications, establish a platform for company-wide communication and sharing, promote cross-department discussions and incentives, and establish a patent technology database to enhance the company's technical capabilities.

As of December 31, 2023, the company has accumulated 1,424 global patent applications and received 955 global approvals. It has consistently ranked among the top 100 legal entities for invention patents in Taiwan over the past few years. In 2023, R&D expenses accounted for 11.49% of the sales revenue.

R&D results in 2023



Developed 10,000-pixel Micro LED smart car headlights and obtained German automotive industry quality system standard certification.



Developed AOI 3D color confocal, lens (Scan lens) in the microscopic measurement system.



Develop color dynamic DLP DGP floor lamps for exterior cars.



Developed a handheld 8-megapixel optical system with a 45-degree super wide-angle fundus lens.



Developed the world's smallest DLP 0.16" 720p PICO Engine with XPR.



Designing a lens with a large aperture.

Patent target

Break away from the past framework, challenge the established practices of the past, and have the courage to try different methods.



Come up with new ideas, and good suggestions/solutions, and reach out to help the team solve complex problems.

Have the courage to challenge yourself to do things better in different ways.

It can minimize complexity and simplify complexity, making us more flexible and agile.

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5.1 Innovation Management

● Patent rights and responsibilities

- Patent management unit : Responsible for the entire business execution and management of patent application and acquisition, planning, and execution of systems and procedures, budget preparation and execution of the patent application and acquisition affairs, establishment and implementation of patent award evaluation standards, patent publicity, and education, patent achievement management and interpretation of these regulations, etc.
- Patent committee : The committee determines invention patent applications, application country deployment strategies, patent and trade secret award evaluations, patent maintenance, and patent utilization evaluations to build the company's patent strategic landscape. The committee shall consist of several members and a chairman, who shall be selected by the general manager or his authorized personnel. When the Patent Committee is not established, each R&D director or his authorized personnel shall serve as the Patent Committee.

● Implementation status of intellectual property rights management plan

- Establish an electronic systematic patent assessment system.



- Establish a patent management and reward system for group companies.



- Establish Taiwan's electronic application mechanism and the U.S. national patent independent maintenance mechanism.

- Establish patent information to assist process R&D planning.



- Establish important technology patent deployment management plan.



- Business secret and confidential document encryption protection mechanism.



- Establishing a counter-response mechanism for mainland patent infringement.



- Assist in the analysis and handling of intellectual property disputes.



- Conduct enterprise-specific technology reference research.



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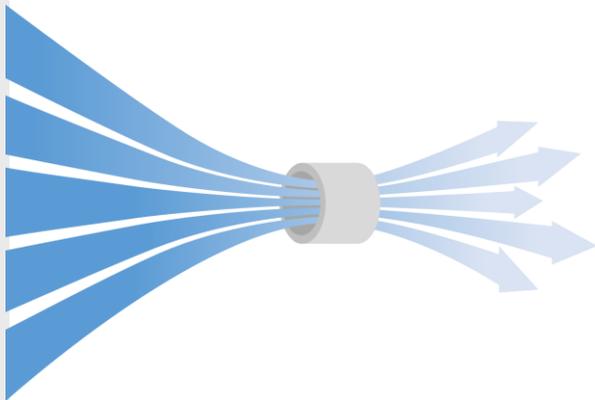
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5.2 Green Product

Since 2016, we have been actively promoting green product thinking and establishing green product management procedures. Our goal is to transform customers' green product needs into green design projects and work with suppliers to produce the green products that customers require. This ensures that our products meet customer requirements, local environmental regulations, and relevant international norms. With "green design," "green procurement," and "hazardous substance management" as the main focus areas, we strive to promote the development of green products. We aim to ensure that product quality meets customer needs and aligns with sustainable development goals. This commitment to green sustainability is implemented throughout the product design process and manufacturing, including research and development, parts procurement, incoming material inspection, manufacturing processes, product inspection, and shipment. Standard documents are employed to control and execute the concept of green sustainability.



- | | |
|--|---|
| 1. Define product environmental specifications | 4. Hazardous Substance Inspection |
| 2. Product development material selection | 5. Output product hazardous substances report |
| 3. Confirmation of environmental protection specifications of components | 6. Customer Guarantee |

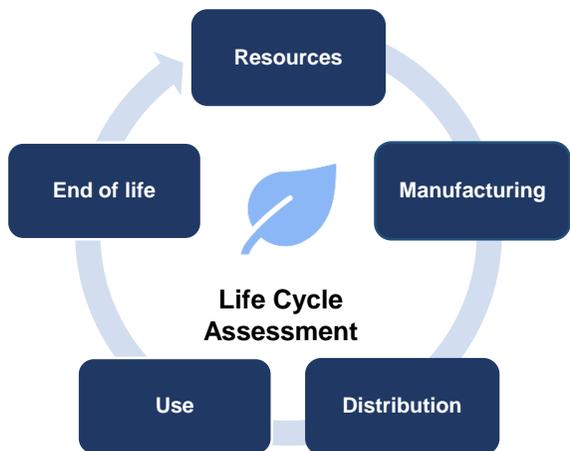
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5.2.1 Green Design

Sustainable Development Committee Goals

Material Topics

Young Optics integrates product life cycle assessment into its product design, considering the five stages of the product life cycle with a focus on sustainability. During the design phase, the company chooses components that adhere to environmental regulations set by the company or its customers and ensures that relevant supplier documents are marked with green compliance for product specification requirements.



● Highlights of sustainable energy-saving results

The main energy-saving products for 2023 are projection and 3D printing products. These two products are representative of the company. In response to the global push for carbon reduction, these two products have been improved through design, achieving significant energy-saving results. Under optimal design conditions, the projection lens can reduce power consumption by 32% and the 3D printer by 17%.

Product Type	Product Project	Reduce power consumption design
Projection	FLA11Q	<ul style="list-style-type: none"> Using RGB LASER design to replace LED light source, the geometric efficiency can reach 80% (LED light source is 60%). At the same brightness of 1500lm, 32% of electrical power consumption can be saved.
3D Print	NBS (0.8" UV light machine)	<ul style="list-style-type: none"> The improved light combination design sacrifices "all-angle" efficiency in exchange for "effective NA" efficiency, thereby increasing the energy projected from the end by 20%. When converted to the same brightness, it can save 17% of power consumption. To achieve high projection uniformity (the difference in brightness between the brightest and darkest positions is less than 5%), the previous generation model used electronic control to lower the brighter positions. The brightness is estimated to have dropped by 15%. After the new generation of improved lighting, it can be converted into a saving of 13%. % power consumption. Improved combined light + lighting, most lens materials are changed to H-K9L with a higher penetration rate. Compared with NQM, the material efficiency of combined light + lighting is increased by 8%, which can save 8% of power consumption after conversion.



5.2.1 Green design

Sustainable product thinking

In the material selection stage of product design, the R&D department uses the GPM green product management platform to select components that comply with green product specifications, environmental laws and regulations of various countries, and customer needs for design. If components do not comply with environmental regulations and specifications, they will be disclosed. Actively respond through cross-department coordination and propose sustainable countermeasures.

In addition to focusing on product functionality and product specifications, Young Optics also considers environmental protection and renewable resources in product packaging design. Specific implementation directions include:



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The manufacturing process adheres to "green product management procedures" and does not involve the use or mixing of any hazardous substances banned by the company. It ensures that there is no mixing of components/finished products with non-hazardous substances and hazardous substances. Simultaneously, a hazardous substances management process is formulated. The hazardous substances contained in the production and sale of green products and their related components, accessories, and packaging materials are managed in compliance with the EU Directive 2011/65/EU (RoHS 2.0), REACH regulations, RoHS in China and Japan, US TSCA/California 65, and automotive and other international regulations. We review and update "green product specifications" to ensure that products comply with regulations and customer requirements by controlling banned and restricted hazardous substances, and responding to new regulations and revisions to customer specifications.

Sustainable thinking is incorporated at each stage of the product life cycle according to product characteristics. The practices for each product, mainly through material selection, design improvement, and recycling, promote the green transformation of products.





5.2.2 Green purchasing

When purchasing products or services, quality, price, and safety to the ecological environment and human health must be considered at the same time. Procurement management procedures must be formulated and the following four principles must be adhered to:

 Principle 1 Consider whether the product is needed before purchasing.	 Principle 2 When purchasing, the various impacts on the environment during the product life cycle should be considered – from the acquisition of raw materials to the disposal of the product after use.
 Principle 3 Choose suppliers who take good care of the environment and whose products are environmentally friendly.	 Principle 4 Collect environmental information on products and suppliers.

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Young Optics upholds its responsibility for products and the environment, manages materials, equipment, fixtures, consumables, personnel, and the working environment, comprehensively reduces the use of hazardous substances, reduces the generation and discharge of pollutants, improves business waste treatment, and properly recycles resources.

<p>01 The proportion of green procurement of raw materials is 100%</p> <p>Young Optics purchase 100% green raw materials in 2023 and introduce a green supply chain platform, requiring suppliers to promise and guarantee that their products comply with the requirements of Young Optics' "Green Product Procurement Specifications" and ensure supply through a parts recognition system. The company can provide green products, and its products and services comply with regulations, energy conservation, waste reduction, and pollution prevention.</p>	<p>02 Local procurement 60%</p> <p>On the premise that local raw materials or components are evaluated and tested to meet quality and standards, the proportion of local procurement will be increased to reduce the impact on the environment. The proportion of local procurement in 2023 will be approximately 60%.</p>	<p>03 Conflict minerals statement</p> <p>We are committed to avoiding conflict minerals. Since 2011, we've verified that our suppliers' metal sources, including gold, tin, tantalum, and tungsten, are free from conflict or illegal mining. By 2023, 158 suppliers have responded to our Conflict Minerals Questionnaire, and we now require all suppliers to sign a conflict-free declaration. We will continue to monitor and address this issue.</p>
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5.2.3 Hazardous substance management

Material Topics

We utilize the GPM green product management platform to examine the presence of hazardous substances in materials and parts provided by suppliers. We create a list of materials containing hazardous substances and maintain relevant statistical databases of these substances. This enables us to monitor and manage the use of hazardous substances, serving as a guide for enhancing green products in the future. The survey contents of the "GPM system" encompass RoHS third-party notary unit test reports, hazardous substances questionnaire surveys (including RoHS 2, REACH SVHC, Appendix 17, EUPOPs, and US TSCA, among others, totaling more than 300 substance surveys), safety data sheets (SDS), and material certifications.

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1

Develop hazardous substance testing control documents

We have established the "Hazardous Substance Testing Operation Instructions" to ensure our products are free of hazardous substances. These instructions cover IEC 62321, SJ/T 11365-2006, and other regulations. They define standards for splitting and risk levels of sampled parts, RoHS 6 acceptance and rejection criteria, and sampling tests for suppliers' incoming materials to meet international environmental standards.

To further reduce the risk of contamination, our "OQC Shipping Product Inspection Specifications" regulate the sampling inspection of hazardous substances in finished products, components, accessories, and outer boxes. The "Guidelines for the Inspection of Hazardous Substances in Finished Products" standardize sampling methods and acceptance criteria for the six RoHS hazardous substances, ensuring compliance with international standards.

2

Hazardous substances monitoring implementation plan

1. RoHS testing: To reduce the risk of OEM products imported to Europe, America, Japan, and other countries violating RoHS regulations, Young Optics has installed desktop X-ray fluorescence spectrometer testing equipment at its Taiwan factory and Kunshan factory in mainland China. The main testing equipment is Concentration values of hazardous substances in raw materials, parts, and semi-finished products such as lead (Pb), cadmium (Cd), mercury (Hg), total chromium (Cr), and total bromine (Br).

2. Halogen-free plan: In line with customer needs, we design products that meet halogen-free specifications and conduct surveys on product materials:

- (1) Brominated flame retardant content less than 900 ppm.
- (2) Contains less than 900 ppm chlorinated flame retardants.
- (3) The content of bromine and chlorine (Cl) is less than 1500 ppm.

3

Packaging reuse

In terms of packaging in the final stage of production and manufacturing, the pallets and cartons used by Young Optics for domestic and foreign sales and in-factory storage are recycled and reused. In addition, work pallets have been recycled in agreement with suppliers, to minimize the impact of the production process on the ecological environment. change.



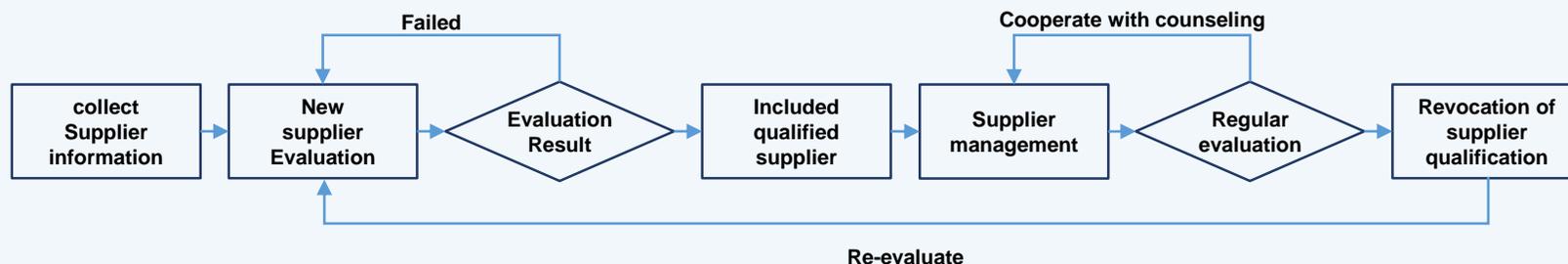
5.3 Sustainable Alliance

Young Optics has a total of 445 supplier partners (including 264 domestic suppliers and 181 foreign suppliers). To pursue mutual growth and sustainable operation of both parties, we have formulated supplier management operating procedures and provided complete supply chain management specifications and measures, including New supplier evaluation, supplier management, supplier auditing and coaching, selecting suppliers whose quality and technology meet the requirements, reducing operating costs while ensuring product quality levels, and thoroughly implementing risk management and operational continuity plans, to become a A green supply chain with sustainable value.

Suppliers must promise and guarantee that their products comply with Young Optics "Green Product Specification Operation Manual" specifications, and confirm the supplier's ability to provide green products through the material and parts system.

In 2023, the rate of trading suppliers (excluding material suppliers specified by customers) signing green product commitment letters will be 95%.

● Supplier evaluation standard



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Category	Document	Management	Standard
 Environment	<ul style="list-style-type: none"> Green Product Commitment Letter Environmental Hazardous Substances Questionnaire SVHC Survey (REACH) 	<ul style="list-style-type: none"> New suppliers must meet hazardous material-free safety standards. Manage test reports through the GPM platform to ensure that the latest version of the test report is obtained, with the goal of 100% non-use of banned substances. Priority is given to manufacturers that comply with ISO 14001 certification and comply with environmental and hazardous substance management. 	<ul style="list-style-type: none"> RoHS REACH ISO 14001
 Social	<ul style="list-style-type: none"> Integrity Commitment Letter Conflict Minerals Survey 	<ul style="list-style-type: none"> New suppliers are required to undergo conflict minerals investigation and can become qualified suppliers only after they are confirmed to be qualified. It is necessary to fulfill the integrity clauses and sign an integrity commitment letter to establish a positive and good cooperative relationship. Suppliers need to fill in the Supplier Sustainability Questionnaire. 	Code of Conduct - Responsible Business Alliance, RBA Version 8.0
 Economy	<ul style="list-style-type: none"> Comply with the general terms of supply of materials Confidentiality agreement Supplier questionnaire and notification letter Supplier audit and evaluation 	<ul style="list-style-type: none"> Regularly audit suppliers to ensure that the material quality, delivery time, price, service, and GP provided by suppliers meet the requirements. Provide coaching and education training from time to time to enhance supplier competitiveness. 	<ul style="list-style-type: none"> ISO 9001



5.3 Sustainable Alliance

• Supplier evaluation indicators

Young Optics has developed audit specifications for its green product management system for suppliers. It conducts annual audits to improve suppliers' capabilities in ensuring green products and to check the actual implementation of these standards. The audit includes evaluating suppliers' green practices and auditing their quality management systems. In 2023, a total of 99 suppliers will undergo annual audits, and 59 of them are expected to pass, resulting in a passing rate of 60%. The audit covers various aspects such as shipment quality assurance, handling of quality abnormalities, compliance with environmental protection regulations on banned substances, review of internal environmental protection audits, dissemination of environmental substance information, and testing equipment. Suppliers need to score 80 or above to qualify. Those who score below 80 must provide an improvement plan, and the quality assurance department will reschedule the audit or take necessary measures based on the evaluation results.

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• Supplier evaluation indicators

• Evaluation object

- ✓ 1. Those with company (factory) business registration.
- ✓ 2. Good financial stability.
- ✓ 3. With good reputation.
- ✓ 4. Automobile business volume.
- ✓ 5. Assess the complexity of purchased products, materials or services.
- ✓ 6. Assess required technology (product or process).
- ✓ 7. Adequacy of available resources (e.g. personnel, infrastructure)

- ✓ 8. Project management of design, development capabilities and manufacturing capabilities,
- ✓ 9. Quality management, good price, delivery and service conditions.
- ✓ 10. Change management process properly.
- ✓ 11. Operational continuity planning.
- ✓ 12. When providing software products, suppliers should have the ability to evaluate software development.
- ✓ 13. Risk assessment considering product conformity and continued uninterrupted supply of products.

- ✓ 1. Production material supplier
- ✓ 2. Supplier of non-production materials for instrument school
- ✓ 3. Non-production material suppliers



5.3 Sustainable Alliance

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● Supplier Sustainability Assessment

In addition to supplier audits, Young Optics conducts supplier surveys/evaluations on three aspects of ESG, conducts sustainable supplier questionnaire evaluations through the ESG implementation team, and submits procurement for reference. In 2023, the ESG implementation team conducted sustainable evaluations on 109 suppliers based on procurement audit standards, with a questionnaire return rate of 98%.

The sustainable supplier evaluation questionnaire was designed regarding the RBA Responsible Business Alliance Code of Conduct and asked questions in four aspects: human rights, ethics and integrity, health and safety, and the environment. The average score of suppliers analyzed through the questionnaire was 2.46 points (Full score: 3). This survey found that although suppliers of different sizes meet the specifications, they cannot establish procedural documents. In the future, relevant sustainable coaching measures will be formulated based on the results of the questionnaire analysis.

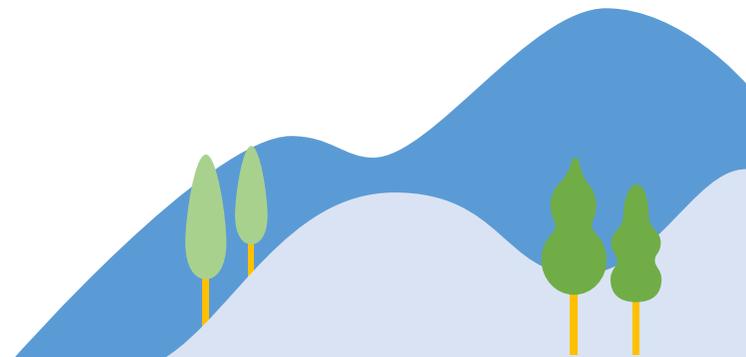
Type	Number of question	Average score(Full score 3 points)
Human right	11	2.44
Ethics and integrity	7	2.38
Health and safety	12	2.54
Environmental	10	2.44

● Supplier coaching

Young Optics has created a professional coaching platform to assist supplier partners in identifying and addressing challenges, fostering collaborative growth.

(1) E-Procurement

(2) Green Product Management System (GPM) provides notifications, such as new versions of green product specifications, educational materials for the GPM platform, and training handouts, to prevent suppliers from using incorrect regulatory content or forms. It also allows procurement and engineers to check the upload status and original content of supplier documents. Additionally, it includes a material supplier address book to maintain document accuracy and timeliness.





Friendly workplace

6.1 Workforce Overview

GRI 2-7

GRI 2-8

GRI 2-23

GRI 401-1

6.2 Talent Development

GRI 2-23

GRI 2-24

GRI 404-1

6.3 Remuneration and Benefits

GRI 2-19

GRI 2-20

GRI 2-26

GRI 401-2

GRI 405-2

GRI 406-1

6.4 Health Care

GRI 401-3

GRI 201-3

6.5 Safe Workplace

GRI 403-1

GRI 403-2

GRI 403-3

GRI 403-4

GRI 403-5

GRI 403-6

GRI 403-7

GRI 403-9

6.6 Social Participation

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Philosophy

Young Optics' philosophy is meritocratic, with the right person in the right place and sharing profits with employees. The performance compensation system and promotion opportunities allow employees to demonstrate their functions, allowing colleagues to gain a sense of accomplishment at work.



Recruitment principles

We strictly abide by labor laws worldwide and adhere to the principle of equal opportunity when hiring employees. We treat our employees with equality, respect, and dignity regardless of race, national origin, religion, gender, sexual orientation, gender identity or expression, disability, medical condition (including pregnancy), age, marital status, family status, or political affiliation. We have formulated corresponding management regulations, including Young Optics work rules and recruitment and appointment management methods, and actively implement policy and philosophy.

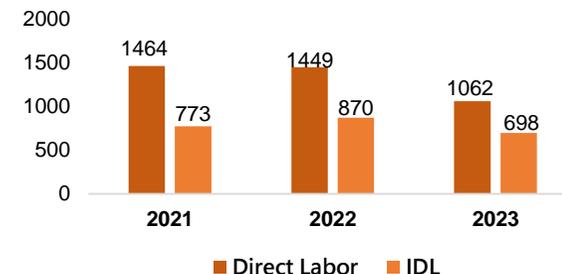
As of December 31, 2023, the total number of employees of Young Optics and its subsidiaries was 1,760 (including the Taiwan headquarters, Suzhou and Kunshan in China, and Dhaka, Bangladesh), and the average age of employees was 34.6 years old. Because Bangladesh's local industry is dominated by the garment and textile industry, women are less willing to work in the electronics manufacturing industry. Therefore, the ratio of male and female employees in Bangladesh is disparate. Most people employed in Bangladesh are under 30, which indirectly affects global employees' age distribution. Men also dominate the age group under 30. The total number of employees is less than 86 dispatched personnel. Only the Chinese factory employs dispatched personnel, and the other factories have no dispatched personnel. Detailed annual employee information is as follows:

The Brief Statics of global employees

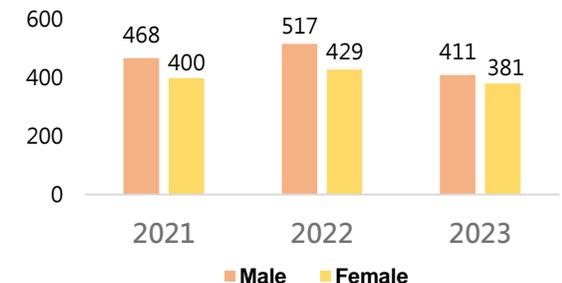
Item		Male		Female	
		Number of people	%	Number of people	%
Work place	Taiwan	411	52%	381	48%
	China	176	44%	225	56%
	Bangladesh	534	94%	33	6%
Age	Under 30 years old	624	80%	153	20%
	31-50 years old	450	51%	436	49%
	Over 51 years old	47	48%	50	52%
Employment contract	Regular staff	1121	64%	639	36%
	Temporary staff	39	45%	47	55%



Number of global employees



Number of male/female employees in Taiwan



6.1 Workforce Overview

● New Employees

The disclosure of new employees in 2023 only includes factories in Taiwan. The distribution of new employees is mainly under 30 years old. The average male ratio of new employees is 26%, and the female ratio is 74%. The average male ratio of new foreign employees is 39% and female. Then it is 61%.

● Number of New Employees in Taiwan

Category	Year	2022				2023			
		Male to female ratio				Male to female ratio			
		Male	%	Female	%	Male	%	Female	%
New employees (Taiwan)	Under 30 years old	85	58%	62	42%	1	7%	13	93%
	31-50 years old	52	52%	48	48%	5	71%	2	29%
	Over 51 years old	6	43%	8	57%	0	0%	2	100%
New employees (foreign)	Under 30 years old	66	70%	28	30%	9	36%	16	64%
	31-50 years old	15	56%	12	44%	3	50%	3	50%
	Over 51 years old	0	0%	0	0%	0	0%	0	0%

● Employees with disabilities

To protect and promote the employment of people with disabilities, Young Optics complies with the provisions of the Law on the Protection of Rights and Interests of Persons with Disabilities and recruits employees with disabilities who are capable of employing at a rate of not less than 1% of the total number of employees. A total of 7 employees will be employed in 2023. colleagues, and set up barrier-free facilities to ensure every employee has a healthy and safe working environment.

● Resigned employees

Young Optics attaches great importance to its employees' voices. In order to effectively control employee turnover, it will conduct a work value survey in 2023 to understand employees' voices. Based on the questionnaire's results, it will adjust its talent retention strategy to improve the quality of the working environment and bring more happiness to employees at work. According to the questionnaire survey results, salary is still the primary consideration, followed by department head leadership, work-life balance, whether the work provides achievements and challenges, skill improvement, promotion and development, and corporate culture. In the future, it will be based on the survey. As a result, we will continue to adjust our retention strategies and create a more suitable workplace for the right people.

● Number of resigned Employees in Taiwan

Category	Year	2023			
		Male to female ratio			
		Male	%	Female	%
Resigned employees (Taiwan)	Under 30 years old	41	58%	30	42%
	31-50 years old	46	57.5%	34	42.5%
	Over 51 years old	22	71%	9	29%
Resigned employees (foreign)	Under 30 years old	18	72%	7	28%
	31-50 years old	10	56%	8	44%
	Over 51 years old	0	0%	0	0%

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6.2 Talent Development

Sustainable Development Committee Goals

Material Topics

Young Optics adheres to the position of labor-management harmony, mutual benefit, and win-win regarding employee rights and interests. The company handles various management systems in accordance with labor-related laws and regulations. Employee welfare committees and internal societies have been established to enhance interaction among colleagues. We regularly implements employee health examinations and various health lectures to care for the health of colleagues. Employee assistance programs have been set up to provide free personal psychological and medical consultation to care for employees and their families when they face setbacks and difficulties.

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Human Right Policy

Young Optics is committed to international human rights standards, including the UN Declaration of Human Rights and the UN Global Compact. The company ensures a safe and respectful work environment, free from discrimination, harassment, and abuse. It adheres to labor laws and ethical practices, including fair wages, reasonable working hours, and freedom of association. Policies are detailed on the official website, covering no child labor, workplace safety, and equal opportunities.

For more information, please visit the official website.

● Labor regulations compliance

Because our company encourages employees to take vacations and implements the Golden Week system through early announcements and simplified leave application procedures, the labor inspection on May 1, 2023, violated the provisions of Article 38, Paragraph 2 of the Labor Standards Act and did not arrange memorable vacations for employees following regulations. No. 1120013189 was fined 20,000 yuan on May 1, 2023. In the future, we will correct our practices and strengthen employee communication.



6.2.2 Friendly Talent Environment

In talent recruitment, we adhere to anti-discrimination, prevent involuntary labor, and respect employees' freedom of association. At the same time, in line with the company's global strategic layout, we hire a certain proportion of foreign employees. To ensure that the rights and interests of foreign workers are protected, we work with third-party employment agencies and education. Before cooperating with an agency, conduct due diligence to ensure compliance with legal employment procedures and implement them in corporate management, formulate recruitment and appointment management methods, and set up clear standard reference tables and audit rating tables for migrant labor agencies to ensure that employees of any nationality are Protection of rights and interests. Young Optics has a complete human development map on the career path. Each professional category has a dual-track promotion path for technical and management positions, where employee can deepen their expertise and develop their talents. In addition, the career development paths are as follows:



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Operating system	Professional ability
R&D	The ability to research and design new technology areas and develop and apply new products.
Manufacture	The ability to be responsible for production manufacturing process and output control.
Engineering	Transform research and development results into products that meet design requirements, mainly including: (1) New product trial production capabilities (2) New product production capacity
Operations management	The process from order to shipment includes planning, organization, command, supervision, and regulation of production activities, including scheduling, workforce, material allocation, and supplier supervision and management.
Product management	Product planning analysis, planning, execution, and control capabilities.
Business management	Establish and implement corporate human, financial, information, legal, quality, and other operational systems.

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6.2.2 Friendly Talent Environment

To actively recruit talents, Young Optics will participate in a total of 6 job fairs in 2023, including the 2023 Overseas Chinese and Foreign Students Campus Job Fair, the Youth Internship Job Fair, and Taoyuan-Hsinchu-Miaoli District Job Fair, etc., in line with the SDG 8: Decent Work and Economic Growth.



In addition to participating in job fairs in our home countries, we also recruit diverse talents through the Cnaan Project's overseas Chinese talent recruitment activities.



In addition to the Taiwan factory, the Young Optics subsidiary in Bangladesh was also invited to the 2023 Human Resource Day held by the local school, International University of Business Agriculture and Technology, to actively recruit outstanding talents and fresh people from all over the country to join the company.



6.2.3 Diversity and Inclusion

Under the wave of declining birth rate and global job shortage, Young Optics responded to the “TALENT, In Taiwan, Talent Sustainability Action Alliance” launched in 2022 by “CommonWealth Magazine”, “Master Cheers” and “Cheers” to jointly Protect Taiwan’s talents. In the future, Young Optics’ report card will include simple financial figures, investment in human resources, and social participation and create a future talent environment with more emphasis on diversity, equity, and inclusion. In response to “2023 Talent in Taiwan”, the talent sustainability promotion projects for 2023 are as follows:



Index	Push strategy
Diversity and Inclusion	Organize activities such as camps for foreign newcomers and food and cultural festivals to promote cultural sharing and exchanges.
Organizational communication	Organize orientation camps for new employees to enhance cross-department communication.
Physical and mental health	Design a smooth complaint and handling channel to ensure zero discrimination, bullying, sexual harassment, and other behaviors in the workplace.
Talent growth	Employees can be promoted through self-recommendation or supervisor recommendation, and there are also subsidies for external training courses.

The ratio of foreign to local employees at the Taiwan headquarters of Young Optics is approximately 1:2. To foster cross-cultural understanding, specific programs are implemented to support foreign colleagues.

Life adaptation	City roaming introduces Hsinchu's urban history, food, and how to rent a YouBike to help foreign colleagues integrate into local life.
Work adaptation	After joining the newbie camp, in addition to professional and technical exchanges, they share their observations in Taiwan, establish connections with this land, and promote understanding of each other's cultures.
Cultural exchange	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>(1) Food culture: Hold a multi-national food market to share food from South Asia and Southeast Asia and hold lottery activities to have fun together.</p> </div> <div style="width: 48%;"> <p>(2) Religious and cultural understanding: Young Optics has many partners from Bangladesh. About 85% to 90% of Bangladesh's population believes in Islam. To help colleagues in Taiwan better understand and respect different cultures, a brief introduction to Islam is provided.</p> </div> </div>



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6.2.3 Diversity and Inclusion

The ratio of foreign to local employees at the Taiwan headquarters of Young Optics is approximately 1:2. To promote understanding among different cultures, specific programs are implemented to assist colleagues:

Cultural exchange

(3) Symposium on migrant workers: Young Optics has always focused on diversity, equality, and inclusion. In 2023, 12 symposiums on migrant workers will be held to strengthen the promotion of RBA corporate social responsibility, anti-discrimination, zero fees, and other issues. Synchronously update communication channels such as salary and benefits, employee grievance and suggestion boxes, and conduct two-way communication with colleagues.



In addition to regular migrant worker discussions, we also launched the Young Optics Story House to collect stories of migrant workers coming to Taiwan to work so that we can understand each other better:

Rachelle was one of the first Filipino migrant workers hired by Young Optics. To raise the tuition fees of her younger siblings, she chose to come to Taiwan to work. Time flies, and it has been twelve years. Now, she is fluent in Chinese and has learned a lot of Chinese vocabulary. Many department heads highly recognize her seriousness and responsibility at work. She is a powerful helper for everyone and one of our outstanding mid-level technical recruitment colleagues. 2023 will be her last year at Young Optics, and she reluctantly took a group photo with her colleagues. Next, she will go to Canada to complete her studies and embark on a new chapter in her life.



Bangladesh factory colleagues went to Taiwan to participate in quality system training.

Cross-factory cooperation: To accelerate the training of talents in various factories, we conduct technical exchanges on cross-factory technology transfer through overseas business trips and exchanges in each factory.



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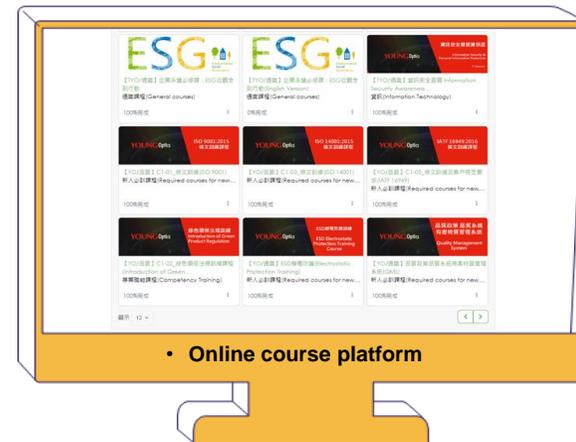


6.2.4 Education and Training

Continuous learning is a trait valued by Young Optics people. After joining the company, each colleague can find an exclusive grade training map based on their professional grade. Employees can plan their career paths to help employees thoroughly explore their potential and develop their professional abilities. Through solid internal training, including courses, lectures, seminars (including physical or digital), and external training provided by the company, we inspire employees to learn independently. In addition, we have also set up an online learning platform to provide employees with resources for independent learning. The relevant training modes are as follows:

• Training course description

New employee Orientation	Hold a joint activity for new employees and arrange one-on-one conversations with the general manager for one month after their arrival.
Job rotation	Cultivate cross-field talents and encourage employees to apply for job rotation to develop cross-field expertise.
Expatriate	Encourage employees to improve their international vision, cross-cultural communication, management capabilities, and experience outside the factory.
Project	Provide and encourage employees with opportunities to participate in cross-functional tasks and teams to extend their work reach and enrich their work experience.
Online courses	Each colleague can check the required training courses for their grade online.
Professional courses	requirements, plans annual training courses, and passes on practical experience in various fields through internal lecturers. At the same time, colleagues are encouraged to expand their



• Online course platform

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• Joint Activity



• Professional courses



6.2.4 Education and Training

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• Grade Map

Project	3 months on the job	3-6 months on the job	12 months on the job	Current employees	Managerial employees
General course for new employees	●				
Professional training for new staff	●	●	●		
Professional functional courses	●	●	●	●	●
Professional functional courses for specific personnel	●	●	●	●	●
Key talent training				●	●
Management talent training				●	●
Self-Growth Course	●	●	●	●	●

In 2023, 208 courses and 961 hours of employee training will be offered, with 3,261 people participating in the training and 142,672 yuan invested in employee training. The detailed information is as follows:

• Training hours (including internal and external training, online courses)

Item	Male			Female			Total		
	the number of people	Cumulative number of people	Working hour(s)	the number of people	Cumulative number of people	Working hour(s)	the number of people	Cumulative number of people	Working hour(s)
Managerial employees	97	485	599	32	160	315	129	645	913
Hours per person	6.17			9.83			7.08		
Non-managerial employees	324	1,521	2,299	265	1,095	1,853	589	2,616	4,151
Hours per person	7.09			6.99			7.05		

• Staff Training-series

Course category	Course content	Number of courses	Number of participants
General knowledge for all employees	<ul style="list-style-type: none"> ESG from concept to action information security occupational safety Integrity management 	65	1,755
New employee training	<ul style="list-style-type: none"> Company product development history Introduction to each process Production line tour 	14	518
R&D Engineering	<ul style="list-style-type: none"> Projection optics imaging optics Material properties FMEA PLC 	7	196
Product process management	<ul style="list-style-type: none"> Customs import and export BOM and cost Procurement operation process 	4	134
Manufacturing and quality management	<ul style="list-style-type: none"> SPC MSA Continuous improvement Quality traceability 	9	341
supervisor training	In team leader communication, the devil is hidden in the details.	4	195
External training courses	Improvement of professional skills in various fields	105	122
Total		208	3,261

• Staff training-professional areas

Courses	Course category	Course content	Number of courses	Number of participants
internal training	Management and Administration	1. Team leadership and communication; the devil is in the details. 2. Customs import and export, BOM and cost, procurement process.	60	774
	R&D and technology	1. Projection optics, imaging optics, material properties, PLC. 2. SPC, MSA, FMEA, quality traceability.	23	796
	Language and General Studies	1. The company's product development history, an introduction to each process, and a production line tour. 2. ESG from concept to action, information security, occupational safety, and honest management.	20	1,569
external training	Professional courses	1. Improving professional skills across different fields.	105	122
Total			208	3,261



6.2.4 Education and Training

● The Youth's Employment Ultimate Program

In addition to internal education and training plans, Young Optics began to join the Youth Employment Ultimate Program of the Ministry of Labor in 2021. This program increases employment opportunities for young people aged 15 to 29 and actively cultivates a new generation of talents. It will recruit three people in 2023.

Young people joining our company, combined with the industrial resources of Young Optics and senior colleagues, will serve as workplace mentors to guide and train students. The training lasts nine months and provides young people with employment and learning opportunities through bi-weekly workplace instructor comments. From the questionnaire feedback, the trainees in 2023 are very satisfied with the performance of the lecturers, the environment and welfare, or the overall training. Positive reviews were given, and the three trainees continued to work in the company after completing the training.

6.3 Remuneration and Benefits

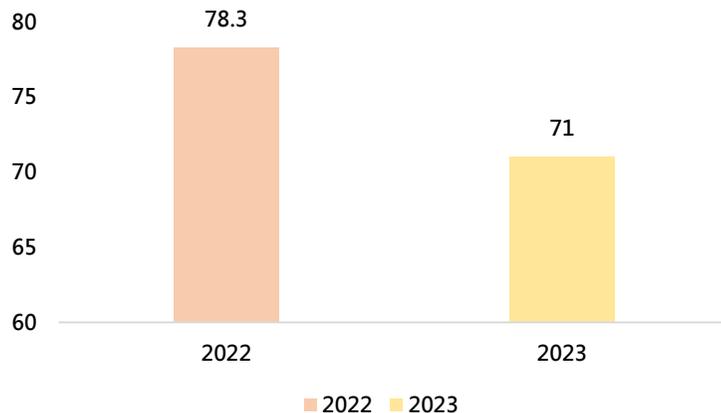
Material Topics

Young Optics provides competitive salary and benefit policies to attract and retain outstanding talents. Salaries are calculated based on the job category, academic background, and professional years. Annual salary surveys measure market salary levels and overall economic indicators as the basis for salary adjustments. Salaries are adjusted based on employee performance and are matched with a performance bonus system, employee dividends, R&D patent bonuses, and senior employee rewards. Profits and results are linked to Employee shares. The average salary of company-wide employees in 2023 is 710,000, and that of non-supervisors is 728,000. In practice, profits and achievements are shared with employees. The articles of association of Young Optics Company stipulate that if there is a profit in a year, no less than 10% should be allocated as employee remuneration.

● Annual salary income of full-time employees who are not in supervisory positions (Unit: ten thousand)



● Average annual salary of company-wide employees (Unit: ten thousand)



● Gender pay ratio in 2023

Classified by job category	Average monthly salary ratio	
	Female	Male
General personnel (below G9)	1	1.07
Direct staff	1	0.98

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6.3 Remuneration and Benefits

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Performance Evaluation

At Young Optics, we are committed to being a performance-oriented company that values all employees equally. We do not discriminate based on gender. Our indirect employees receive performance appraisals twice a year, and our direct employees are given monthly performance bonuses based on their performance. We believe that this approach helps us to maintain a high level of productivity and employee satisfaction.

Pension Plan

To enable every colleague at Young Optics to work with peace of mind while on the job and maintain their retirement life. Young Optics established a Supervisory Committee of Labor Retirement Reserve on March 6, 2002, and formulated employee retirement measures following the Labor Standards Law and the new regulations on labor pensions. Employees in retirement years under the system will be fully allocated following the law. Two percent of the salary will be set aside as a retirement reserve fund and deposited into a particular account in the Bank of Taiwan. The Labor Pension Regulations came into effect on July 1, 2005. Employees of Young Optics can choose to apply the pension provisions related to the Labor Standards Act or apply the pension system of the Act and retain their seniority before applying the Act.

Benefits

- ✓ Seven days of flexible leave throughout the year.
- ✓ A welfare committee is set up by the company, which allocates funds every year for the committee to provide benefits such as lunch subsidies, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, birthday gifts, wedding and maternity gifts, as well as hospitalization, funeral condolences, and designated Shops.
- ✓ To promote colleagues' work-life balance, we encourage employees to participate in various association activities and plan annual employee activities.
- ✓ Implement employee health care and management, arrange free health examinations every two years, set up a health center, and hire occupational medicine specialists and a full-time nurse stationed in the company to assist employees in health management.
- ✓ Specially hired professional counselors are stationed regularly to aid colleagues in relieving psychological pressures and fostering spiritual growth.
- ✓ Young Optics purchases labor and health insurance by law and provides employees with overseas travel insurance, group insurance, and group insurance at preferential rates for their dependents.
- ✓ Senior employee rewards: in 2023, there will be 65 5-year senior employees and 14 10-year senior employees.
- ✓ Offer flexible working hours on and off work.

• Various welfare funds

Item	Subsidy amount
Birthday benefit	NT\$1000
Marriage grant	NT\$2000
Maternity benefit	NT\$2000

Association Activities

To foster employee's physical and mental well-being, we have established a variety of clubs, including fitness, yoga, badminton, volleyball, vitality aerobics, and agricultural clubs. The Welfare Committee provides financial support for club activities. These clubs allow employees to engage in beneficial physical and mental activities with colleagues who share similar interests after work. Additionally, we organize diverse community activities to help employees build deeper friendships.



6.3 Remuneration and Benefits

Sustainable Development Committee Goals

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● Employee Activities

Four large-scale employee activities will be held in 2023 to improve employees' effective work-life balance.



● Communication channels

Young Optics promotes open communication through various channels, including an internal information portal, suggestion boxes, complaint mailboxes, and general manager appointments. In 2023, the company effectively addressed four employee complaints, two conflicts, and two migrant worker cases within a week. The Sustainability Committee prioritizes a smooth grievance process, and labor-management meetings held quarterly, support positive interaction and prevent significant disputes. The company follows Hsinchu Science Park regulations on working rules and sexual harassment prevention, ensuring confidential investigations to protect all parties involved.

6.3 Remuneration and Benefits

- Communication channels

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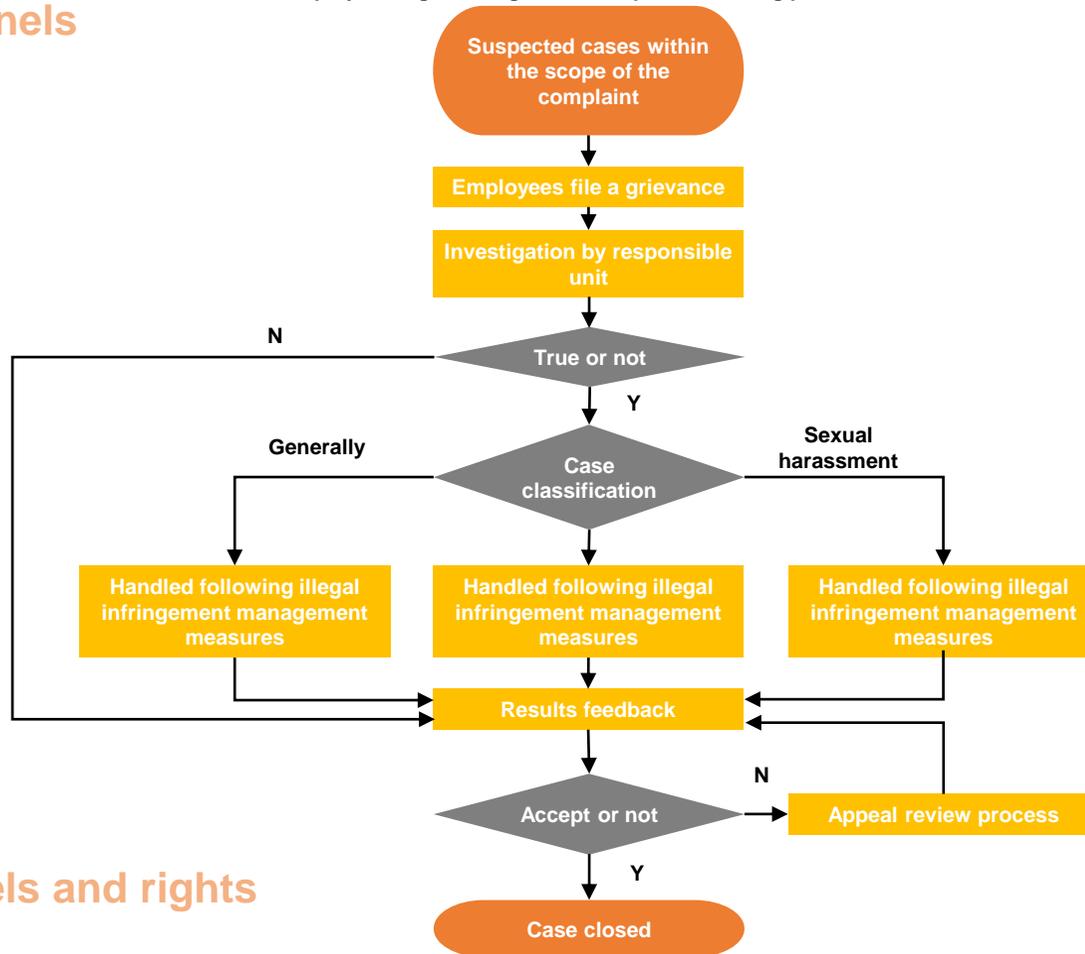
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- Employee illegal infringement complaint handling process



- Communication channels and rights protection



Contact email : employees@youngoptics.com

1. Promotes company policies, systems, welfare measures, and activities through the enterprise's internal information portal.

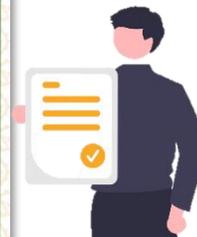
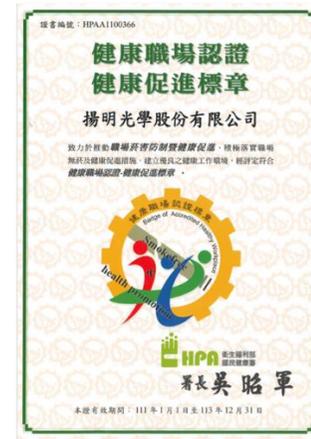
2. Employee suggestion box, grievance mailbox, and appointment with the general manager.

3. Labor-management meetings provide a platform for positive interaction and communication between labor and management, creating a win-win and sound labor-management relationship.

4. Formulate "sexual harassment prevention measures, complaints, and disciplinary measures" to protect employees' rights and interests.

6.4 Health Care

Young Optics is committed to creating a healthy workplace environment for both body and soul and has formulated employee health management measures. Based on employee health protection rules, it has established in-factory health inspection, health promotion, and hygiene guidance implementation measures to truly understand the health status of employees and assist employees in their overall health. We obtained badge of Accredited- continually follows the health promotion and tobacco control policy(valid period 2022/1/1~2024/12/31). When new employees first enter the factory, they must submit a physical examination report, and special workers (those engaged in operations mentioned in Article 2 of the "Labor Health Protection Rules") are arranged to undergo specific health examinations every year. In 2023, special health examinations will be for 23 people, and regular employee health examinations and multiple health promotion activities will be conducted to ensure employee health.



● Health Care

At Young Optics, we prioritize the health and safety of our employees. We have full-time occupational safety and health personnel and a health care room, and we employ occupational medicine specialists to provide employee-related health consultation services. Our goal is to implement employee health care and independent health management.

Healthy Mind Lecture

To address workplace bullying and foster a positive environment, Young Optics holds lectures on illegal assault and teamwork. Additional lectures covered topics such as nasal allergy treatment, autonomic nervous system disorders, AED+CPR, breast cancer prevention, and stroke prevention, with 184 colleagues participating.

Health Monitoring

We will provide 60 free places each year for lung CT, a free bone mineral density test (DXA), a body fat test, and a self-paid flu vaccine.

Physical Education Course

A total of 43 exercise classes will be held in 2023, including dance aerobics, rhythm aerobics, general aerobics, and muscle aerobics, with a total of 475 employees participating in sports clubs or sports activities.

Mental Health Workshop

Professional psychologists are hired to provide regular psychological consultation services on Fridays, giving colleagues a channel to talk about all their worries in life. An aroma oil massage was also held, with 27 people participating.

Healthy Diet

The company ensures food safety through regular audits of its staff restaurant and group catering services. Central kitchen audits verify water inspection reports and ingredient histories, while weekly menus are reviewed for nutritional balance.

• Consultation environment



• DIY essential oil home applications



• AED+CPR lecture



• Unlawful Infringement Lecture



• Lecture on stroke prevention and related risk factors



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6.4.1 Maternity Protection

Young Optics attaches great importance to maternal care and has formulated maternal health management measures in the workplace to ensure the health of maternal workers. It conducts risk assessments for the following workers to ensure the work safety of pregnant female colleagues:

	Female workers of childbearing age	To safeguard their reproductive functions, the assessment focuses on potential hazards and risks that may impact a successful pregnancy.
	Female workers during pregnancy	Regular risk assessments are conducted to protect maternal and fetal health during pregnancy to identify potential workplace hazards. These assessments consider psychological, social, and economic factors, as risks can vary throughout pregnancy, making ongoing evaluations crucial.
	Female workers less than 1 year after giving birth	After childbirth, assessing potential hazards and risks that could affect the mother's health during recovery is essential. This includes examining exposure to harmful substances and the health hazards that may be transmitted to infants and young children through breastfeeding.

We have established a comprehensive system of leave without pay for childcare, maternity, paternity, and family care leave. Additionally, we provide parking spaces for pregnant women and maternity subsidies to support our employees during this critical time.

We have signed special agreements with many nurseries and kindergartens in the Hsinchu area to encourage our employees to give birth and provide safe and secure welfare care. Our lactation room at Young Optics Hsinchu has bottle sterilization equipment, breast milk storage freezers, and lockers. The Hsinchu City Health Bureau has certified it as a lactation room for three consecutive years. Detailed information on parental leave in 2023 is as follows:

• 2023 Parental leave

Category	Female	Male	Total
Number of employees eligible for parental leave	14	29	43
Number of employees who applied for parental leave in 2023	0	4	4
Number of employees to be reinstated after parental leave (C)	2	2	4
Number of employees reinstated after parental leave (D)	0	1	1
Reinstatement rate (D/C)%	0%	50%	25%
Number of employees reinstated after parental leave in 2022 (E)	3	1	4
Number of employees who remained on the job one year upon reinstatement after parental leave in 2022 (F)	2	0	2
Retention rate (F/E)%	67%	0%	50%

• Nursery Room



• Performance certification



單位名稱：揚明光學股份有限公司
 認證效期：民國112年8月至115年8月

新竹市政府 衛生局 新竹市衛生局

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6.5 Safe Workplace

Material Topics

"Zero work-related injuries and zero disasters" is Young Optics' occupational health and safety management goal. It aims to prevent and improve risk factors, assess the risk factors that lead to disasters, pollution and environmental safety, personal injury, and unhealthy working conditions, and establish the following management methods: Ensure employees can work in a healthy and safe environment.

- ✓ ESH-02-012T the establishment of occupational safety and health committees Regulations
- ✓ ESH-02-014T Occupational Safety and Health Management Regulations
- ✓ ESH-02-016T Labor Safety and Health Regulations
- ✓ ESH-02-019T Safety and Health Risk Identification and Assessment Management regulations
- ✓ ESH-02-001T Automatic inspection of labor safety regulations
- ✓ ESH-02-003T Working environment measurement and management regulations
- ✓ ESH-02-004T Contractor's Safety, Health and Environmental Protection Management regulations
- ✓ ESH-02-007T 6S activity promotion and management regulations
- ✓ ESH-02-008T the Division and Management of Explosion-proof Electrical Hazardous Areas regulations
- ✓ ESH-02-009T Employee Health Management regulations
- ✓ ESH-02-010T Maternal health management Regulations
- ✓ ESH-02-011T Preventing abnormal workload-induced disease Regulations
- ✓ ESH-02-013T Prevention of human hazards Regulations
- ✓ ESH-02-017T Abnormal accident reporting and handling Regulations
- ✓ EESH-02-018T Personal protective equipment Regulations
- ✓ ESH-02-020T Wastewater management Regulations
- ✓ ESH-02-021T Noise Control Operating Procedures
- ✓ ESH-02-022T Change management operating procedures
- ✓ ESH-02-023T Safety management measures for confined space operations

In addition to adequately formulating relevant management measures, Young Optics has established an Occupational Safety and Health Committee, which meets once a quarter to discuss the following topics:

I s s u e	I s s u e	I s s u e
✓ Propose recommendations on occupational safety and health policies	✓ Health management, occupational disease prevention, and health promotion matters	✓ Occupational Disaster Investigation Report
✓ Coordinate and recommend occupational safety and health management plans	✓ Various safety and health proposals	✓ On-site safety and health management performance
✓ Safety and health education and training implementation plan	✓ Automatic inspection and safety and health audit matters of public institutions	✓ Contracting business safety and health management matters
✓ Operating environment monitoring plan, monitoring results, and measures to be taken	✓ Preventive measures against hazards to machinery, equipment, or raw materials and materials	✓ Other occupational safety and health management matters

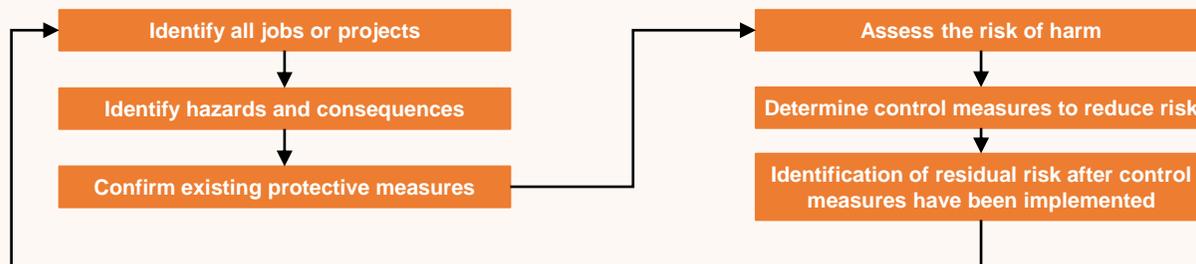
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6.5.1 Safe Workplace

Young Optics analyzes all its operational activities using its internal safety management system and safety and health risk identification and assessment methods. The company considers the frequency and severity of risks and evaluates their levels of risk and opportunity. If significant environmental concerns, unacceptable risks, or opportunities exist, a management plan will be implemented to make planned improvements or create benefits. Moreover, whenever new equipment and environmental consideration assessment must be conducted, processes, chemicals, or operating procedures are introduced or modified, an ecological consideration risk assessment must be performed annually.

• Safety and Health Risk Assessment Operation Process



To maintain a safe working environment, we conduct annual environmental monitoring through qualified agencies to identify hazards and guide the selection of protective equipment and health checks. The results of these inspections are posted on the internal website for transparency. Additionally, we focus on mitigating risks through the 6S methodology, which includes Sorting, Setting in Order, Shining, Standardizing, Sustaining, and Safety. We also undergo regular inspections by the Ministry of Safety and Health, and any recommended improvements are reviewed, tracked, and updated to enhance workplace safety.

● Occupational safety and health education and training in 2023

Young Optics provides targeted training based on operational risks, environmental impacts, and regulatory requirements to boost ecological safety and health awareness. In 2023, 1,304 employees completed 2,528 hours of training, including courses on ISO 14001:2015, green regulations, ESD protection, and hazardous substances management.



• Environmental testing projects

Workplace	Test items	every 6 months	each year
Indoor workplaces	illumination	●	
Central air conditioning indoor workplace	carbon dioxide	●	
Places with obvious noise	noise	●	
Organic solvent workplace	organic solvent	●	
Soldering workplace	lead		●
Dust workplace	Dust	●	
Specific chemical substances Workplaces	Specific chemical substances	●	

• Occupational safety and health education and training in the past two years

Year	Number of persons	Hour(s)
2022	1,968	3,903
2023	1,304	2,528

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6.5.1 Safe Workplace

● Disaster prevention measures and response

1.
Through ERT emergency response organization and training, we can establish correct concepts, effectively mobilize and integrate, improve the disaster response management system, strengthen disaster prevention and rescue functions, and achieve the purpose of ensuring the lives and property of colleagues and the sustainable operation of the company

2.
Through on-the-job hazard knowledge training and new employee training in environmental safety, we can enhance all personnel's awareness of the hazards of chemical substances, establish a chemical substance management system, and achieve the purpose of preventing chemical disasters.

3.
We publish environmental, safety, and health-related announcements from time to time, provide environmental, safety, and health-related information and courses, and use cases to educate colleagues to pay attention to safety and strength the work safety awareness. We also allocate a certain proportion of first aid personnel, according to the number of employees and hold first aid training courses every year.

● Four Major Plans for Labor Health Protection

To protect the physical and mental health of workers, four major Health Protection Plans are formulated following the guidelines of the Ministry of Labor:



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6.5.1 Safe Workplace

● Contractors' Environmental Protection Safety and Health Management

Young Optics has established supplier management regulations that require suppliers to sign contractor safety, health, and environmental regulations. This is to ensure that our environmental protection, safety, and health policy objectives are implemented and to reduce the incidence of accidental disasters caused by suppliers during construction.

6.5.2 Work Accident Management

Young Optics aims for "zero work-related injuries and zero disasters" by focusing on education, training, work environment inspections, and audits. We have a mechanism for accident notification, investigation, and continuous improvement. In 2023, our disability injury frequency was 2.69, with six occupational disasters, primarily traffic-related (83%). To address this, we will emphasize traffic safety in training. Five workers, representing 0.625% of employees, were affected, with 187 lost work hours. We remain committed to achieving "zero work-related injuries and zero disasters."

• Work Accident Statistics in past 2 years

Item	Year	2022	2023
Disabling Frequency Rate(A)		6.60	2.69
Disabling Injury Severity Rate(B)		49	12
Frequency-Severity Indicators(C)		0.56	0.17
Average number of days lost due to disabling injuries(B/A)		7	4

Note A: Frequency of incapacitating injuries: number of incapacitating injuries per million total working hours experienced

Note B: Disabling injury severity rate: days lost to incapacitating injuries per million total work hours experienced

Note C: Total injury index: $\sqrt{(\text{disabling injury frequency})}$

• 2023 Work Accident Statistics

Item	Gash/Stab/ Pressure Injury	Traffic accident	Fall
Number of Cases	1	5	0
Lost Time(hour)	3	184	0

● Protection plan

Young Optics ensures employee safety and disaster mitigation by implementing daily protection plans and conducting disaster prevention contingency training for fires, earthquakes, and other emergencies.

Training courses	Content	Category			Training schedule		
		Partial training	Comprehensive drill	Other training	June	December	Irregularly
Fire fighting training	We conduct fire drills to ensure familiarity with fire safety equipment, including extinguishers and fire hydrants, and practice closing fire doors to establish fire prevention zones.	●			●	●	
Notification training	During a simulated fire, notifications are made to site personnel, firefighting agencies (119), and command centers (e.g., disaster prevention centers).	●			●	●	

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6.5.2 Occupational Disaster Management

Training courses	Content	Category			Training schedule		
		Partial training	Comprehensive drill	Other training	June	December	Irregularly
Evacuation training	Understand the location and operation of fire safety and emergency equipment within the premises. Conduct drills for fire emergencies, including evacuation broadcasts, deploying evacuation guides, evacuating personnel, and creating fire zones. Additionally, assist and guide individuals who have difficulty evacuating on their own.	●			●	●	
First aid training	Emergency rescue actions should be taken to rescue possible injuries in the event of a fire. The main contents include simple bandaging, hemostasis, cardiopulmonary resuscitation (CPR) operations, simple transportation of injuries, emergency rescue station settings, etc.	●			●	●	
Safety protection training	Based on simulated disaster scenarios, conduct emergency procedures for fire doors, air conditioning systems, smoke ventilation systems, and unique items, and establish communication with command centers (such as disaster response centers).	●			●	●	
Emergency response drills	In the event of a simulated fire, implement various response actions, including scenario simulation, identifying the fire's origin, reporting and communication, initial fire extinguishing, creating fire zones, evacuation guidance, emergency first aid, and command coordination as part of comprehensive early-stage fire response training.		●		●	●	
	Nighttime (simulated) drills, scenario-based training for each self-defense fire brigade team, earthquake disaster simulations, emergency response plan drills for hazardous workplaces, and hazard prevention and response exercises for toxic chemical substances.			●			●

● Health and Wellness Management

To maintain hygiene and health at the Young Optics facility, food service, and security personnel must provide a valid health check report from the past year to the Young Optics health office before starting employment. After passing this review, they can only begin their duties and undergo annual health check-ups. Additionally, regular facility-wide disinfections are conducted to prevent pest infestations and ensure a hygienic work environment for employees.

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6.6 Social Participation

Young Optics profoundly understands the importance of giving back to the society from which it takes and combines its resources to encourage employees to participate actively in social welfare activities with practical actions. :

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Blood donation: Two events were held in 2023, on 2023/3/7 and 2023/9/5, respectively. Two hundred fifty-four people responded, and 354 bags of donated blood were collected.

Caring for charity: We cooperate with Children Are Us Foundation, Taoyuan Adolescents' Home, Man Fair, and Bear House (for children with disabilities), supporting their charity sales and earning \$75,650 to build love and hope together; in addition, to cherish materials, we regularly communicate with Hsinchu. The Shixia Zhuli, Community Development Association, cooperates with Love Enjoy Refrigerator and donates materials to the community.

2

3



Companionship for older people: The National Development Council predicts that Taiwan will enter a super-aged society, and aging has become an important issue. This year, to better understand the needs of the elderly population, we cooperated with the Ricare Center and served as volunteers there. We accompanied elderly people and made cookies together. We also got to know older people at the Ricare Center and purchased jointly made biscuits to enjoy with all Young Optics members.

Appendix

- 1. GRI Content Index**
- 2. SASB Content Index**
- 3. TWSE Sustainability Disclosure Index-Optoelectronics Industry**
- 4. Greenhouse Gases Emission Verification Opinions Statement**

1. GRI Content Index

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GRI Standards	Disclosure content	Chapter	Page
GRI 2 General Disclosures 2021			
2-1	Organizational details	1.1 Company Introduction	7
2-2	Entities included in the organization's sustainability reporting	About the report	3
2-3	Reporting period, frequency and contact point	About the report	3
2-4	Restatements of information	About the report	3
2-5	External assurance	About the report	3
2-6	Activities, value chain and other business relationships	1.1 Company Introduction 1.2 Economic Performance	7 · 12
2-7	Employees	6.1 Workplace Overview	66
2-8	Workers who are not employees	6.1 Workplace Overview	66
2-9	Governance structure and composition	3.1 Corporate Organization	28
2-10	Nomination and selection of the highest governance body	3.1 Corporate Organization	28
2-11	Chair of the highest governance body	3.1 Corporate Organization	28
2-12	Role of the highest governance body in overseeing the management of impacts	3.3 Risk Management	34
2-13	Delegation of responsibility for managing impacts	3.3 Risk Management 3.4 Information Security Management	34 · 40
2-14	Role of the highest governance body in sustainability reporting	2.1 Sustainable Development Committee	16
2-15	Conflicts of interest	3.2 Integrity Management	33
2-16	Communication of critical concerns	2.2 Stakeholders Communication	18
2-17	Collective knowledge of the highest governance body	3.1 Corporate Organization	28
2-18	Evaluation of the performance of the highest governance body	3.1 Corporate Organization	28
2-19	Remuneration policies	6.3 Remuneration and Benefits	75
2-20	Process to determine remuneration	3.1 Corporate Organization 6.3 Remuneration and Benefits	31 · 75

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GRI Standards	Disclosure content	Chapter	Page
GRI 2 General Disclosures 2021			
2-21	Annual total compensation ratio	Omission of disclosure, salary information is company confidential.	
2-22	Statement on sustainable development strategy	2.1 Sustainable Development Committee	16
2-23	Policy commitments	2.1 Sustainable Development Committee 3.2 Integrity Management 3.3 Risk Management 3.4 Information Security Management 4.1 Climate Change Management	4.2 Greenhouse Gas Reduction and Management 4.3 Policy and Promise 5.2 Green Product 6.1 Workplace Overview 6.2 Talent Development
2-24	Embedding policy commitments	2.1 Sustainable Development Committee 3.2 Integrity Management 3.3 Risk Management 4.3 Policy and Promise	5.1 Innovation Management 5.2 Green Product 6.2 Talent Development
2-25	Processes to remediate negative impacts	2.2 Stakeholders Communication	18
2-26	Mechanisms for seeking advice and raising concerns	2.2 Stakeholders Communication 3.2 Integrity Management 6.3 Remuneration and Benefits	18 · 33 · 75
2-27	Compliance with laws and regulations	4.3 Policy and Promise 6.2 Talent Development	48 · 68
2-28	Membership associations	1.1 Company Introduction	7
2-29	Approach to stakeholder engagement	2.2 Stakeholders Communication 3.2 Integrity Management	18 · 33
2-30	Collective bargaining agreements	Information is unavailable, our company has not yet formed a union.	
GRI 3 Material Topics 2021			
3-1	Process to determine material topics	2.3 Material Topics	20
3-2	List of material topics	2.3 Material Topics	20
3-3	Management of material topics	2.3 Material Topics	20

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GRI Standards	Disclosure content	Chapter	Page
GRI 201 Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.2 Economic Performance	12
201-3	Defined benefit plan obligations and other retirement plans	6.3 Remuneration and Benefits	75
GRI 204 Procurement 2016			
204-1	Proportion of spending on local suppliers	5.2 Green Product	58
GRI 205 Anti-corruption 2016			
205-2	Communication and training about anticorruption policies and procedures	3.2 Integrity Management	33
GRI 302 Energy 2016			
302-1	Energy consumption within the organization	4.5 Energy Management	53
302-4	Reduction of energy consumption	4.5 Energy Management	53
GRI 303 Water 2016			
303-5	Water consumption	4.4 Environment Management	50
GRI 305 Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	4.2 Greenhouse Gas Reduction and Management	45
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Greenhouse Gas Reduction and Management	45
GRI 306 Effluents and Waste 2016			
306-1	Waste generation and significant waste-related impacts	4.4 Environment Management	50
306-4	Waste diverted from disposal	4.4 Environment Management	50
306-5	Waste diverted to disposal	4.4 Environment Management	50

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GRI Standards	Disclosure content	Chapter	Page
GRI 308 Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	5.3 Sustainable Alliance	62
GRI 401 Employment 2016			
401-1	New employee hires and employee turnover	6.1 Workplace Overview	66
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.3 Remuneration and Benefits	75
401-3	Parental leave	6.4 Health Care	79
GRI 403 Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	6.5 Safe Workplace	81
403-2	Hazard identification, risk assessment, and incident investigation	6.5 Safe Workplace	81
403-3	Occupational health services	6.5 Safe Workplace	81
403-4	Worker participation, consultation, and communication on occupational health and safety	6.5 Safe Workplace	81
403-5	Worker training on occupational health and safety	6.5 Safe Workplace	81
403-6	Promotion of worker health	6.5 Safe Workplace	81
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.5 Safe Workplace	81
403-9	Work-related injuries	6.5 Safe Workplace	81
GRI 404 Training and Education 2016			
404-1	Average hours of training per year per employee	6.2 Talent Development	68
GRI 405 Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	3.1 Corporate Organization	28
405-2	Ratio of basic salary and remuneration of women to men	6.3 Remuneration and Benefits	75
GRI 406 : Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	6.3 Remuneration and Benefits	75

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Code	Accounting Metric	Chapter/Omission Reason	Page												
Sustainability Disclosure Topics and Accounting Metrics															
TC-HW-230a. 1	Description of approach to identifying and addressing data security risks in products	3.4 Information Security Management	40												
TC-HW-330a. 1	Percentage of gender for (1)management (2)technical staff (3)all other employees	<table border="1"> <thead> <tr> <th>Category/Gender</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Management</td> <td>77%</td> <td>23%</td> </tr> <tr> <td>Technical staff</td> <td>31%</td> <td>69%</td> </tr> <tr> <td>All other employees</td> <td>62%</td> <td>38%</td> </tr> </tbody> </table>	Category/Gender	Male	Female	Management	77%	23%	Technical staff	31%	69%	All other employees	62%	38%	
Category/Gender	Male	Female													
Management	77%	23%													
Technical staff	31%	69%													
All other employees	62%	38%													
TC-HW-410a. 1	Percentage of products by revenue that contain IEC 62474 declarable substances	Our company primarily deals with key components for optical engines. Among these, products that comply with IEC 62474 reporting requirements for controlled substances—optical components—account for approximately 29% of the company's revenue. °													
TC-HW-410a. 2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Most of our company's products are B2B, so the company does not apply for EPEAT or equivalent certifications. Therefore, this metric is not applicable.													
TC-HW-410a. 3	Percentage of eligible products, by revenue, certified to an energy efficiency certification	The products manufactured by our company do not fall under the types defined for Energy Star certification, so this metric is not applicable.													
TC-HW-410a. 4	Weight of end-of-life products and e-waste recovered, percentage recycled	Our company primarily deals with B2B products and does not have any products for recycling or disposal. Therefore, this metric is not applicable.													
TC-HW-430a. 1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Our company has not conducted RBA audits (VAP) for first-tier suppliers, so there is no relevant information to disclose. In the future, we will consider including this in our planning based on operational needs.													
TC-HW-430a. 2	Tier 1 suppliers' (1) nonconformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority nonconformances, and (b) other nonconformances														
TC-HW-440a. 1	Description of the management of risks associated with the use of critical materials	5.3 Sustainable Alliance	62												
Activity Metrics															
TC-HW-000.A	Number of units produced by product category	1.2 Economic Performance	12												
TC-HW-000.B	Area of manufacturing facilities	Trade secrets not disclosed.													
TC-HW-000.C	Percentage of production from owned facilities	Our company independently develops and manufactures products, with 100% of production capacity coming from our own equipment.													

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Number	Activity Metrics	Category	Annual Disclosure	Unit
1	Amount of total energy consumed, percentage of grid electricity, and percentage of renewable.	Quantitative	4.5 Energy Management	Gigajoules (GJ), Percentage(%)
2	Amount of total water withdrawn, and total water consumed.	Quantitative	4.4 Environment Management	Thousand cubic meters(m³)
3	Amount of hazardous waste generated, percentage recycled.	Quantitative	4.4 Environment Management	Metric tons (t), Percentage(%)
4	Description of the type, number and rate of work-related injuries.	Quantitative	6.5 Safe Workplace	Percentage (%), Quantity
5	Description of the management of product lifecycle, amount of weight of end-of-life products and e-waste recovered, percentage recycled.	Quantitative	Our company is B2B and does not produce end products, so there is no relevant information.	Metric tons (t), Percentage (%)
6	Description of the management of risks associated with the use of critical materials.	Discussion and Analysis	5.3 Sustainable Alliance	N/A
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	Quantitative	There were no financial losses in 2023 due to lawsuits related to anti-competitive behavior regulations.	Reporting Currency
8	Number of units produced by product category	Quantitative	1.2 Economic Performance	Varies by product type

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Certificate Certificat

報告編號：(T2024-064 / 第 1 版)

溫室氣體查證報告意見書 THGHG24064-00

查證範圍： 揚明光學股份有限公司
300 新竹市東區新安路 7 號

查證準則： ISO 14064-1 : 2018

查證目標： 艾法諾國際 (AFNOR ASIA) 根據 ISO14064-3 : 2019 標準，確認上述組織之溫室氣體聲明(溫室氣體盤查報告書)依據雙方協議之查證準則進行盤查並提出報告，AFNOR 以客觀公正的立場及原則(相關性、完整性、一致性、準確性、透明度)執行查證。

數據期間： 2023 年 01 月 01 日至 2023 年 12 月 31 日 (檢視的數據為歷史性質)

查證數據： 直接溫室氣體排放量(類別 1)： 804.9287 公噸 CO₂e
能源間接溫室氣體排放量(類別 2)： 11,314.7798 公噸 CO₂e
間接溫室氣體排放量(類別 3-6)： 4,642.2007 公噸 CO₂e

全球暖化潛勢值(GWP)：引用 IPCC 2023 年第 6 次評估報告。

聲明依據：本聲明必須與下列文件作為一個整體以進行解釋說明。

溫室氣體盤查報告 (版次： 5 ; 日期： 2024 年 04 月 17 日)
溫室氣體盤查清冊 (版次： 5 ; 日期： 2024 年 04 月 17 日)

實質性： 5% (類別 1 及類別 2)

意見類型： 不含保留意見 含保留意見(請見附頁) 放棄查證

查證結論： 確認組織依據雙方協議查證準則之要求提出溫室氣體聲明，並公正地呈現溫室氣體數據及相關資訊，與雙方協議的查證範圍、目標和準則一致。聲明查證數據之合理保證等級為類別 1 及類別 2。

本文件核發日期： 2024 年 06 月 10 日

APPROVED BY

Patrick Ni
Director for Certification
ON BEHALF OF
AFNOR ASIA

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報告編號：(T2024-064 / 第 1 版)

各類別排放量數據：

類別	內容說明	溫室氣體排放量 (公噸 CO ₂ e)	備註
(類別 1) 直接溫室氣體排放	緊急發電機、公務車(汽油)、冷媒、化驗池、滅火器、777 冷凍劑、WD-40、SF6 瓦新斷路器	804.9287	
(類別 2) 輸入能源之間接溫室氣體排放	外購電力	11,314.7798	所在地基準
(類別 3) 運輸之間接溫室氣體排放	貨物下游運輸、員工通勤、商務旅行、廢棄物運輸	1,094.5117	
(類別 4) 組織使用的產品之間接溫室氣體排放	能源(電力、汽油、柴油)上游碳排、原料上游碳排、廢棄物處理、自來水與公務車的冷煤排放	3,547.6890	
(類別 5) 使用組織的產品之間接溫室氣體排放	NA	NS	
(類別 6) 其他來源之間接溫室氣體排放	NA	NS	

生質燃燒排放： 0.0000 公噸 CO₂e

其他查證相關資訊

組織邊界：	營運控制權
溫室氣體類型：	二氧化碳(CO ₂)、甲烷(CH ₄)、氧化亞氮(N ₂ O)、氫氟碳化物(HFCs)、全氟碳化物(PFCs)、六氟化硫(SF ₆)、三氟化氮(NF ₃)
預期使用目的：	自願理解溫室氣體排放狀況做為減量策略依據。 (本聲明責任僅適用於上述預期使用目的，不適用其他任何目的。)
間接排放重大性準則：	- 已識別利害相關者要求： <input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否 - 已識別法規要求： <input checked="" type="checkbox"/> 是 <input type="checkbox"/> 否 - 已識別排放量大小： <input type="checkbox"/> 是 <input checked="" type="checkbox"/> 否 - 其他說明：

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Certificate Certificat

報告編號：(T2024-064 / 第 1 版)

電力係數：	引用 2023 年 06 月 21 日能源局公告之 2022 年度電力係數
數據來源：	<input checked="" type="checkbox"/> 初級數據來源於現場營運活動的數據蒐集。 <input checked="" type="checkbox"/> 類別 3~6 排放量計算為使用估算數據。 次級數據來源為：環保署產品碳足跡資訊網 <input type="checkbox"/> 其他說明：無
查證方法	<input checked="" type="checkbox"/> 現場查證
保留意見：	無
其他：	無
查證作業實施日期：	2024 年 03 月 19 日 2024 年 04 月 17 日
報告日期：	2024 年 04 月 23 日

查證團隊與技術審查

主導查證員： 陳護木 簽名：

查證員： 顏文義 簽名：

獨立審查者： 陳怡靜 簽名：

查證程序

AFNOR 以風險評估方法及管制為基礎，證據蒐集程序包括：行前評估、現場訪視、與場址的人員訪談、確認所提供的文件證據、對排放數據進行抽樣、評估數據管理系統、確認排放數據的蒐集與彙總、生產與能源消耗之間的分析，並確認所參考的協議條款是否被適當應用。

角色與職責

受查組織責任方依據查證準則規定，負責準備並提出溫室氣體聲明。此項責任包括規劃、實施及維護與溫室氣體聲明有關的數據管理系統，溫室氣體盤查清冊和盤查報告確認。

AFNOR 對所報告的溫室氣體排放量提供獨立的第三方查證，出具本次查證組織型溫室氣體排放量之查證意見。查證團隊具獨立及公正性，不存在任何利益衝突。

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