Ability Opto-Electronics Technology Co., Ltd.

2025

Sustainability Report

Revision	1.0
Report No.	
Inventory Period	2025/01/01-2025/12/31
Prepared By	Tsu-Yun Chen
Approved By	Victor Kao
Verification Unit	-
Verification Date	-
Publication Date	2026/08/06

Contents

About this Report

Report Summary

This Report has been prepared in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) in 2021, and with reference to the Sustainability Accounting Standards Board (SASB) Standards, the Task Force on Climate-related Financial Disclosures (TCFD) framework, and the United Nations Sustainable Development Goals (SDGs), to ensure the completeness and transparency of the disclosed information.

Reporting Period

AOET publishes its Sustainability Report on an annual basis. For the third edition of Sustainability Report, AOET discloses its management approaches, performance achievements, and future plans in the areas of Environmental, Social, and Governance (ESG) for the year 2025 (January 1, 2025 to December 31, 2025).

- Date of Publication for the Previous Edition: August 2025
- Date of Publication for the Current Edition: August 2026
- Provisional Date of Publication for the Upcoming Edition: August 2027

AOET has aligned the reporting period of this Report with that of the consolidated financial statements to ensure the completeness and comparability of information.

Report Boundary and Scope

This Report covers sustainability-related information for AOET's operations in Taiwan (excluding subsidiaries included in the consolidated financial statements):

- Keyuan Plant: No. 14, Keyuan 1st Rd., Xitun Dist., Taichung City
- CTSP Plant: 2F, No. 33, Keya Rd., Daya Dist., Taichung City

Financial data disclosed in this Report are based on the parent company's consolidated financial statements. All other information is presented according to the actual operating locations. Where certain information cannot be fully disclosed due to specific limitations, such circumstances are noted in the relevant sections of the Report.

Report Management and Assurance

The contents of this Report have been reviewed by management to ensure the accuracy and completeness of the disclosed information. At this stage, the Report has not been subject to external assurance by an independent third party; however, it has been prepared by the responsible departments in accordance with the Company's internal control procedures, and internal control reviews have been conducted by the internal audit function according to the established audit plan to ensure the reliability of the disclosed data.

Restatements of Information

In 2025, the Company did not perform any restatements of information to its Sustainability Report.

Feedback and Contact

For any questions or suggestions regarding this Report, feel free to contact us.

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Messages from the Management

In recent years, the global economy has entered a new normal where “sustainability is synonymous with survival,” shaped by the convergence of geopolitical competition, inflationary volatility, and climate change. The “global boiling era” is not only a warning sign but also an urgent operational challenge. As a leader in the optoelectronics industry, AOET recognizes that its responsibility extends beyond economic growth to demonstrating corporate resilience and environmental stewardship in an increasingly uncertain world.

In response to the adoption of the IFRS Sustainability Disclosure Standards and the implementation of EU’s Carbon Border Adjustment Mechanism (CBAM), we regard “carbon productivity” as a key indicator of business performance whilst actively advancing our “dual transformation strategy of digitalization and sustainability.” By leveraging AI-powered management solutions, we seek to enhance energy efficiency and maintain its competitive advantage within a low-carbon supply chain. To this end, we continue to strengthen our sustainability strategy comprehensively, with the measures as follows:

From a climate and environmental perspective, we align our carbon reduction initiatives with the recommendations of the TCFD framework and the SBTi. We have launched renewable energy substitution programs as part of our pathway toward achieving net-zero emissions by 2050; at the same time, in support of the Biodiversity Framework of GBF, we are increasing the recycling rate of optical materials and piloting zero-wastewater-discharge projects to advance circular economy practices.

Concerning governance and social matters, we continue to strengthen cyber security through a foundation of integrity and transparency. We also reference the EU CSDDD in implementing human rights due diligence throughout our global supply chain, while fostering a diverse and inclusive workplace. In addition, we utilize green finance and collaborate with value chain partners to promote sustainable procurement and therefore fulfill responsible business conduct.

Looking ahead, AOET will continue to uphold its spirit of “Green Integrity, Innovation Excellence,” embedding sustainability into every stage of the product life cycle. We firmly believe that the true measure of corporate success lies in the opportunities we create for future generations. Together with all stakeholders, we will remain steadfast on the path towards net zero and build a more prosperous and resilient future.

Ability Opto-Electronics Technology Co., Ltd.

Victor Kao

Chairman

May 5, 2026

Sustainable Development Goals (SDGs)

SDG		Corresponding Sections	Highlights
	**3 Good Health and Well-being** Ensure healthy lives and promote well-being for all at all ages.	3.4 List of Material Topics 7.5 Occupational Safety and Healthy Workplace 8.3 Resources Contribution for Charity	• In 2025, the Company fully subsidized employee health examinations, with a total of 624 employees participating. On-site physician services were provided monthly, supported by ongoing follow-up care and health consultations from occupational health nurses. • With maternal health protection upheld, the Company arranged physician consultations and health guidance for all 13 pregnant and postpartum female employees received, achieving a 100% coverage rate. • In collaboration with the Taichung Blood Center, the Company organized the "Shining with Love - Corporate Blood Drive," successfully collecting 70 bags of blood to support regional healthcare resources in Central Taiwan.
	**4 Quality Education** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	7.4 Talent Cultivation and Career Development	• The Company fostered a "learning organization" culture by offering 109 internal and external training programs in 2025, accumulating a total of 4,775 employee learning hours. • Professional allowances and learning incentives were provided to encourage employees to obtain professional certifications and continuously strengthen their technical expertise and managerial competencies.
	**5 Gender Equality** Achieve gender equality and empower all women and girls.	7.1 Human Rights Protection and Labor-Management Relations 7.2 Composition of Talents and Diversity and Equality 7.3 Remunerations and Benefits for Employees	• Female employees accounted for 51.87% of the workforce in 2025, while women represented 15.58% of all management positions, demonstrating the Company's commitment to empowering women in decision-making roles. • The principle of equal pay for equal work has been realized, with a male-to-female base salary ratio of 1:1 among non-managerial employees in Taiwan. • In 2025, the return-to-work rate following unpaid parental leave reached 100% for female employees, with a retention rate of 83%; the retention rate for male employees was 100%. No incidents of workplace discrimination or sexual harassment were reported.

	**6 Clean Water and Sanitation** Ensure availability and sustainable management of water and sanitation for all.	9.4 Water Resources Management	• Through the implementation of intelligent process water monitoring and rainwater harvesting and filtration systems, in 2025, the process water recycling rate reached 81.1%, while the overall plant water recycling rate achieved 77.9%. • The Company implements scrutinized rainwater and wastewater segregation, where all wastewater was discharged through regulated pipelines to the science park wastewater treatment facility, with sluice gate controls and real-time monitoring systems in place to prevent water pollution. • Drinking water quality was regularly tested; all test results indicate coliform at <1 CFU/100 mL, ensuring safe drinking water for employees.
	**7 Affordable and Clean Energy** Ensure access to affordable, reliable, sustainable and modern energy for all.	9.1 Risks and Opportunities Relating to Climate Change 9.3 Energy Management	• The Company has planned a contribution at approx. NT$29 million for building a solar photovoltaic system in 2026, which has an estimated annual generation capacity of 610,000 kWh to support on-site renewable energy generation and consumption. • The Company established a clear renewable energy roadmap, committing to 50% renewable electricity usage across all facilities by 2030 and 100% renewable electricity usage by 2050. • The Company has continued the introduction of high-efficiency air-conditioning systems, process cooling equipment, and variable-frequency air compressors to its plants in order to improve overall energy efficiency.
	**8 Decent Work and Economic Growth** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	5.1 Operational Performance 7.1 Human Rights Protection and Labor-Management Relations 7.2 Composition of Talents and Diversity and Equality 7.5 Occupational Safety and Healthy Workplace	• Stable employment opportunities were provided through the employment of 856 full-time employees in 2025, with no workers engaged under contracts without guaranteed working hours. • The Company strictly prohibited forced labor and child labor. For migrant workers, policies including “no recruitment fees” and “no passport retention” were rigorously enforced, supported by multilingual grievance channels. • The Company implemented the “Program for the Prevention of Abnormal Workload-Induced Disease.” In 2025, no fatal occupational accidents occurred, and the Frequency Rate (FR) of disabling injuries was controlled at 1.10.

	**9 Industry, Innovation and Infrastructure** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	4.4 Cyber Security 8.1 Social Innovation and Indirect Economic Impacts 9.1 Risks and Opportunities Relating to Climate Change	• The Company further applied optical and machine vision sensing technologies to assistive care equipment for disadvantaged groups, remote healthcare devices for underserved areas, and environmental monitoring systems. • The Company strengthened its digital supply chain infrastructure. In 2025, the Company achieved both Cyber Readiness Institute (CRI) certification and Apple Cyber Ready certification in 2025. • Low-carbon manufacturing processes and products were developed, while climate resilience infrastructure, including flood prevention and drainage systems, was established to address the impacts of extreme weather events.
	**10 Reduced Inequalities** Reduce inequality within and among countries.	7.1 Human Rights Protection and Labor-Management Relations 7.2 Composition of Talents and Diversity and Equality 8.3 Resources Contribution for Charity	• As an initiative-taking promoter for inclusive employment, in 2025, the Company hired six employees with disabilities and four Indigenous employees. • An in-house charitable donation initiative, the “Charitable Coin Donation Box,” was launched, with all proceeds donated to the Taichung Autism Education Association to support special education programs for “children of the stars.”
	**12 Responsible Consumption and Production** Ensure sustainable consumption and production patterns.	6.1 Protecting Customer Health and Safety 9.5 Waste Management	• The IECQ QC 080000 Hazardous Substance Process Management System was implemented to ensure that 100% of products complied with RoHS, REACH, and other hazardous substance regulations. • The Company fulfilled in-house resource circularity within operations, achieving a recycling and reuse rate of over 99% for high-purity plastic scrap, while all waste oil was collected and recycled by qualified external contractors. • The Company repurposed non-recyclable plastics into on-site art installations, and continued exploring advanced recycling technologies, including molecular chain depolymerization for polymer plastics.

	**13 Climate Action** Take urgent action to combat climate change and its impacts.	9.1 Risks and Opportunities Relating to Climate Change 9.2 GHG Management	• The Company adopted the TCFD framework and conducted comprehensive climate-related physical and transition risk scenario analyses (including assessments of water resource availability and extreme rainfall events.) • Using 2025 as the new baseline year, the Company implemented ISO 14064-1 GHG inventory management, recording total emissions of 17,805.38 metric tons of CO_2e. • An internal carbon pricing mechanism (US$10 per ton of CO_2e) was formally introduced as a benchmark for evaluating environmental costs in future investment and operational decisions.
	**16 Peace, Justice and Strong Institutions** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	4.3 Ethical Corporate Management and Legal Compliance 6.4 Protecting Customer Privacy and Confidential Information	• The Company established its Ethical Corporate Management Principles and Code of Ethical Conduct and maintained whistleblowing channels. In 2025, the Company recorded no material corruption cases involving violations of corporate policies. • Customer privacy and confidential information were rigorously protected through the implementation of a Privileged Access Management (PAM) system. No complaints related to privacy breaches or customer data loss were reported in 2025. • Legal compliance was strictly maintained, with no violations of product health and safety regulations or environmental laws and regulations in 2025.
	**17 Partnership for the Goals** Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	4.5 Membership in Clubs and Organizations 5.5Sustainable Supply Chain 8.1 Social Innovation and Indirect Economic Impacts	• By promoting the “Local Procurement Strategy,” the Company made purchases from Taiwanese suppliers accounting for 87.45% of its total procurement spending in 2025, contributing to local economic development. • ESG requirements were integrated into supply chain management. In the meantime, the Company issued the “Integrity Notification Letter” which require suppliers to comply with integrity standards; annual audits were completed for nine key suppliers. • The Company has become a member of the Taiwan Optics Association and supported recruitment initiatives organized by the Taichung City Government, leveraging collaboration among industry, government, and academia to promote sustainable industrial development and shared regional prosperity.

01 About AOET

1.1 Company Profile

Ability Opto-Electronics Technology Co., Ltd. (hereinafter "AOET," "the Company," "we") was established in 1986 and has cultivated deep expertise in the optical industry for nearly four decades. To this date, AOET has become a key global supplier of professional optical lens research and development, manufacturing, and technical services. AOET leverages its extensive engineering capabilities and advanced manufacturing know-how to deliver comprehensive optical solutions. Through technological innovation and operational excellence, AOET steadily advances its long-term profitability and sustainable development objectives.

Detailed Information

Full Entity Name	Ability Opto-Electronics Technology Co., Ltd.
Listing Status	TPEx-listed
Stock Code	3362
Chairman	Victor Kao
Date of Establishment	1986/11/19
HQ Address	Central Taiwan Science Park-No. 14, Keyuan 1st Rd., Xitun Dist., Taichung City
Industry Type	Optoelectronics Industry
Main Scope of Products and Services	Optical Lenses, Lens Assembly and Fitting, Fingerprint Recognition Modules, Optical Standard Processing, etc.
Paid-in Capital	NT$ 1,424,455 thousand (as of December 2025)
Net Sales Revenue	NT$ 4,316,601 thousand
Employees	856
Presence	Taiwan, China, and Vietnam

1.2 Business Overview and Global Operations Deployment

To establish a highly resilient supply chain and maintain close proximity to global customers, AOET has headquartered at the Central Taiwan Science Park (CTSP) for operations and has pursued a prudent and sustainable expansion strategy:

- **2000 | Manufacturing Expansion into the SEA:** AOET established a manufacturing facility in Ho Chi Minh City, Vietnam.
- **2004 | Deployment in the Greater China Region for Enhanced Capacity:** AOET's production base was established in Zhenjiang, China.
- **2007 | Strengthening Vertical Integration through In-house Manufacturing of Parts and Components:** AOET added a plastic lens injection molding facility at its CTSP headquarters in Taiwan to enhance in-house manufacturing capabilities for critical parts and components.

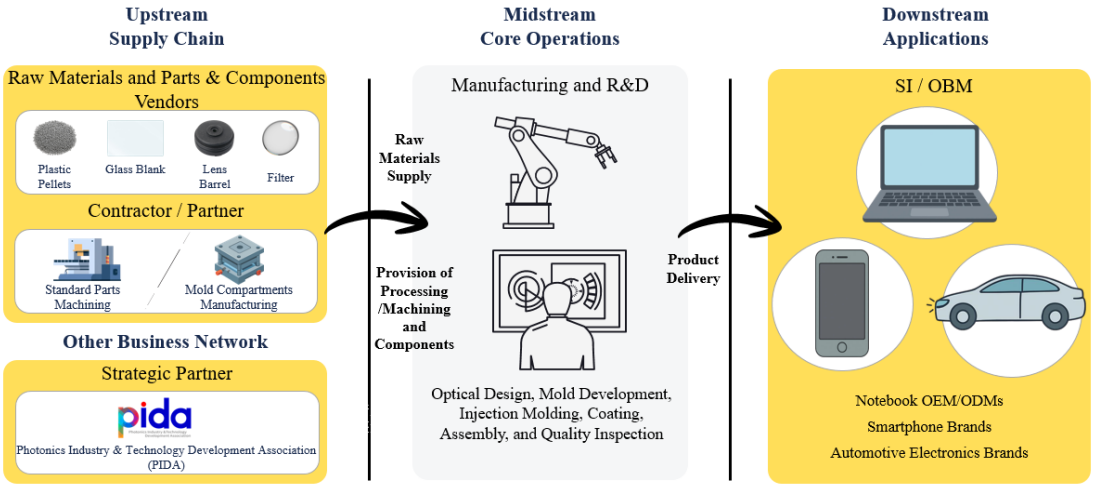
- **2009 | Smart Manufacturing Transformation:** AOET implemented automated production lines at the CTSP plant, marking the beginning of the Company's smart manufacturing transformation.

1.3 Organizational Structure

AOET has appointed its Board of Directors (hereinafter "the Board") as the highest governing and supervisory body and established an independently operated Internal Audit Office to ensure the effectiveness of internal controls and regulatory compliance. The executive management team, led by the President, oversees research and development, manufacturing, quality assurance, sales and marketing, and supporting administrative functions. In response to evolving global sustainability trends, AOET has incorporated an "ESG Sustainability Promotion Task Force" into its core organizational structure. This governance framework ensures that all departments effectively integrate environmental protection, social engagement, and corporate governance considerations into business operations while driving technological innovation and sustainable growth.

1.4 Industrial Value Chain and Core Products

As a key midstream participant in the optical industry value chain, AOET provides vertically integrated ODM/OEM services spanning product development, engineering, and manufacturing. Meanwhile, through strong strategic partnerships across the supply chain in both upstream and downstream, the Company contributes to a resilient and sustainable optical industry ecosystem.



1. **Upstream-Supply Chain**
   AOET's primary raw materials include plastic pellets, glass blanks, lens barrels, and related electronic parts and components. To ensure superior optical precision, raw plastic materials and precision shaft components are primarily sourced from professional suppliers in Japan; glass materials are procured from reputable manufacturers in Taiwan, Japan, and China (e.g., Unique Opto-electronics, ZEON CSC, etc.). The Company maintains long-term strategic partnerships with key suppliers while continuously developing alternative sourcing channels to diversify procurement risks and strengthen supply chain resilience.
2. **Midstream-Core Activities and Products**
   AOET is among the few industry players possessing comprehensive in-house capabilities for the development and mass production of both glass and plastic optical components. Supported by a high level of in-house production and smart manufacturing practices, the Company ensures product quality while reducing the carbon footprint associated with production processes. Its major product portfolio encompasses the following categories:

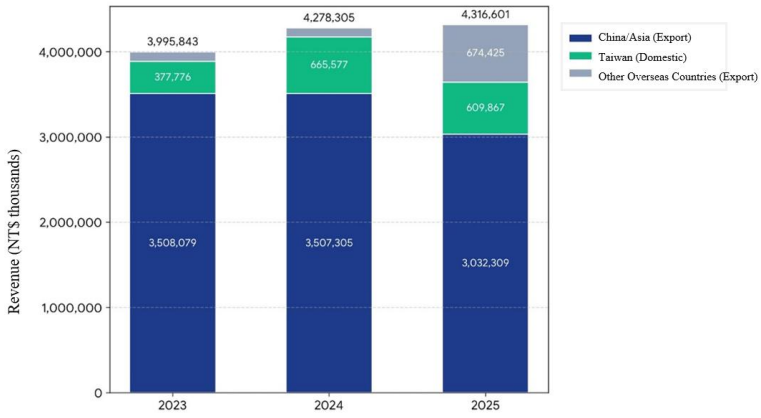
Positioning and Core Domains	**Main Applications and Sustainability Values**
① **Core Product: Advanced Optical Lenses** (Accounting for over 98% of the Company's Revenue)	• **NB and Tablet Camera Lens:** Notebook and Tablet Camera Lenses: The Company is engaged in the mass production of "Ultra-thin 4K Notebook Camera Lenses" and "RGB/IR Dual-mode Lenses," supporting enhanced visual quality and security functions for AI PCs. • **Automotive Imaging (ADAS) Lenses:** Utilizing molded glass technologies, the Company develops automotive-grade lenses with high environmental durability, improving the reliability of advanced driver assistance and vehicle safety systems. • **Security Surveillance and Smart Home Lenses:** Product lines supporting wide-angle and low-light night vision to meet requirements in smart city and residential security applications.

② **Cross-disciplinary Innovations: Opto-electronic Module and Design**	• **Fingerprint Recognition Modules:** Optoelectronic Modules and Design Services• The integrated optical and biometric technologies may strengthen user privacy protection and Cyber Security in smart devices. • **Custom Mold Development**: The Company delivers one-stop services from optical design and mold development to automated assembly solutions.
③ **Core Processing: Optical Lens and Components**	• **Glass Blanks and Precision Plastic Lenses:** Leveraging proprietary material formulations and injection molding technologies, the Company has managed to uphold high in-house production rates for reduced transportation-related carbon emissions and improved manufacturing efficiency.

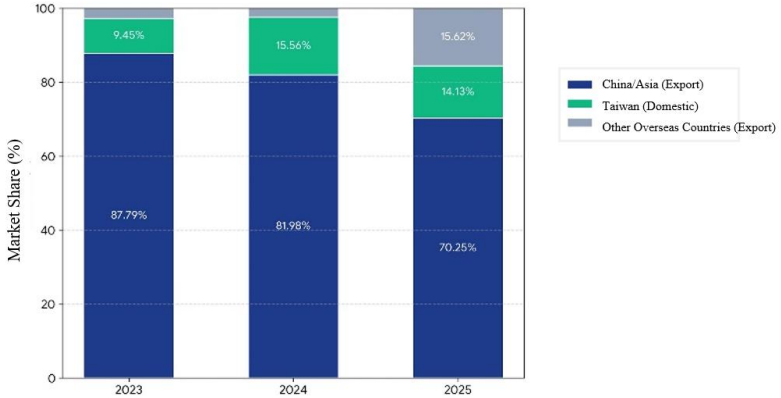
3. Downstream-Customers and Markets

AOET serves globally recognized notebook computer brands, smartphone manufacturers, and automotive electronics system integrators. Through long-standing customer partnerships, the Company has established a strong market position across Asia (in specific, Greater China region). In recent years, AOET has actively expanded into international markets and higher-value applications, thereby reducing risks from dependence on any single market.

AOET's Sales Revenue by Region in the Past Three Years (2023-2025)



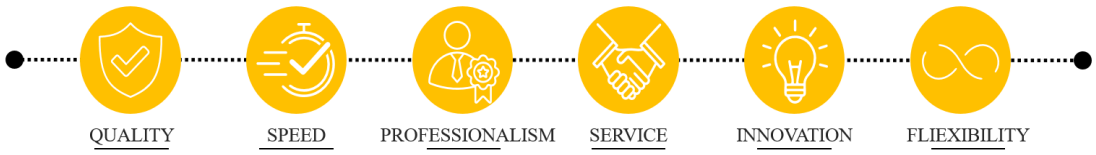
AOET's Market Share Trend in the Past Three Years in Primary Markets (2023-2025)



1.5 Sustainable Competitiveness and Operational Strategies

Amid intensifying price competition, geopolitical uncertainties, and rising global labor costs, AOET has adopted a strategic operating philosophy of "Rooted in Taiwan, Integrated with the World." To strengthen its long-term sustainable competitiveness, the Company focuses on the following three strategic priorities:

1. **Values Generated from the R&D of Advanced Technologies:**
   While continuously enhancing its existing optical lens portfolio, AOET actively invests in forward-looking applications, including advanced smartphone camera lenses and automotive sensing technologies. By expanding its portfolio of high-value-added products, the Company seeks to drive revenue growth and maintain long-term profitability.
2. **Promoting Smart Manufacturing and Resilient Production:**
   To address labor shortages and improve production yield rates for advanced optical products, AOET continues to expand its automated manufacturing capabilities. Through ongoing automation and process optimization, the Company is building a highly flexible and resilient production network capable of responding efficiently to evolving customer demand.
3. **Agile Integration of Global Resources:**
   By simultaneously advancing "innovative R&D" and "automation upgrades," AOET dynamically allocates production resources across its global operations, allowing the Company to respond effectively to market trends and significantly strengthen its global competitive advantage.



02 Sustainable Management

2.1 Sustainable Development Strategies

The Company's key sustainable development strategies include:

- **Environmental Protection:** The Company’s focuses are reducing carbon emissions, increasing the use of renewable energy, and promoting the circular economy; clear objectives and action plans are established for each area.
- **Technological Innovation:** The technological innovation to support sustainable development, including the development of energy-efficient products and smart solutions, has been emphasized.
- **Corporate Governance:** The Company has implemented a series of governance measures, including the strengthening of internal audit and internal control systems, and enhancing the transparency of financial information disclosure.
- **Social Responsibilities:** The Company aims to optimize its employee care and social care through initiatives related to occupational health and safety, talent development, employee training and development, and community involvement.

In view of increasingly severe global challenges led by climate change and resource depletion, the Company will continue to deepen its commitment to green manufacturing and product innovation, striving to minimize the environmental impact of its operations. We also place great importance on employee well-being, diversity, and inclusion, fostering a safe, equitable, and growth-oriented workplace. In terms of social engagement, we actively participate in charitable activities and community care initiatives, with the aim of creating positive value for society.

Looking ahead, the Company will continue to uphold sustainable development as a core corporate value, actively promoting energy conservation, carbon reduction, resource circularity, and sustainable supply chain management to address challenges related to climate change and environmental sustainability. Through continuous innovation and process improvement, we will enhance our products and services to meet customer needs while reducing environmental impacts. We are also committed to fulfilling our corporate social responsibility by supporting community development and disadvantaged groups, thereby promoting shared prosperity with society. Through these efforts, we aspire to become an entity that contributes positively to both society and the environment. In the meantime, by collaborating with global partners, we may achieve the goal of sustainable development.

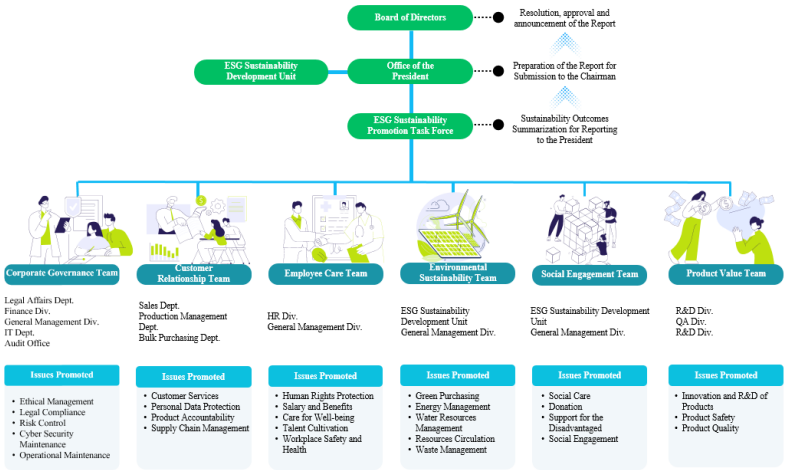
2.2 Sustainable Governance Structure

AOET has established an ESG Sustainable Development Unit under the Office of the President as the dedicated department responsible for promoting ESG-related initiatives across the Company. The unit also functions as the convenor of the Company’s ESG Sustainability Promotion Task Force-which comprises representatives from various departments-responsible for identifying material ESG issues, formulating management strategies and objectives, monitoring the implementation progress and performance of sustainability initiatives, and reporting to management on a regular basis.

With members assigned responsibilities across the areas of environmental sustainability, social responsibility, and corporate governance, the task force reviews KPIs and implementation outcomes on a monthly basis and proposes improvement measures to ensure the effective execution of ESG strategies. The Company has established a clear governance framework that defines the sustainability-related responsibilities of each organizational unit while strengthening the Board' oversight of ESG-related matters:

Unit	Responsibilities
Board	Overseeing and reviewing ESG policies and strategic direction, and annually evaluating strategic performance and material sustainability issues.
Management	Implementing policies, allocating resources, regularly evaluating progress toward ESG objectives, and making decisions and adjustments thereto.
ESG Sustainable Development Unit	The Company's dedicated function, responsible for identifying material ESG issues, formulating strategies and targets, and coordinating performance tracking.
ESG Sustainability Promotion Task Force	Responsible for cross-functional coordination and implementation of ESG strategies, reporting progress and challenges to management, and supporting Board decision-making.

Note: This governance framework constitutes a top-down management and oversight mechanism to ensure the continuous and effective implementation and improvement of ESG strategies, while promoting the Company's sustainable development across environmental, social, and governance dimensions.



2.3 Promotion and Implementation of Material Sustainability Matters

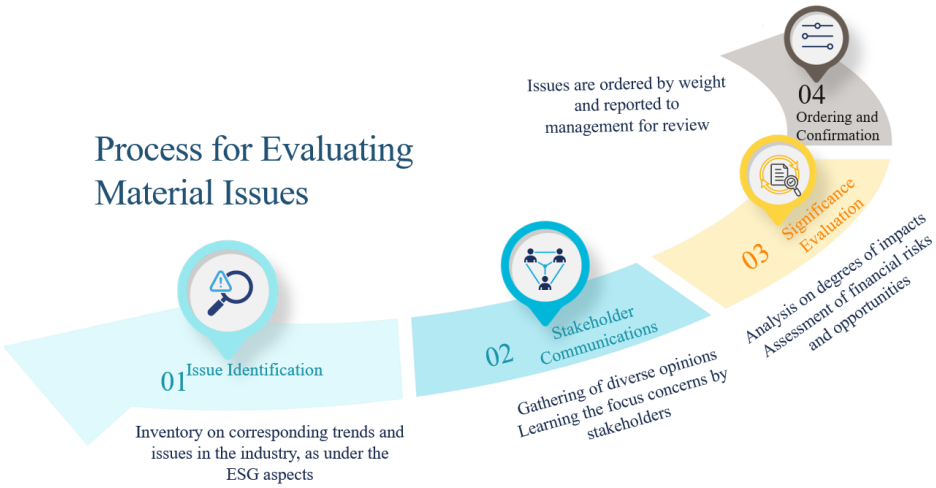
The Company's cross-functional ESG Sustainability Promotion Task Force, led by the President, is responsible for coordinating and implementing ESG-related projects as well as reporting implementation results, material sustainability matters, and corresponding response measures, for further review and oversight and decision-making at the highest level by the Board.

Material Matters Communicated Between the ESG Sustainability Promotion Task Force and the Board in 2025

Meeting Date	Matters Presented and Communicated	Resolution or Instruction
2025/08/07	Preparation and Publication of the 2024 Sustainability Report	The Board has, following its review, resolved to adopt the proposal as presented.

03 Materiality Identification

AOET conducts an annual sustainability materiality assessment and identification process in accordance with the GRI Universal Standards 2021. In 2025, the Company continued to adopt the Double Materiality principle, based on GRI 3: Material Topics 2021 and with reference to relevant guidance from the IFRS and the ESRS; sustainability-related impacts were assessed from two perspectives: Impact Materiality and Financial Materiality. Through a five-step identification process, AOET evaluated the potential external impacts of its operations on the environmental, social, and human rights dimensions, as well as the internal financial effects arising from sustainability-related risks and opportunities. The results of the sustainability impact assessment served as the basis for determining the Company's priority material issues.



During the issue collection and analysis process, AOET considered its operational characteristics, supply chain relationships, and key stakeholder expectations, while benchmarking against international sustainability standards (GRI and SASB), ESG rating frameworks (such as MSCI, S&P CSA, and CDP), and industry best practices in establishing the preliminary list of sustainable issues. Afterwards, the ESG Sustainable Development Unit coordinated the review process and engaged the ESG Sustainability Promotion Task Force and heads of relevant management units to evaluate the positive and negative impacts of each issue on the Company's operations and business activities. Following cross-functional discussions and prioritization, AOET identified its annual material sustainability issues and disclosed corresponding management objectives, implementation strategies, and performance outcomes.

The final assessment results were approved by the Office of the President and reported regularly to the Board, which exercises advanced oversight to ensure that the management and promotion of material sustainability topics remain aligned with the Company's overall business strategy.

3.1 Stakeholder Engagement

AOET recognizes stakeholders as essential partners in its sustainable development journey. Whether directly involved in or indirectly affected by the Company's operations, stakeholders maintain close connections with AOET's business activities. To systematically identify key stakeholders, AOET referred to the AA1000 Stakeholder Engagement Standard (AA1000 SES 2015) and evaluated stakeholders based on five dimensions: dependency, responsibility, concern, influence, and diverse perspectives, while also considering corporate governance requirements and industry characteristics. Based on such assessment, AOET identified five key stakeholder groups-Employees, Shareholders/Investors, Customers/Distributors, Suppliers, and Government Agencies-as the primary targets of the Company's sustainability management and engagement efforts.

To better understand and respond to stakeholder concerns, AOET provides multiple communication channels and engagement mechanisms, enabling stakeholders to express their opinions at any time. With such, the Company may identify sustainability issues concerned by different stakeholder groups and respond accordingly.

Interactions Overview with Stakeholders

Stakeholder	Significance to AOET	Issues Concerned	Communication Channels (Frequencies)	Responsible Unit	Communication Outcomes	Responded in Section
Customers/ Distributors	By means of meeting customer requirements, building market trust, and promoting green products and services, the Company may gain momentum for its long-term growth	・Customer Relationship Management ・Sustainable Supply Chain Management ・Innovation and R&D ・Green Product ・Carbon Footprint of Products ・Response to Climate Change	・After-sale Services and Consultation of Products ・Periodic Customer Visits ・E-Mail (Instant Response by Dedicated Personnel) ・Instant Messaging Platform (Instant Response by Dedicated Personnel) Customer Contact Window: Chen, Hsiang-Yu E-Mail: sd@aoet.com	Sales Dept.	・Managed daily customer email correspondence and customer visits. ・Facilitated ad hoc customer engagement on sustainability initiatives and sustainable issues. ・Performed approx. 115 customer audits and on-site visits. ・Achieved an overall customer satisfaction rating of 91.4% (target: 75%), with all major customers meeting or exceeding the required standard.	5.3 Innovative R&D 5.5 Sustainable Supply Chain 6.1 Protecting Customer Health and Safety 6.3 Customer Satisfaction and Relationship 9.1 Risks and Opportunities Relating to

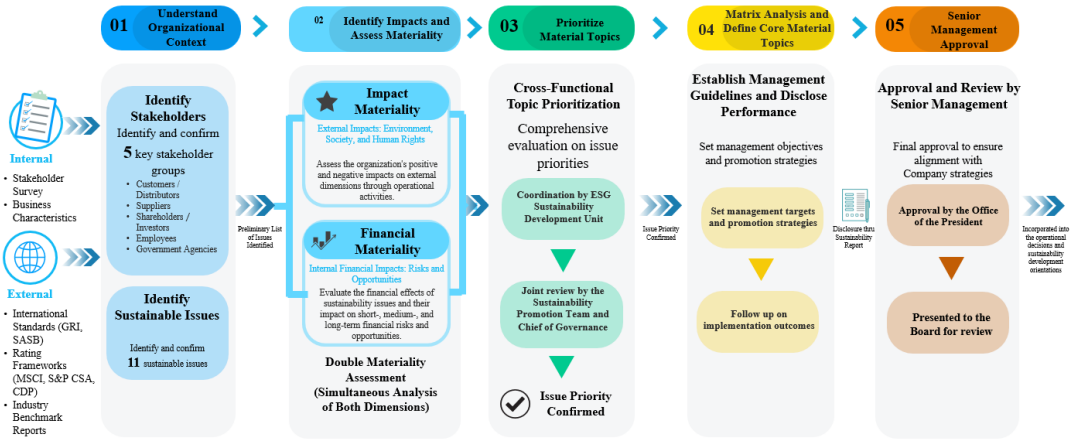
					Implemented improvement measures for the “Order Delivery” to continuously enhance service quality and customer experience.	Climate Change 9.2 GHG Management
Suppliers	By building a stable and accountable supply chain, AOET may reduce operational risks and ensure sustainable partnerships	・Accountable Procurement ・Hazardous Substance Management ・Conflict Minerals Management ・Supplier Audits	・Review Report or Alignment Meetings (upon request) ・Audit Management (upon request) Supplier Contact Window: Hsu, Ling-Cheng E-Mail : vicky@aoet.com	Bulk Purchasing Dept. QA Div. R&D Div.	・Issued “Integrity Notification Letters” in dual language (Chinese/English) to all supply chain partners. ・Completed audits of 9 key suppliers ・In the supplier evaluation, a 100% compliance rate was recorded ・Organized meetings with suppliers ・Conducted monthly performance assessments for component suppliers	5.4 Quality Management and Automation Upgrade 5.5 Sustainable Supply Chain 7.1 Human Rights Protection and Labor-Management Relations 9.5 Waste Management
Shareholders/ Investors	With enhanced information transparency, AOET may bring confidence to investors and therefore ensure a sound corporate governance and reputation at the capital market	・Operational Performance ・Policies and Distribution of Dividend ・Corporate Governance ・Information Transparency ・Ethical Corporate Management	・MOPS (announcement made pursuant to regulations) ・AGM (annual) ・Investor’s Conference ・Investors’ Section on Corporate Website ・Investors’ Suggestion Box via email (Instant Response by Dedicated Personnel)	Finance Div.	・Issued 2025 Annual Report ・Convened 1 annual regular shareholders’ meeting ・Made 12 public announcements on revenue information ・Convened 1 investors’ conference ・Convened 1 annual regular shareholders’ meeting	4.1 Board Structure and Operational Mechanism 4.2 Risk Management 4.3 Ethical Corporate Management and Legal Compliance 5.1 Operational Performance

Employees	Building a safe and friendly working environment facilitates the attraction and retention of talents and may therefore enhance operational performance and corporate competitiveness	・Remunerations and Benefits, and Employee Care ・Talent Attraction and Retention ・Occupational Safety and Health ・Manpower Development ・Diversity and Inclusion	・Meetings, both Regular and on Request ・Education and Training, both Regular and on Request ・Periodic Internal Public Announcements ・Email and Internal Communication Platforms ・Periodical Proposal of Improvement Plans ・KPI Evaluation (at least once per year) Employee Contact Window: Yang, Wen-Ching E-Mail: ad@aoet.com	HR Div.	・Conducted 4 employee performance review interviews ・Held 50 orientation sessions for new employees ・Implemented measures based on employee suggestions ・Held 4 labor-management meetings ・Performed 1 annual employee health examination ・Convened 9 employee welfare committee meetings ・100% of the 29 employee complaints received throughout the year have been closed	7.1 Human Rights Protection and Labor-Management Relations 7.2 Composition of Talents and Diversity and Equality 7.3 Remunerations and Benefits for Employees 7.4 Talent Cultivation and Career Development 7.5 Occupational Safety and Healthy Workplace
Government Agencies	・Ensuring regulatory compliance may reduce AOET's compliance risks, enhance its reputation, and facilitate obtaining of policy resources	・Corporate Governance ・Legal Compliance ・Energy Management	・Communications on Request, in Forms of Official Documents, Emails and Phone Calls ・Participation in Policy Seminars, Symposiums, and Public Hearings	General Management Div. Finance Div.	・Corporate Governance Evaluation ・38 messages issued on MOPS ・Filing performed on MOPS ・Performed regular regulatory compliance reviews and audits ・Participated in government-organized info-sessions ・Performed correspondences in official documents	4.1 Board Structure and Operational Mechanism 4.3 Ethical Corporate Management and Legal Compliance 9.3 Energy Management

3.2 Identification of Material Topics

AOET conducts an annual sustainability materiality assessment and identification process in accordance with the GRI Universal Standards 2021. In 2025, the Company continued to adopt the Double Materiality principle, based on GRI 3: Material Topics 2021 and with reference to relevant guidance from the IFRS and the ESRS.

In addition, the Company considered the four AA1000 Accountability Principles—Materiality, Inclusivity, Responsiveness, and Impact—and incorporated sustainability impacts into both Impact Materiality and Financial Materiality dimensions. Through the following five-step process, the Company identified and prioritized its annual issues concerned:

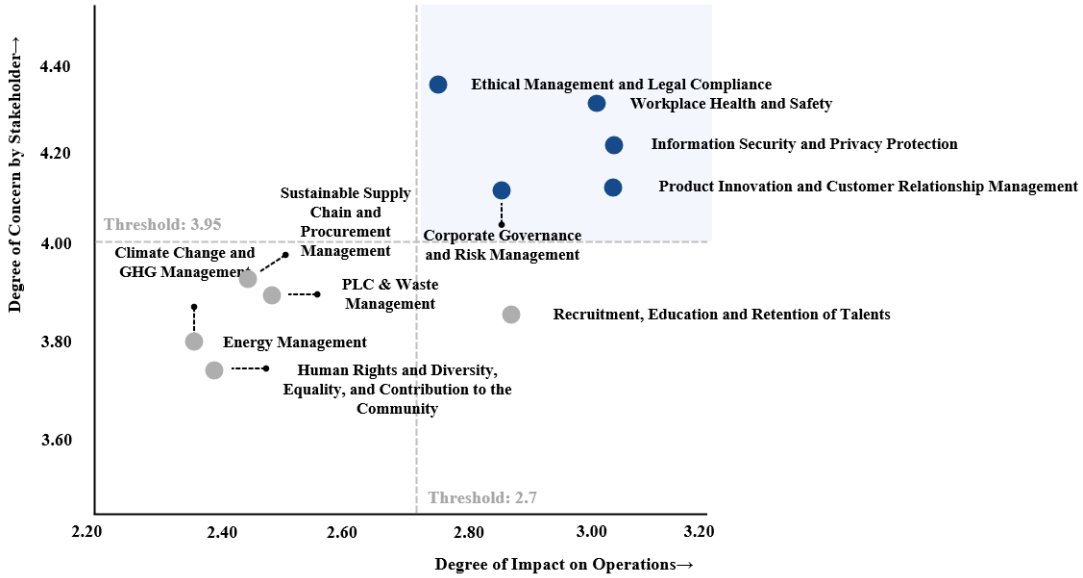


Five Steps for Identifying the Material Topics

The Five Steps for Analyzing and Identifying Materiality

1. **Understanding the Organizational Context and Establishing a Preliminary List of Topics**
   The Company comprehensively evaluated its business characteristics, key resources, sustainability management priorities, and supply/value chain activities. International sustainability trends were reviewed alongside relevant standards and frameworks (e.g., GRI and SASB), ESG rating methodologies (e.g., MSCI, S&P CSA, and CDP), and industry benchmarks. Eventually, a total of 11 sustainability topics were identified (incl. five governance topics, three social topics, and three environmental topics.)
2. **Identifying Impacts and Assessing Significance**
   Each topic on the preliminary list was assessed for its actual or potential impacts. For "positive impacts," the assessment focused on the positive economic, environmental, and social value generated through the effective implementation of management policies; for "negative impacts," the assessment evaluated the severity of potential harm to external stakeholders if the topic were not properly managed.
3. **Prioritizing Impacts (thru Double Materiality Assessment)**
   The level of operational impact (X-axis) was evaluated by 19 cross-functional senior decision-makers (incl. the Chairman, Vice Chairman, and other members of top management.) Significance was determined based on the magnitude and likelihood of impacts; for stakeholder concern (Y-axis), it was assessed using 80 valid responses collected through internal and external stakeholder engagement surveys.

4. **Matrix Analysis and Identification of Key Material Topics**
   The quantitative assessment results were plotted on a Double Materiality Matrix, which initially identified five key material topics located in the first quadrant. In consideration of global trends related to climate change and green manufacturing, management further selected the highest-ranked environmental topic. Eventually, the discussion was converged into a list comprising six key material topics.
5. **Strategy Formulation and Executive Approval**
   Led by the ESG Sustainable Development Unit, cross-functional teams developed management objectives, implementation frameworks, and policy directions for each key material topic, while continuously monitoring performance. The final materiality assessment results were reviewed and approved by the Office of the President and subsequently submitted to the Board for deliberation, ensuring close alignment with the Company's long-term strategic decision-making.



2025 Double Materiality Matrix: An Analysis Result

Top Six Material Sustainability Issues in 2025

Issue Name	ESG Dimension	Operational Impact (X)	Degree of Concern by Stakeholders (Y)
Ethical Corporate Management and Legal Compliance	Governance G	2.74	4.30
Workplace Health and Safety	Social and Human Rights S	3.00	4.28
Corporate Governance and Risk Management	Governance G	2.82	4.14
Cyber Security and Privacy Protection	Governance G	3.03	4.20
Product Innovation and Customer Relationship Management	Governance G	3.03	4.14
Product Lifecycle and Waste Management	Environmental E	2.49	3.91

3.3 Analysis on the Internal/External Impacts by Materiality Issues

Core Material Topic	Materiality Issue	Internal Impact		External Impact			
		Organization	Employees	Customers/ Distributors	Suppliers	Shareholders/ Investors	Government Agencies
Governance G	Ethical Corporate Management and Legal Compliance	●	●	●	●	●	○
Governance G	Corporate Governance and Risk Management	●	●	●	●	○	○
Governance G	Cyber Security and Privacy Protection	●	●	●	○	○	○
Governance G	Product Innovation and Customer Relationship Management	●	●	●	○	●	○
Social and Human Rights S	Workplace Health and Safety	●	●	○	●	○	●
Environmental E	Product Lifecycle and Waste Management	●	●	●	●	○	●

● Direct Impact ○ Indirect Impact

3.4 List of Material Topics

Based on the results of the Double Materiality assessment process, the Sustainability Task Force consolidated and identified six key material topics for the reporting year. The Company further aligned these six key material topics to the United Nations Sustainable Development Goals (SDGs) and identified the corresponding key stakeholder groups for each topic to ensure that the Company's sustainability strategy may address external expectations.

Materiality Topic	Dimension	Significance of Materiality Topic to AOET	Disclosed at Section(s)	Corresponding GRI Standard(s)	Corresponding GRI Goal(s)
Ethical Corporate Management and Legal Compliance	Governance G	AOET aims to ensure lawful and sound business operations by preventing corruption and fraud risks, fostering a high level of stakeholder trust, and strengthening its corporate reputation in the global marketplace.	4.3 Ethical Corporate Management and Legal Compliance	**GRI 205** Anti-corruption **GRI 206** Anti-competitive Behavior **GRI 2** General Disclosures	**SDG 16** Peace, Justice and Strong Institutions
Corporate Governance and Risk Management	Governance G	AOET has establish a transparent and efficient governance framework, while strengthening the functions of the Board and operational risk identification mechanisms, with the goal to enhance preparedness for climate-related and market changes and therefore ensure long-term business resilience and sustainable profitability.	4.1 Board Structure and Operational Mechanism 4.2Risk Management	**GRI 201** Economic Performance **GRI 2** General Disclosures	**SDG 16** Peace, Justice and Strong Institutions
Workplace Health and Safety	Social S	AOET strives to safeguard the life, safety, and well-being of all employees and contractors, effectively reduce occupational injury rates, enhance employee engagement and retention, and maintain stable and efficient manufacturing operations.	7.5 Occupational Safety and Healthy Workplace	**GRI 403** Occupational Safety and Health	**SDG 3** Good Health and Well-Being **SDG 8** Decent Work and Economic Growth
Cyber Security and Privacy Protection	Governance G	AOET aims to protect critical operating systems and confidential information from cyber threats, safeguard customer and employee personal data, and enhance the trust of global customers while strengthening business competitiveness.	4.4 Cyber Security 6.4 Protecting Customer Privacy and Confidential Information	**GRI 418** Customer Privacy Self-initiated Disclosure (Cyber Security Management)	**SDG 9** Industry, Innovation and Infrastructure

Product Innovation and Customer Relationship Management	Governance G	With continuous investment in optical technology R&D to stay ahead of market trends, practice of rigorous product quality standards, and deepened customer engagement and after-sales services, AOET aims to enhance customer satisfaction and brand loyalty.	5.3 Innovative R&D 5.4 Quality Management and Automation Upgrade 6.2 Fulfillment of Marketing and Labeling Compliance 6.3 Customer Satisfaction and Relationship	**GRI 416** Customer Health and Safety Self-initiated Disclosure (Innovative R&D)	**SDG 9** Industry, Innovation and Infrastructure
Product Lifecycle and Waste Management	Environmental E	AOET reduces the use of hazardous substances through sustainable product design, improves waste recycling and packaging reduction throughout manufacturing processes, promotes circular economy practices, minimizes environmental impacts, and complies with international green regulatory requirements.	5.3 Innovative R&D 9.5 Waste Management	**GRI 306** Waste **GRI 301**Materials	**SDG 12** Responsible Consumption and Production

About Changes to Material Topics in 2025

To better align its Sustainability Report with the double materiality principles outlined in GRI 3: Material Topics 2021, while also reflecting industry developments and enhancing internal management effectiveness, the Company conducted a comprehensive review and optimization of its sustainability issue inventory in 2025. Following a thorough assessment by 19 members of senior management and key executives, the preliminary list of sustainability topics was streamlined from 15 topics in 2024 to 11 topics in 2025. The key changes and underlying rationale are summarized below:

1. **Strengthened Integration of Management Issues:**
   To avoid issue fragmentation, the Company consolidated several highly related items from 2024 to exhibit a broader strategic vision:

   - **Integration of Governance Dimension Items:** The items previously categorized as “Sustainable Corporate Governance,” “Risk Management and Ethical Integrity,” and “Operational Performance and Profitability” were restructured and consolidated into two material issues: “Corporate Governance and Risk Management” and “Ethical Corporate Management and Legal Compliance.” Both issues were positioned in the first quadrant of the Double Materiality Matrix and were therefore identified as Core Material Topics for 2025.

- **Integration of Innovation and Service Matters:** The previous issues of “Innovative R&D,” “Customer Relationship-Interactions and Satisfaction,” and “Product Responsibility, Product Safety, and Service Labeling” were combined into “Product Innovation and Customer Relationship Management” to reflect the Company's belief that technological R&D should ultimately serve to create value for customers. Following assessment, the issue was identified as a “Core Material Topic” for the reporting year.
- **Integration of Social Engagement Matters:** The former issues of “Human Rights Protection, Diversity and Equal Opportunity” and “Community Engagement and Participation in Charity” were consolidated into a routine management issue entitled “Human Rights, Diversity, Equality, and Community Contribution.” However, stakeholder feedback during the reporting year demonstrated a particularly strong focus on employee life safety and well-being; therefore “Workplace Health and Safety” was ultimately selected as the representative “Core Material Topic” under the social dimension.
- **Integration of Environment and Resources Matters:** The formerly adopted “Sustainable Water Resource Management” as the practical management item was incorporated into the broader framework of “Energy and Environmental Management” guideline to enable a more comprehensive supervision. Following the Double Materiality assessment and strategic review by senior management, the environmental dimension was ultimately focused on “Product Lifecycle and Waste Management” as a Core Material Topic for 2025.

2. **Response to Emerging Digital Risks:**
   Against the backdrop of accelerated digital transformation across the optoelectronics industry, prevalence of AI applications, and increasing emphasis on cyber security requirements across the supply chain, cyber security has become an increasingly critical sustainability issue. Cyber security, although not identified as a standalone item in 2024, received significant attention from both senior management and stakeholders during 2025. Accordingly, the Company formally added “Cyber Security and Privacy Protection” as an independent sustainability topic, became subsequently classified within the first quadrant of the Double Materiality Matrix and was identified as a Core Material Topic for the reporting year.
3. **Response to the Green Manufacturing Trend:**
   Concerning “Packaging and Waste Resource Recovery within the Circular Economy,” it became a focus in 2024, yet it was expanded to the broader issue of “Product Lifecycle and Waste Management” in 2025. Although the issue did not initially exceed the predefined materiality threshold based solely on questionnaire results, a strategic review conducted by the ESG Sustainability Promotion Task Force and senior management concluded that increasing global expectations regarding green supply chains and decarbonization warranted greater emphasis on this issue. Consequently, the issue was elevated and formally designated as a “Core Material Topic” for 2025, demonstrating AOET's commitment to advancing green design practices and promoting environmental sustainability throughout its operations.

3.5 Material Issues Management

For each Core Material Topic, the Company has designated responsible units to establish corresponding management policies and action plans. Short-, medium-, and long-term objectives have been defined, and implementation performance is regularly monitored and reviewed to ensure effective execution and continuous improvement. The Company's material topic management framework is outlined below:

Core Material Topic	Management Policies and Coverage	Specific Actions and Follow-up Mechanism	Metrics and Targets
Ethical Corporate Management and Legal Compliance	The Company governs the business conduct of all employees, directors, and suppliers in accordance with the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," both approved by the Board.	The Company has established protected whistleblowing channels, conducts annual anti-corruption training programs, and regularly reviews emerging regulatory requirements. Internally, the Audit Office conducts regular reviews and reports the review results to the Board; annual reviews on the handling outcomes of complaints are performed.	[Short] Achieving a 100% training completion rate [Medium] 0 violations against anti-corruption policies reported [Long] 0 penalties arising from material violations, and establishment of the integrity culture
Corporate Governance and Risk Management	The Company operates in accordance with the "Corporate Governance Best Practice Principles" and "Risk Management Policy," both approved by the Board, which serve as the highest governing framework for all employees, managerial officers, and directors.	The Company promotes Board diversity, conducts cross-functional assessments of operational and climate-related risks, and enhances information transparency. The Company conducts performance evaluation on its directors, with the Audit Office reviewing and controlling the degree of implementation and engaging in the Corporate Governance Evaluation.	[Short] Completing the annual identification of operational and climate risks [Medium] Maintaining top-tier performance in the Corporate Governance Evaluation [Long] Building a highly resilient organization
Workplace Health and Safety	In accordance with the "Regulations for Safety Incident Management" and the "Working Environment for Safety and Health of Employees," approved and promulgated by the President, the Company is committed to safeguarding the occupational safety and health of all employees and on-site contractors.	The Company has implemented the requirements of ISO 45001, along with regular monitoring of workplace hazards, and strict enforcement of safety and health training for contractors prior to site entry Other actions include regular third-party ISO audits, quarterly OSH Committee meetings, and inspections of high-risk operations.	[Short] 0 cases of major occupational safety incidents [Medium] Lower Lost Time Injury Frequency Rate, as compared with industry peer [Long] Fostering a culture of zero accidents and occupational injuries
Cyber Security and Privacy Protection	In compliance with the "Regulations for Cyber Security Management," approved by the President and the Chief Information Security	The Company has implemented a Cyber Security Management System, conducts regular social engineering exercises and cybersecurity awareness	[Short] 100% completion rate for cyber security training courses [Medium] 0 cases involving major cyber

	Officer (CISO), the Company enforces strict control of information usage and confidential information protection practices for all employees, contractors, and business partners.	training, and has established off-site backup and disaster recovery mechanisms to strengthen information security resilience. Additional conducts include regular internal cyber security audits and vulnerability assessments, with results reported to the management, as well as regular review on the improvement rate throughout serial exercises.	security and privacy infringement reported [Long] Building a high-intensity digital protection network through continuous upgrades
Product Innovation and Customer Relationship Management	In accordance with the "Rules for Product Quality Management and "Rules for Customer Service Management," both approved and promulgated by the President, the Company ensures effective implementation through the coordinated efforts of the R&D, Sales, QA, and other relevant departments.	The Company maintains product quality through the implementation of an ISO 9001 Quality Management System, contributes to the R&D of innovative optical technologies, and conducts regular customer satisfaction surveys. Other actions include third-party ISO audits and internal audits, as well as monthly production, sales, and quality review meetings for monitoring quality performance and track corrective actions for areas receiving lower customer satisfaction ratings.	[Short] 0 significant customer complaints reported, with response rate of complaints meeting prescribed targets [Medium] Achieving an average score of 90 in customer satisfaction [Long] Growth in the number of patents which makes AOET the superior choice as partner
Product Lifecycle and Waste Management	In compliance with the "Environmental Regulations Management Procedure" and the "Quality, Environmental, and Hazardous Substance Management Manual," approved by the President, the Company requires all employees, suppliers, and waste management contractors to jointly support and implement environmentally responsible operations.	The Company has implemented an ISO 14001 Environmental Management System, promotes product designs that facilitate recycling and resource recovery, enforces strict control of hazardous substances throughout its operations, and engages licensed waste management service providers for the disposal of waste. Other actions include third-party ISO audits, monthly monitoring of waste generation volumes and recycling rates, and unannounced transportation and treatment facility audits.	[Short] 0 major penalties for violations of environmental regulations [Medium] Enhanced recycling and reuse rates for process wastes [Long] Practicing green design and circular economy

04 Corporate Governance

4.1 Board Structure and Operational Mechanism

4.1.1 Composition and Diversity of the Board

The current Board serves a three-year term and consists of 11 directors, including 4 independent directors (36.3% of the total Board membership). In support of gender diversity, the Board currently includes 1 female director, accounting for 9.1% of all directors.

Directors' Profiles and Current Positions

Title	Name	Gender/Age	Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company
Chairman	Victor Kao	Male, 51 – 55 years old	MBA, University of La Veme, USA Advertising and Marketing Manager, Central Heath Medical Plan Manager, Optical Overseas Business Department, Ability Opto-Electronics Technology Co., Ltd. Vice President, Business Center of Ability Opto-Electronics Technology Co., Ltd. President, Ability Opto-Electronics Technology Co., Ltd.	President of the Company Chairman of Miyabi Technology Co., Ltd. Chairman of RHOSON CORPORATION Independent Director of Orange Electronic Co., Ltd.
Vice Chairman	Tsung Yi Investment Limited Representative: Chien-Hsun Lai	Male, 46 – 50 years old	Ph.D. in Mechanical Engineering, National Taiwan University	Vice President of the Company Director of Miyabi Technology Co.,
Director	Chung-Ho Lin	Male, 71 – 75 years old	EMBA, Western Pacific University, USA Vice Chairman, E-life Mall Corporation	Supervisor, E-life Corporation
Director	Tsung Yi Investment Limited Representative: Mao-San Lai	Male, 81 – 85 years old	Department of Pharmacy, China Medical College Responsible Person of NEW PROFIT TRADING CO., LTD.	Responsible Person of NEW PROFIT TRADING CO., LTD.
Director	Mao-Sheng Lee	Male, 71 – 75 years old	MD–PhD, Department of Obstetrics and Gynecology, Toho University, Japan	Responsible Person of Mao Sheng Hospital
Director	Chin Yu Lung Investment Limited	Male, 41 – 45 years old	M.D., School of Medicine, Kaohsiung Medical University	Director, Division of Pediatric Dermatology, Changhua Christian Children’s Hospital

Title	Name	Gender/Age	Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company
	Representative: Yun-Chih Hsu			
Director	Ting-Hua Lin	Male, 45 – 50 years old	Master of Business Administration (MBA), Grand Canyon University	Director, Miyabi Technology Corporation Director and General Manager, Rhoson Corporation Director, E-LIFE MALL CORPORATION
Independent Director	Yung-Jen Tsao	Male 61 – 65 years old	M.S. in Accounting, Soochow University	Partner, EnWise CPAs & Co. Independent Director, PAIHO SHIH HOLDINGS CORPORATION Independent Director, Fu Hua Innovation Co., Ltd.
Independent Director	Hui-Juan Kao	Female 46 – 50 years old	Ph.D. in Finance, National Chung Cheng University	Professor, Department of International Business, Tunghai University
Independent Director	Sen-He Chang	Male, 55 – 60 years old	Department of Accounting, Feng Chia University Ph.D., Institute of Business & Management, National Chiao Tung University	Professor of Department of Accounting, Feng Chia University Independent Director, AURAS Technology Co., Ltd.
Independent Director	Yung-Jui Chen	Male, 45 – 50 years old	EMBA, National Taiwan University In-service PhD Program, National Taiwan University of Science and Technology	President, EVERBIZ INDUSTRIAL CO., LTD.

Management Objectives	Implementation Status
Directors concurrently serving as managerial officers not exceeding one-third of all directors is advised	Implemented
The Board shall comprise at least one female	Implemented
Independent directors accounting for one-third or more of all directors	Implemented
Tenure of independent directors not exceeding three consecutive terms is advised	Implemented
A diverse and complementary mix of professional knowledge, skills, and industry experience amongst the directors	Implemented

AOET places great emphasis on the diversity of its Board. In the election of Board members, on top of basic diversity considerations such as gender, age, nationality, and culture, the elected Board members possess professional expertise across a broad range of disciplines, including law, accounting, industry operations, finance, marketing, and

technology. Collectively, all directors demonstrate strong capabilities in the ability to make judgments about operations, financial analysis, risk management, international market perspective, and decision-making, ensuring that the Board provides comprehensive oversight and effective guidance for the Company's long-term strategic development

Implementation of the Board Diversity Policy:

Name	Gender	Age	Professional background				Professional knowledge and skills				
			Industry experience	Technology	Finance	Law	Operational judgment ability	Business management ability	Crisis management	International market outlook	Leadership and decision-making ability
Victor Kao	Male	51 - 55	V	V			V	V	V	V	V
Chung-He Lin	Male	71 - 75	V				V	V	V	V	V
Mao-San Lai	Male	81 - 85	V				V	V	V	V	V
Chien-Hsun Lai	Male	46 - 50	V	V			V	V	V	V	V
Mao-Sheng Lee	Male	71 - 75	V				V	V	V	V	V
Yun-Chih Hsu	Male	40 - 45	V				V	V	V	V	V
Ting-Hua Lin	Male	46 - 50	V	V			V	V	V	V	V
Yung-Jen Tsao	Male	61 - 65	V	V	V		V	V	V	V	V
Hui-Juan Kao	Female	50 - 55	V		V		V	V	V	V	V
Sen-He Chang	Male	55 - 60	V		V		V	V	V	V	V
Yung-Jui Chen	Male	46 - 50	V	V			V	V	V	V	V

4.1.2 Nomination and Election Mechanism

The Company's Board is elected through the "nomination system." In the nomination and selection process, primary consideration is given to candidates' independence, professional expertise, and relevance to the Company's business operations and development needs. Board diversity is also incorporated as a key consideration.

The Board serves as the Company's highest governing body and is chaired by the Chairman, who is responsible for convening and presiding over Board meetings, leading the Board in formulating strategic direction, and overseeing major corporate decisions; the Chairman concurrently serves as the President responsible for the Company's day-to-day operations and policy implementation. The Company has made such appointment due to the dynamic and rapidly evolving nature of the optoelectronics industry. By combining the roles of Chairman and President, the Company enhances the efficiency and agility with which Board decisions are communicated and executed at the operational level.

To prevent and mitigate potential conflicts of interest arising from this dual-role structure, the Company has established robust governance and oversight mechanisms: Of the current 11 directors, 4 are independent directors (representing 36.3% of the Board), exceeding regulatory requirements; in addition, more than half of the directors have no familial relationships with one another. The Board has also established an Audit Committee and a Remuneration Committee, both composed entirely of independent directors. Major operational and financial matters must first be reviewed by the relevant functional committees before being submitted to the Board for deliberation; furthermore, whenever matters involving the Chairman's own authority, responsibilities, or interests are discussed, the Chairman strictly adheres to the principle of recusal and does not participate in related discussions or voting, thereby safeguarding the objectivity of the Board and strengthen its independent oversight function. In the event of a Board vacancy or an insufficient number of independent directors, the Company will conduct by-elections in accordance with applicable laws and regulations to maintain effective Board operations.

4.1.3 Board Operations and Attendance of Directors at Board Meetings

As a general principle, the Company convenes at least one Board meeting each quarter. During 2025, the current Board held a total of five meetings. Directors demonstrated a high level of engagement, achieving an average attendance rate of 96.23%.

Job Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)【B/A】(Note)	Remarks
Chairman	Victor Kao	5	0	100%	
Director	Chuan Chao Investment Co., Ltd. Representative: Chung-He Lin	2	0	100%	Re-elected on June 20, 2025
Director	Chung-He Lin	3	0	100%	Re-elected on June 20, 2025

Director	Ting-Hua Lin	3	0	100%	Re-elected on June 20, 2025
Director	Tsung Yi Investment Limited Representative: Mao-San Lai	5	0	100%	
Director	Chuan Chao Investment Co., Ltd. Representative: Mao-Sheng Lee	2	0	100%	Re-elected on June 20, 2025
Director	Mao-Sheng Lee	2	1	67%	Re-elected on June 20, 2025
Director	Tsung Yi Investment Limited Representative: Chien-Hsun Lai	5	0	100%	
Director	Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu	3	0	100%	Corporate change on July 23, 2025
Director	Chin Yu Lung Investment Limited Representative: Yun-Chih Hsu	1	1	50%	Corporate change on July 23, 2025
Independent Director	Yung-Jen Tsao	5	0	100%	
Independent Director	Wei-Chun Chen	2	0	100%	Re-elected on June 20, 2025
Independent Director	Hui-Juan Kao	3	0	100%	Re-elected on June 20, 2025
Independent Director	Sen-He Chang	5	0	100%	
Independent Director	Yung-Jui Chen	5	0	100%	

4.1.4 Organization and Operation of Functional Committees

To strengthen its oversight functions and enhance management effectiveness, the Company has established functional committees in accordance with applicable regulations, including the Audit Committee and Remuneration Committee, to strengthen the Board's supervisory role and support the implementation of sound corporate governance practices. Through their specialization and independent judgment, independent directors serving on these committees assist the Board in reviewing and safeguarding major proposals and decisions. Going forward, the Company will continue to evaluate the establishment of additional functional committees in response

to business development needs and evolving corporate governance requirements.

1. Operational Overview of Audit Committee

The Company has, in accordance with applicable regulations, established an Audit Committee comprising four independent directors and primarily responsible for overseeing the fair presentation of the Company's financial statements, the effectiveness of internal control systems, significant financial and business activities, and compliance with applicable laws and regulations. Members of the current Committee serve a three-year term. In 2025, the Audit Committee convened four meetings.

The attendance of directors was as follows **(as of the end of 2025)**:

Job Title	Name	No. of meetings attended in person B	No. of meetings attended by proxy	In-person attendance rate (%)【B/A】(Note)	Remarks
Independent Director	Yung-Jen Tsao	4	0	100%	
Independent Director	Wei-Chun Chen	2	0	100%	Re-elected on June 20, 2025
Independent Director	Hui-Juan Kao	2	0	100%	Re-elected on June 20, 2025
Independent Director	Sen-He Chang	4	0	100%	
Independent Director	Yung-Jui Chen	4	0	100%	

2. Operational Overview of Remuneration Committee

The Company has, in accordance with applicable regulations, established a Remuneration Committee, which currently consists of three members with extensive professional qualifications and expertise. Its primary responsibilities include assisting the Board in formulating and periodically reviewing the performance evaluation standards, compensation policies, systems, and remuneration structure for directors and managerial officers. Members of the current Committee serve a three-year term. In 2025, the Remuneration Committee convened three meetings.

Attendance of the Current Remuneration Committee (as of the end of 2025)

Title	Name	Required Attendance	In Person	By Proxy	Actual Attendance Rate	Remarks
Member	Sen-He Chang	3	3	0	100%	A lecturer or above at a public or private college or university in

Member	Wei-Chun Chen	1	1	0	100%	disciplines related to business, law, finance, accounting, or other fields relevant to the Company's operations.
Member	Yung-Jen Tsao	2	2	0	100%	Qualified professional having passed national professional examinations for credentials as a judge, attorney, CPA, or other equivalent licensed professional.
Member	Yung-Jui Chen	3	3	0	100%	Possesses professional work experience in business, law, finance, accounting, or other areas relevant to the Company's operations.

4.1.5 Board's Continuing Education on Sustainable Development Matters

In response to global sustainability trends and the challenges posed by climate change, the Company actively arranges sustainability-related professional development programs for its Board members. In 2025, the Board's continuing education focused on key sustainability topics, including "Sustainable Finance and Climate Change," the "Functions of the Taiwan Carbon Solution Exchange and Related Risk Oversight," and "Gender Equality and Sustainable Development," to ensure that the Company's highest governing body maintains a forward-looking perspective on sustainability governance.

Summary of the Board's Core ESG and Sustainability-Related Training Programs

Role	Name	Summary of Core Sustainability Courses	Organized By
Chairman	Victor Kao	• 2025 Cathay United Summit for Sustainable Finance and Climate Change • Gender Equality and Sustainable Development under Corporate Governance • OTC Family ESG Sharing Session	Taiwan Stock Exchange The Allied Association for Science Park Industries Taipei Exchange
Director	Chung-Ho Lin	• Fulfilling Sustainable Development through the OTC Market • Function and Prospect of the Taiwan Carbon Solution Exchange ＆ How Board Oversees the Risk Management • Sustainable Development Implementation Seminar	Taipei Exchange Taiwan Investor Relations Institute Securities & Futures Institute
Independent Director	Sen-He Chang	• Cathay United Summit for Sustainable Finance and Climate Change • Corporate Governance Sustainable Enterprise Management Studies Program	Taiwan Stock Exchange Taiwan Academy of Banking and Finance
Independent Director	Yung-Jen Tsao	• Sustainable Development Awareness Session • Cathay United Summit for Sustainable Finance and Climate Change	Taiwan Corporate Governance Association Taiwan Stock Exchange

Note: The table above focuses on specialized training related to environmental and social sustainability topics; other statutory training hours associated with the "Corporate Governance (G)" dimension, including insider trading prevention and anti-money laundering compliance, have been fully disclosed in accordance with regulatory requirements through the Market Observation Post System (MOPS).

4.1.6 Performance Evaluation of the Board

To enhance the effectiveness of corporate governance, the Company conducts annual performance evaluations of the Board, individual Directors, and functional committees in accordance with the "Regulations for Evaluating the Performance of the Board of Directors." Evaluations are carried out through internal self-assessment questionnaires and are completed during the first quarter of the following year. The results of the 2025 performance evaluation were reported to the Board, with all evaluation categories receiving an "Excellent" rating, reflecting the effective operation of the Board and its committees, as well as a high standard of decision-making quality.

Guided by the core philosophy of "performance-driven governance and sustainable value creation," AOET views Board performance evaluations not merely as an internal assessment exercise, but the substantive governance impact measures deeply connected to the following two mechanisms:

- **Nomination and Selection:** Evaluation outcomes serve as a key reference in decisions regarding director re-election, nominations, and the selection of new Board candidates. This mechanism helps ensure that the Board continues to maintain a highly qualified composition characterized by diversity, professional expertise, and complementary competencies.
- **Structure of Remunerations:** The remuneration and performance-based incentives of individual directors are determined with reference to their performance evaluation results, to be reviewed by the Remuneration Committee and subsequently submitted to the Board for approval. Such flow may ensure that compensation is closely aligned with governance effectiveness, risk management performance, and the Company's long-term operational resilience.

2025 Board and Functional Committee Performance Evaluation Results

Scope	Aspects	Score out of 5	Comprehensive Rating and Future Improvement
Board as a whole	1. Participation in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control	4.3	The Board demonstrated outstanding operational effectiveness and fully discharged its responsibilities in providing strategic direction and overseeing the effectiveness of internal controls as the Company's highest governing body. The Company will "continue to increase Directors' continuing education hours" and proactively develop training programs on forward-looking ESG topics, including climate risk, cyber security regulations, and green manufacturing.
Individual Directors	1. Alignment of the goals and mission of the Company 2. Awareness of the duties of a director 3. Participation in the operation of the company	4.27	All Directors demonstrated a high level of integrity, regulatory compliance awareness, and understanding of their fiduciary duties, actively participating in the review of major proposals and safeguarding stakeholders' interests.

	4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control		
Audit Committee	1. Participation in the operation of the company 2. Awareness of the duties of a director 3. Improvement of the quality of the board of directors' decision making	4	The independent directors effectively exercised their professional judgment and diligently fulfilled their oversight responsibilities with respect to the integrity of financial reporting, the effectiveness of internal controls, and the management of potential risks.
Remuneration Committee	4. Composition of the functional committee and election/ appointment of committee members 5. Internal control	4	The Remuneration Committee continued to enhance the remuneration decision-making process for Directors and managerial officers, effectively supporting the Board in establishing a market-competitive compensation framework that is aligned with sustainability performance.

4.1.7 Policies on the Remuneration Received by Members of the Highest Governance Body

Remuneration for AOET Directors and members of functional committees is governed in strict accordance with the Company's "Articles of Incorporation" and internal "Regulations Governing the Remuneration of Directors, Functional Committee Members, and Manager." The remuneration framework is designed to balance the level of participation in day-to-day operations, annual business performance, and industry competitiveness, thereby ensuring that compensation is appropriately aligned with the responsibilities, accountability, and performance of the Company's highest governance bodies.

Type	Applicable to	Payment Criteria and Connection to Performance	Approval Procedure
Directors' Remuneration	All Directors	**Linked to Annual Profitability:** In accordance with the Articles of Incorporation, if the Company records a profit for the year, Directors' remuneration may be allocated at an amount not exceeding 3% of annual profits. In determining the actual remuneration to be distributed, the Company considers its overall financial performance and also incorporates the results of the Board Performance Evaluation—including the effectiveness of internal control and sustainability governance performance—as part of the comprehensive assessment of each Director's contribution.	1. Review by the Remuneration Committee 2. Board Resolution 3. Submission to the Shareholders' Meeting for Reporting/ Resolution
Meeting Attendance Fee	All Directors and Functional Committees' Members	**Reflecting Actual Participation:** • Board of Directors / Shareholders' Meetings: Directors receive an attendance fee of NT$10,000 for each	In accordance with the Company's internal management regulations, such

		meeting attended. • Functional Committees: Committee members do not receive additional remuneration; however, an attendance fee of NT$10,000 is paid for each meeting attended, including in-person, virtual, and proxy attendance.	payments are made on a regular basis upon approval by the Board.

4.1.8 Internal Control and Independent Audit System

The Company has established an independent internal audit function that reports directly to the Board. The audit unit conducts audits of internal control systems and operating processes in accordance with an annual audit plan developed through a risk assessment process and approved by the Board.
To ensure the independence and objectivity of the internal audit function, the appointment and dismissal of the Chief Internal Auditor are subject to the approval of both the Audit Committee and the Board in accordance with applicable regulations.
Upon completion of each audit engagement, the internal audit unit issues an audit report outlining key findings and improvement recommendations. In addition to being submitted to the Chairman for review, audit reports are also provided to Independent Directors on a monthly basis. Internal auditors attend Audit Committee and Board meetings to report on audit results and follow-up actions.
All identified deficiencies are tracked and corrective actions are required to be implemented by the responsible units to ensure the continued effectiveness of the internal control system. Under this comprehensive oversight framework, the Company concluded that its internal control system was effectively designed and operated in 2025, with no material deficiencies or significant irregularities identified.

4.2 Risk Management

4.2.1 Risk Management Mechanism

To address risks arising from changes in the operating environment and to ensure the continued effectiveness of its Quality Management System (ISO 9001), Hazardous Substances Process Management System (QC 080000), and Environmental Management System (ISO 14001), AOET has established the “Organizational Context Identification and Risk Management Procedure” as its overarching risk management framework.
Each year, the Company's senior management reviews its business philosophy, strategic objectives, and changes in both internal and external environments. Relevant departments evaluate issues associated with the Company's activities, products, and services, as well as the needs and expectations of stakeholders. Identified risks and opportunities are documented in the Stakeholder Issue Identification and Risk Control Register. Through a systematic identification and evaluation process, the Company is able to proactively implement appropriate countermeasures and control measures to support its long-term sustainable development.

4.2.2 AOET’s Risk Management Process

The Company's risk and opportunity assessment process is reviewed annually during management review meetings to ensure its continued appropriateness. Additional assessments may be conducted when significant organizational changes occur, major

customer complaints arise, or regulatory requirements change. The Company's risk management process consists of the following steps:

- **Consolidation and Identification of Issues:** Following the identification of material issues by each department, the Document Control Center and Environmental, Health and Safety (EHS) Section consolidate the findings and convene cross-functional risk and opportunity assessment meetings.
- **Quantitative Assessment of Risks:** The assessment meeting is chaired by the Head of the QA Division or the Director of the Administration Department. Risks are evaluated based on their potential impact on quality, hazardous substances management, environmental management systems, and business objectives. Risk scores are calculated as “Severity” multiplied by “Occurrence Likelihood,” detailed as follows:
    - **Severity (1–5):** Evaluated based on the extent of impact on management systems, operational processes, and products.
    - **Occurrence Likelihood (1–5):** Evaluated according to the probability of occurrence, ranging from very low (<10%) to very high (>75%).
- **Classification and Control of Risks:** Based on the Risk Index (Max. 25 points), risks are classified into three degrees as “High (13 to 25 points),” “Medium (5 to 12 points),” and “Low (1 to 4 points).”For high-risk issues with scores exceeding 13, responsible departments are required to establish risk mitigation plans and document them in the “Stakeholder Issue Identification and Risk Control Register” to reduce operational risks and capture improvement opportunities.
- **Disposition and Supervision of Risks:** Depending on the nature of the identified risk, the Company may adopt risk elimination, risk reduction, risk sharing (e.g., outsourcing support), or risk acceptance strategies. The implementation status and effectiveness of risk mitigation measures are reviewed during management review meetings to ensure expected outcomes are achieved and management performance is continuously improved.

Material Risks Identified by AOET in 2025

Based on the annual stakeholder issue identification process, AOET identified the following key risks and implemented corresponding control measures:

- **Operation and Revenue Risks:** The Company's parent-only operating revenue totaled NT$2,212,086 thousand in 2025. To achieve its 2026 business objectives and mitigate the risk of declining profitability, the Sales Department and related units implemented monthly revenue achievement tracking and monitoring measures.
- **Cyber Security Risks:** To minimize the risk of operational disruption resulting from cyberattacks, the Information Technology unit implements stringent protection and data backup measures in accordance with the “Regulations for Cyber Security Backup Management.”
- **Product Quality and Equipment Risks:** To address challenges arising from dispersed inspection equipment data folders, manual data uploads, and limited real-time data accessibility, the QA Division introduced automated data integration solutions and ERP system enhancements to improve management efficiency and data visibility.

- **Environment and Public Safety Risks:** To ensure process safety and prevent fires caused by chemical gas leaks or explosions involving water-reactive substances, the EHS unit enforces chemical storage quantity limits and has installed dedicated safety equipment, including specialized fire extinguishers and zircon-based protective facilities.

4.3 Ethical Corporate Management and Legal Compliance

4.3.1 Ethical Corporate Management Policies and Mission

The Company upholds the core values of integrity, honesty, and transparency. In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and applicable laws and regulations in the jurisdictions where it operates, the Company has adopted its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, both of which have been approved by the Board and formally implemented. The Company strictly prohibits all directors, supervisors, managerial officers, employees, and persons exercising substantial control over the Company from directly or indirectly offering, promising, requesting, or accepting any form of improper benefit (e.g., money, gifts, commissions, positions, services, preferential treatment, or kickbacks.) The Company also prohibits illegal political contributions, improper charitable donations, intellectual property infringement, and unfair competitive practices. Through these measures, the Company seeks to embed a culture of integrity and legal compliance throughout its operations.

Relevant policy commitments are publicly available in the Investor Relations section of the Company's website at https://www.aoet.com/investor.

4.3.2 Dedicated Promotion Organization and Reporting Mechanism

For a sound ethical management oversight, the Company has established an "Ethical Corporate Management Task Force" as the dedicated body responsible for promoting and monitoring the implementation of ethical management policies. The Company requires the responsible unit to report to the Board at least annually. In practice, however, the Task Force adopts a higher standard by providing reports to the Board on a semi-annual basis. These reports cover the implementation status of anti-corruption measures, risk assessment results, training effectiveness, and whistleblower mechanism performance, enabling the Board to actively oversee the effectiveness of ethical management initiatives.

Responsibilities of the Ethical Corporate Management Task Force include:

- **Risk Identification at High-risk Domains:** The dedicated task force performs annual risk identification and assessment for core business processes exposed to higher risks of unethical conduct, including procurement, sales, finance, and external collaborations.
- **Establishment of the Check and Balance Mechanism:** Based on assessment outcomes, the Task Force reviews and enhances standard operating procedures and strengthens internal control mechanisms by establishing a "Check and Balance Mechanism" to prevent fraud and misconduct.
- **Education and Training, and Advocacy on Ethical Management Conducts:** Regular anti-corruption and ethical management training programs are provided to employees and senior management to strengthen compliance awareness and reinforce appropriate business conduct.

4.3.3 Identification of Core Risks and Legal Compliance Education and Training

Through its structured governance framework, the Company conducts annual corruption risk assessments covering 100% of operational sites and focusing on procurement, sales, finance, and external partnership activities. Assessment results are incorporated into internal control and prevention mechanisms. **No material ethical management violations or significant corruption risks were identified in 2025.**

To translate ethical principles into everyday business practices, the Company actively conducts training programs covering ethical management, anti-corruption, insider trading prevention, and trade secret protection.

Ethical Management Communication and Training in 2025:

- **Board Members:** Ethical corporate management policies and prevention measures were communicated to 100% of Board members through Board meetings.
- **Education and Training for the New Hires:** Comprehensive training covering ethical management principles, anti-corruption requirements, and insider trading prevention was provided to 397 employees, achieving a 100% completion rate and totaling 199 training hours.
- **Trade Secret Protection Training for All Employees:** The training focused on confidential information protection and the prevention of improper benefit exchanges. The training recorded a completion by totally 872 employees (100% completion rate) and a cumulative 1,744 training hours.

4.3.4 Conflict of Interest Management and Supply Chain Integrity

The Company has established stringent conflict-of-interest policies requiring directors and managerial officers to maintain the highest standards of professional conduct. When Board resolutions involve matters in which a director or the legal entity represented by a director has an interest that may be detrimental to the Company, the relevant director must not participate in discussions or voting, must recuse themselves during deliberations, and may not exercise voting rights on behalf of another director. To ensure governance transparency, the Company periodically reviews potential conflicts of interest through internal control mechanisms and requires members of the highest governance body to proactively disclose relevant interests. Relevant information (including directorships in other companies, cross-shareholdings with suppliers or stakeholders, controlling shareholders, related-party transactions, and outstanding balances) is disclosed in annual reports and through the Market Observation Post System in accordance with applicable regulations.

The Company also extends its ethical corporate management standards throughout its supply chain. Each year, all suppliers receive an “Integrity Notification Letter” which clearly communicates the Company's anti-corruption policy upholding “prohibition on receipt or offering of improper gains.” In addition, the Company has built independent whistleblowing channels. In 2025, the communication coverage reached 100% of suppliers. In the meantime, integrity clauses are incorporated into external business agreements, requiring business partners to comply with the same ethical standards and jointly foster a transparent and responsible business environment.

4.3.5 Whistleblowing and Grievance Mechanism

The Company has established a whistleblowing system that provides meaningful protection for reporting parties. Independent reporting hotlines and email channels are publicly disclosed on both the corporate intranet and official website, allowing employees, suppliers, customers, and other stakeholders to report suspected misconduct. The Company explicitly commits to protecting the confidentiality of whistleblowers and report contents and strictly prohibits retaliation in any form, including dismissal, demotion, salary reduction, or other adverse treatment.

As a result of these preventive and control mechanisms, the Company did not receive any reports involving violations of ethical corporate management principles in 2025.

[Ethical Corporate Management Whistleblowing Channels]

- Hotline: (04) 2565-9888 Ext. 8301
- Email: wenching@aoet.com ; victor@aoet.com ; hsunlai@aoet.com
- Accepted By: Dedicated Investigation Channel

4.3.6 Legal Compliance

AOET is committed to making compliance a cornerstone of corporate governance. All business activities are conducted in accordance with the Securities and Exchange Act, Company Act, Labor Standards Act, Occupational Safety and Health Act, Act of Gender Equality in Employment, Employment Service Act, environmental regulations, and other applicable national and local laws and regulations. As a company operating within the optoelectronics and precision electronics manufacturing industry, AOET also complies with international requirements and industry standards, including RoHS, REACH, WEEE, product safety regulations (e.g., CE and FCC), international trade and customs regulations, and chemical management requirements. Dedicated personnel continuously monitor regulatory developments to ensure that products and manufacturing processes remain compliant throughout their lifecycle.

Legal Compliance Management Mechanism

- **Dedicated Management Units:** Specialized compliance and internal control functions oversee legal compliance matters and monitor regulatory developments relevant to products and target markets.
- **Internal Control System:** Internal control systems are established in accordance with applicable regulations and industry standards. Regular audits are conducted by the internal audit function to ensure continuous improvement.
- **Employee Education and Training:** Regular training on occupational safety, environmental regulations, ethical conduct, and quality management systems is conducted to strengthen employees' compliance awareness.
- **Information Transparency:** Key internal policies and major operating procedures are published within the Company's internal systems. Responsible departments conduct regular reviews and updates to ensure employees have access to the latest requirements.
- **Product Compliance:** Product design, material selection, and process modifications are subject to required testing, validation, and labeling updates to ensure compliance with international regulations and customer requirements.

Explanations on Material Violations

The Company recorded one material regulatory violation in 2025, which resulted in a monetary penalty. Details regarding the nature of the violation, regulatory sanctions imposed, and corrective actions taken are disclosed as follows:

S/N	Location	Provision Violated	Violation Overview	Penalty Nature	Penalty Details	Corrective Measures
1	AOET Plant I	Article 32, Paragraph 2 of the Labor Standards Act	OT beyond Statutory Limits	Monetary	50,000	The Company has ceased unauthorized OTs and implemented a formal OT management mechanism, including prior OT approval, managerial review and authorization, OT pay or compensatory leave arrangements, and workforce planning adjustments, to ensure that extended working hours comply with statutory limits and labor-management agreements.

To address the violations, the Company has adopted corrective actions in a strict manner to ensure no recurrence of any similar event, whilst taking ongoing actions to strengthen internal management and compliance monitoring to scale up legal compliance across the Company.

Statistics on Penalty Cases Resulting from Violations

Year	No. of Settled Cases	Actual Payment (in NT$)
Penalty Cases in 2025	1	50,000
Penalty Cases in 2024	2	300,000

The Company has conducted a thorough review of the aforementioned regulatory violation and has implemented comprehensive corrective actions, including enhanced attendance management system alerts and more flexible workforce scheduling arrangements. Through these closed-loop improvement measures, the Company continues to strengthen its internal control framework, compliance auditing mechanisms, and employee legal compliance training programs, thereby further elevating its overall compliance management standards.

4.4 Cyber Security

4.4.1 Cyber Security Governance Framework

To ensure the confidentiality, integrity, and availability of its information assets, the Company has established a comprehensive cyber security governance framework. As early as 2011, the Company formed a Material Information Management Task Force, convened by the Company's spokesperson, to ensure the consistency and accuracy of external disclosures in accordance with the Material Information Management Regulations. In response to increasing digital operational risks, the Company formally integrated cyber security into its core management framework through the promulgation of the “Regulations for Cyber Security Management” in February 2023.

To further enhance organizational resilience against emerging cyber threats, the Company revised its “Regulations for Emergency Response Operations” in October 2025 to strengthen cyber security incident reporting and response protocols. Cyber security management responsibilities are coordinated by a dedicated information technology function, which regularly performs vulnerability assessments, system drills, and compliance reviews. The Company also continuously enhances its cyber security capabilities in response to customer audits (addressing a total of 18 customer audit items in 2025) to ensure that the Company's cyber security management system remains current and aligned with the stringent requirements of the global supply chain.

4.4.2 Cyber Security Management Mechanism

The Company is committed to safeguarding customer confidentiality and has established a multi-layered cyber security defense framework in accordance with internationally recognized standards. In 2025, the Company achieved a significant milestone in supply chain cyber security compliance by successfully obtaining dual certifications from a leading global technology company and an internationally recognized cyber security assurance standard, demonstrating its high level of trustworthiness within the digital supply chain ecosystem.

To strengthen cyber security protection, the Company adopts a strategy based on “defense-in-depth” and “least-privilege access control,” including the following measures:

- **External Defense:** Firewalls and intrusion detection systems are deployed to protect network boundaries. Quarterly vulnerability assessments are conducted for servers and the corporate website, enabling proactive identification and remediation of potential security risks.
- **Internal Control:** Following an external network anomaly identified in early 2025, the Company implemented transparent public disclosure and emergency response procedures in accordance with applicable requirements. In addition, a Privileged Access Management (PAM) system was introduced to monitor and control high-privilege accounts, thereby reducing the risk of credential misuse and identity theft.

- **Operational Resilience:** The Company's core systems achieved an average availability rate of 99.7% in 2025, with downtime limited to one day due to scheduled annual maintenance. In October 2025, the Company completed disaster recovery exercises covering six critical business systems, including enterprise resource planning (ERP), identity authentication, and email systems, ensuring rapid restoration of operations in the event of unexpected disruptions.

[Results of Customer Privacy and Data Protection]

As a result of these robust preventive and response measures, AOET received no complaints related to customer privacy violations in 2025. Furthermore, no customer confidential information was compromised due to cyber security incidents, nor did the Company incur any regulatory penalties relating to data protection or information security matters. These are evidenced to be the proper protection for customers.

4.4.3 Cyber Security Education and Training

AOET regards cyber security awareness as a fundamental element of its corporate culture and adopts a targeted education and focused assessment approach. For general employees, the Company conducts awareness campaigns covering current cyber security threats (e.g., QR code fraud, ransomware attacks, and executive impersonation phishing emails); for administrative personnel responsible for critical business functions, the Company implements more rigorous cyber security assessments to ensure a high level of cyber security awareness.

2025 Cyber Security Training Performance:

- **Advocacy on Diverse Topics:** A total of 14 cybersecurity awareness sessions were conducted during the year, covering social engineering, mobile device security, and fraud prevention.
- **Assessment of Administrative Personnel:** Cyber security examinations were administered to employees within administrative functions, with a cumulative total of 667 successful training completions and assessment passes, helping ensure a strong cybersecurity mindset among key personnel.

4.4.4 Cyber Security: Key Work Items and Prospects

- **Deepened Cyber Security Compliance across the Supply Chain:** AOET maintains dual certification status from international customers and globally recognized cyber security standards while continuing to align with evolving customer cybersecurity requirements.
- **Governance via Privileged Accounts:** AOET fully implements privileged account management mechanisms and strengthen monitoring, traceability, and behavioral analysis of high-privilege account activities.
- **Enhancing Response Capabilities through Drills and Exercises:** AOET continues to conduct disaster recovery exercises for critical systems, including manufacturing execution, enterprise resource planning, and identity authentication platforms, while further enhancing the “Emergency Response Procedures” based on exercise outcomes.

- **Strengthening to Vulnerability Management Cycles:** AOET maintains quarterly vulnerability assessment practices and establishes service-level targets (SLAs) for remediation of high-risk vulnerabilities to reduce hacking.
- **Internalizing the Cyber Security Culture:** AOET continues to update social engineering simulation scenarios (e.g., AI-enabled fraud prevention) and progressively expands cyber security testing coverage to all indirect employees.

4.5 Membership in Clubs and Organizations

In a rapidly evolving global supply chain environment, addressing challenges arising from geopolitical developments and technological transformation requires collaboration across industries. Guided by the principle of shared prosperity and mutual growth, the Company actively leverages industry association platforms to engage with industry, government, and academic stakeholders, stay informed of regulatory developments and market trends, and contribute to the sustainable development of the optoelectronics industry.

The Company adheres to business ethics principles and maintains strict political neutrality; it does not participate in political activities or make political contributions in the name of the Company. In 2025, the Company incurred no expenditures related to political contributions or lobbying activities.

Outcomes of Union/Association Joining

In 2025, the Company continued to focus on its core optoelectronics business while actively participating in relevant industry associations. Through its membership activities, the Company fulfills its industry responsibilities and leverages association platforms to obtain the latest market intelligence and regulatory information, thereby reducing operational risks and enhancing competitiveness.

Major Unions/Associations in Which the Company Participated in 2025:

Name of Organization	Status	Objective and Outcomes
Taiwan Optics Association	Member	As a member of the optical industry, the Company leverages industry association platforms to stay informed of domestic and international optical technology trends and developments in trade regulations, while actively participating in industry exchange activities to foster constructive engagement and mutual prosperity within the industry.

05 Sustainable Economy and Innovation

AOET focuses on the optoelectronics and precision electronics manufacturing sectors. Through prudent business strategies, continuous technological innovation, and robust internal control mechanisms, the Company has maintained its core competitiveness amid a challenging market environment. We firmly believe that transparent and sustainable economic performance provides the foundation for fulfilling our environmental (E) and social (S) sustainability commitments.

5.1 Operational Performance

5.1.1 Financial Performance Overview

Supported by the dedicated efforts of its employees and the continued trust of stakeholders, the Company has continued to optimize its product portfolio and expand into higher value-added markets. In 2024, the Company's standalone operating revenue reached NT$2,723,056 thousand. From a consolidated group perspective, consolidated operating revenue amounted to NT$4,278,305 thousand.

In 2025, consolidated operating revenue increased slightly to NT$4,316,601 thousand. Despite ongoing investments in research and development and operating activities amid changing market conditions, gross profit amounted to NT$819,181 thousand. The Group recorded a consolidated net loss after tax of NT$154,634 thousand. While short-term financial performance was affected by these factors, AOET maintained healthy operating cash flows and continued investing in technology upgrades to strengthen its long-term operational resilience.

Key Financial Performance Indicators for the Past Two Years

Financial Metrics	2024 (NT$ thousand)	2025 (NT$ thousand)	Change (%)
Operating Revenue	4,278,305	4,316,601	+ 0.90%
Gross Profit	1,040,500	819,181	- 21.27%
Operating Profit	347,566	40,971	- 88.21%
Net Profit (Loss) After Tax	377,120	(154,634)	- 141.00%
Earnings (Loss) Per Share	2.67	(1.08)	- 140.45%

Note: The financial figures presented above are retrieved from the Company's audited consolidated financial statements.

5.1.2 Economic Value Generated and Distributed

Guided by its commitment to “creating shared value for stakeholders,” the Company distributes the economic value generated through its operations to suppliers, employees, shareholders, governments, and local communities, thereby creating meaningful and sustainable contributions to society.

Economic Value Generated and Distributed in 2025 (GRI 201-1)

GRI 201-1Disclosures	2025 Amount (NT$ thousand)	Descriptions and Entitled Parties
Direct Economic Value Generated (A)		
Total Operating Revenue	4,316,601	Revenue generated from product sales and other operating activities.
Economic Value Distributed (B)		
Operating Costs	3,497,420	Payments to suppliers and contractors for procurement, outsourcing, and materials.
Employee Wages and Benefits	1,133,905	Salaries, bonuses, labor and health insurance, pension contributions, and employee welfare expenses.
Payments to Capital Providers	242,814	Cash dividends of NT$142,095 thousand paid to shareholders and interest payments of NT$100,719 thousand to financial institutions.
Payments to Government	77,587	Corporate income taxes and other taxes paid in accordance with applicable regulations.
Economic Value Retained (A - B)	(635,125)	Retained earnings and reserves (The negative value reflects the operating loss incurred while continuing to distribute economic value to stakeholders during 2025).

5.2 Tax Policies

5.2.1 Tax Principles and Governance Framework

The Company has established transparent and compliant tax policies in accordance with applicable tax regulations in the jurisdictions where it operates and the transfer pricing guidelines issued by the Organisation for Economic Co-operation and Development (OECD).

- **Compliance with Applicable Laws and Regulations:** Ensuring all tax practices comply with applicable laws at locations which the Company operates and internationally recognized standards.
- **Information Transparency:** Regular disclosure of key tax-related information in financial statements and sustainability reports.
- **Ethical Corporate Management:** Refraining from any inappropriate transactions or arrangements primarily intended for tax avoidance or tax evasion purposes.
- **Risk Prevention:** Proactively identifying and managing potential tax risks to minimize legal and financial exposure.
- **Policy Disclosure:** Relevant tax policies and governance commitments are publicly available in the Investor Relations section of the Company's website at https://www.aoet.com/investor.

The Board serves as the highest authority responsible for approving and overseeing tax strategies and policies. Meanwhile, day-to-day tax management is conducted by the Finance and Accounting Department, with periodic reviews performed annually. The Company also furnishes independent whistleblowing channels through which concerns regarding tax-related conduct may be reported under its ethical corporate management framework, with full whistleblower protection provided.

5.2.2 Stakeholder Engagement on Tax Matters

In line with its commitment to ethical management and transparency, the Company actively engages stakeholders on tax-related matters through various communication channels and closely monitors global tax reform developments to support a fair and sustainable tax environment:

- **Government Agencies:** In an ongoing manner, the Company monitors tax policy developments and regulatory amendments issued by competent authorities and actively participates in tax seminars and forums organized by government agencies and industry associations. Where regulatory interpretations are unclear, the Company consults tax authorities and professional advisors to ensure compliance.
- **Investors:** Directors and senior executives with tax and financial expertise regularly review tax-related risks. Tax governance implementation is reviewed by the Board semi-annually, while information regarding income tax expenses and effective tax rates is disclosed through annual reports and the Company's website to enhance transparency and stakeholder confidence.

5.2.3 Annual Tax Contribution Overview

The Company fulfills its tax obligations in accordance with applicable laws across all jurisdictions in which it operates, thereby contributing economic value to local communities and governments. The tax information disclosed in this report is consistent with the Company's audited and attested consolidated financial statements for the year ended December 31, 2025.

Global Tax Contribution Overview for 2025

(in NT$ thousands)

Disclosures	Consolidated Amount in 2025	Descriptions
Profit (Loss) Before Tax	(158,537)	Combined pre-tax profit/loss of the parent company in Taiwan and all subsidiaries across the globe.
Income Tax Expense (Benefit), as Recognized in Financial Statements	(3,903)	Current and deferred income tax expense (benefit) recognized under IFRS.
Taxes Paid (in Cash)	77,587	Actual cash income taxes paid to tax authorities in various jurisdictions during 2025.

Note: Due to reporting scope and information consolidation considerations, the above table presents global consolidated figures. For detailed revenue and tax information by individual tax jurisdiction, please refer to the Company's annual financial statements.

5.3 Innovative R&D

AOET believes that “Technological Innovation” and “Excellent Quality” are the twin engines of sustainable growth. In response to the rapid evolution of the global optoelectronics and automotive markets, the Company leverages its extensive expertise in design innovation, process optimization, and quality enhancement to develop advanced optical lenses and precision components that provide customers with green products boasting the reliable, safe, and highly competitive nature while creating shared value.

5.3.1 Innovative R&D Strategies and Core Technologies

The Company is one of the few industry-leading entities in Taiwan capable of independently developing products and completing full-scale manufacturing. Its core technological capabilities include precision plastic optical lens injection molding and precision component correction technologies, supported by comprehensive expertise in mold design, ultra-precision mold insert machining, lens coating, and advanced inspection technologies.

To address market trends toward smarter and thinner devices, the Company's R&D strategy focuses on two key areas:

- **Advanced Smart Optical Lenses:** Development efforts focus on achieving higher image resolution and lighter-weight designs while integrating “intelligent features” such as autofocus, virtual background blur, and facial recognition into compact lens modules suitable for next-generation devices.
- **Biometric Recognition Technology:** For fingerprint recognition modules, the Company continues to enhance their security and privacy protection capabilities while expanding their application across mobile devices, smart home products, and financial services.

Contribution of R&D Resources

In 2025, the Company invested NT$297,624 thousand in R&D activities, representing 6.89% of total operating revenue.

5.3.2 Green Product Design

Alongside technological advancement, AOET integrates ESG principles into product development through the implementation of green design practices:

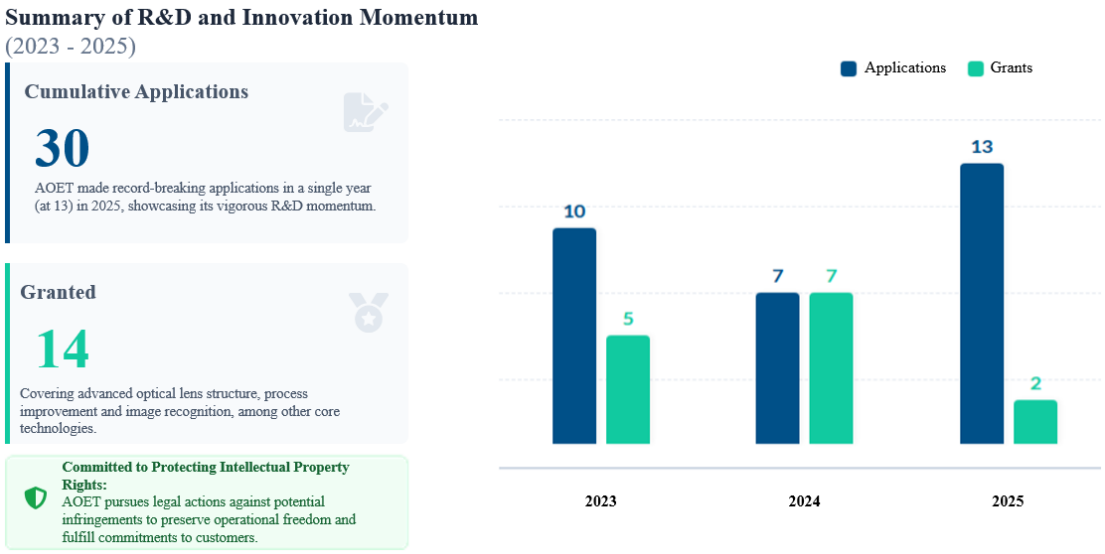
- **Miniaturization and Lightweight Design for Carbon Reduction:** Through improved optical design and reduced component thickness, the Company minimizes the size and weight of lens modules, reducing the consumption of raw materials such as plastic pellets and glass blanks while lowering transportation-related carbon emissions.
- **No Hazardous Substances (Restricted Use of Hazardous Substances):** AOET’s products are designed in strict compliance with the EU RoHS Directive and REACH Regulation. Environmentally friendly alternative materials are actively selected to eliminate hazardous substances at the source.

5.3.3 Intellectual Property Deployment and Protection

To safeguard innovation and strengthen global competitiveness, the Company has established a comprehensive intellectual property (IP) management framework focused on advanced optical lens structures, manufacturing process enhancements, and image recognition technologies.

Building a Patent Protection Network

The Company continues to strengthen its innovation capabilities through active global patent deployment. Between 2023 and 2025, the Company filed a total of 30 patent applications and obtained 14 patent grants. In 2025 alone, 13 patent applications were filed and 2 patents were successfully granted. These achievements represents the Company's showcase of strong innovation momentum and technological expertise.



5.4 Quality Management and Automation Upgrade

"Quality, Speed, Professionalism, Service, Innovation, and Flexibility" represent the Company's core values. AOET has established a comprehensive quality assurance system supported by internationally recognized certifications and quality controls spanning from incoming materials to final product shipment.

5.4.1 Validation Systems for Quality Management and Hazardous Substance Management

Validation System	Scope of Application and Connotation to Management	Current Validation Status
ISO 9001 Quality Management System	Covers all operational processes to ensure product quality consistency and customer satisfaction.	Certification remains valid, yet subject to periodic recertification
IATF 16949 Automotive Quality Management System	Applied to automotive optical products (e.g. products of RHOSON) to support zero-defect manufacturing and waste reduction throughout the supply chain.	Certification remains valid, yet subject to periodic recertification
IECQ QC 080000 Hazardous Substance Process Management System	Ensures compliance with RoHS, REACH, and halogen-free requirements throughout procurement and manufacturing processes.	Certification remains valid, yet subject to periodic recertification

Production and Quality Control

- **Upgraded Automation:** The Company expands automated production lines and implements automated manufacturing and Automated Optical Inspection (AOI) equipment to improve advanced lens yields, manufacturing efficiency, and process stability.
- **Stringent Control Processes:** Product development activities are managed through a structured New Product Introduction (NPI) process. Incoming Quality Control (IQC), In-Process Quality Control (IPQC), and Outgoing Quality Control (OQC) inspections are rigorously performed, alongside reliability testing to verify product performance against design specifications.

5.5 Sustainable Supply Chain

Suppliers are strategic partners in the Company's long-term growth. In addition to pursuing quality and cost competitiveness, AOET integrates Environmental, Social, and Governance (ESG) considerations into its supply chain management framework. Through standardized procurement procedures and rigorous supplier evaluation systems, the Company collaborates with partners to build a resilient and ethical supply network.

5.5.1 Management Guidelines and Local Procurement Strategies

◦ To strengthen supply chain governance, the Company has established a “Procedure for Procurement and Supplier Management” as the rationale for supplier selection and performance evaluation. The Company requires suppliers to comply with applicable environmental protection, labor, and OSH regulations in their jurisdictions of operation and is committed to maintaining supply chain transparency and fair competition.

2025 Supplier Profile and Local Procurement Performance

A total of 482 suppliers maintained business relationships with AOET in 2025. To reduce transportation-related carbon emissions and support local economic development, the Company actively promotes a “Local Procurement Strategy.”

In 2025, procurement from Taiwan-based suppliers accounted for 87.45% of total procurement spending, reflecting the Company's strong commitment to local supply chain development.

2025 Suppliers by Category and Proportion

Category	No. of Suppliers under Category	Proportion (%)
Indirect Materials	416	86%
Equipment	30	6%
Raw Materials	27	6%
Packaging	9	2%
Total	482	100%

5.5.2 Supplier Assessment and Evaluation Mechanism

The Company operates a dual-track supplier assessment system consisting of “monthly performance reviews” and “annual supplier audits” to ensure stability and sustainability throughout the supply chain:

- **Monthly Review:** As a part of AOET’s rigorous oversight, component suppliers are assessed based on “quality and hazardous substance management performance (quality + HSF), lead time/delivery schedule, responsiveness, and tooling capabilities,” dependent on monthly shipments. Suppliers are graded from A to E (grades A to C considered acceptable). Suppliers demonstrating poor performance or material nonconformities may face restrictions, order reductions, or termination of business relationships.
- **Annual On-site Evaluation:** Key suppliers and higher-risk suppliers are audited annually by teams from the R&D, Uniform Procurement, and Quality Assurance departments. Assessments cover quality management systems, process capabilities, and material management practices (In cases involving top-performing suppliers or force majeure circumstances, written or virtual assessments may be conducted.) Results are classified as "Approved," "Conditionally Approved," or "Disapproved," among which the Company will terminate its partnership with “Disapproved” suppliers. Through these measures, the Company aims to urge its partners to operate and therefore meet sustainability standards.
- **Outcome of 2025 Evaluations:** The Company executed its annual Supplier Audit Program, prioritizing key and high-risk suppliers. A total of nine suppliers underwent on-site or documentary assessments, achieving approximately 100% audit coverage among core suppliers. Regular reviews and audits enable timely identification of quality, environmental, health, and safety issues and ensure corrective actions are implemented where necessary.

5.5.3 Ethical Management and Integral Trades

Integrity represents the foundation of the Company's supplier relationships. To prevent any form of improper benefit exchange, the Company issues an “Integrity Notification Letter” (in both Chinese and English) to suppliers, communicating its ethical standards and requiring compliance with the following principles:

- **Zero Bribery Receipt:** Suppliers are prohibited from offering money, gifts, vouchers, rebates, or any other improper benefits to Company employees or their related parties.
- **Prohibition on Improper Entertainment:** Suppliers may not provide employees with lavish entertainment or hospitality.
- **Equitable Transactions:** Suppliers are prohibited from facilitating investments, shareholdings, outside employment, or personal gain opportunities for Company employees.

Whistleblowing Channels and Mechanisms

The Integrity Notification Letter provides dedicated reporting channels, including a whistleblowing hotline (+886-4-2565-9888 Ext. 8301) and reporting email addresses. Suppliers that become aware of bribery requests or other unethical conduct involving Company employees may report such matters and provide supporting evidence. The Company will initiate an independent investigation process and work with its suppliers to maintain a transparent, ethical, and mutually beneficial business environment.

06 Products and Customers

AOET regards its customers as strategic partners with whom it pursues mutual growth and shared success. Our sustainability commitment to customers is centered on "pursuing excellence in quality, delivering services with integrity, and safeguarding confidentiality." We rigorously manage health and safety impacts throughout the product lifecycle and, through transparent marketing and labeling practices together with a comprehensive customer satisfaction survey mechanism, collaborate with leading global companies to build a resilient and trustworthy supply chain.

6.1 Protecting Customer Health and Safety

At AOET, ensuring the health and safety of end users cannot be compromised. The Company conducts health and safety impact assessments on 100% of its major product lines. The assessment scope covers the entire product lifecycle, including product design, raw material selection, manufacturing processes, product use, and end-of-life recycling, ensuring that products are free from radiation and toxic substances.

Out management strategies center on the two cores as follows:

- **Hazardous Substance Free (HSF):** Products are managed in accordance with applicable substance restriction and elimination regulations, as well as customer-approved substance requirements, ensuring effective control of hazardous substances throughout the product realization process.
- **Functional Safety:** Functional Safety: Particular emphasis is placed on automotive products to ensure stable operation under extreme environmental conditions and to safeguard drivers and passengers.

Product Safety Risk Identification and Assessment Mechanism

Product Category	Potential Risks	Key Assessments and Tests
Consumer Electronics Lenses (NB/Tablet/PC)	Residual hazardous substances, and product durability under daily and extreme operating conditions	**RoHS/Halogen Testing:** Supplier-provided ISO 17025 test reports and internal XRF monitoring are utilized to verify compliance with RoHS and halogen-free requirements and to ensure conformity with HSF process controls and acceptance criteria. **Reliability Testing:** High-/low-temperature cycling, drop tests, vibration tests, etc. are conducted to assess the probability of stable product performance without failure under specified conditions.
Automotive Optical Modules (Automotive Lens)	Impact on driving safety	**IATF 16949 Automotive Qualification:** Automotive-grade reliability tests (e.g., thermal shock, humidity resistance, and salt spray testing, etc.) are performed to ensure uninterrupted image transmission under extreme climatic conditions and to reduce the risk of accidents caused by signal failure.
Fingerprint Recognition Modules (Biometrics)	Privacy and contact safety concerns	**Surface Coating Testing:** Contact materials are tested to ensure compliance with biocompatibility requirements and to eliminate the risk of toxic substance release.

Outcomes of Hazardous Substance Management and Legal Compliance

The Company has implemented the IECQ QC 080000 Hazardous Substance Process Management System to establish a green supply chain, among which suppliers are required to provide SDS documentation and ISO 17025 test reports, while strict sampling inspections are conducted during Incoming Quality Control (IQC). In 2025, the Company recorded zero violations of health and safety regulations or voluntary codes related to products and services (i.e. zero cases resulting in fines, warnings, or non-compliance incidents reported).

6.2 Fulfillment of Marketing and Labeling Compliance

Guided by the principles of ethical corporate management, we are committed to providing customers with accurate, transparent, and legally compliant product information.

6.2.1 Marketing Communication and Quality Management

- **Quality Labeling Compliance:** The Company introduces and maintains an ISO 9001 Quality Management System. Product specifications, marketing materials, and packaging labels are subject to rigorous internal quality reviews to ensure compliance with the “Commodity Labeling Act” and major global market requirements.
- **Marketing Communication Review:** To ensure the accuracy of information released to the public, the Company has a rigorous spokesperson system. Under the Company's corporate governance framework, all material external communications, marketing information, and business outlook disclosures must be reviewed and approved by the designated spokesperson or deputy spokesperson before release, ensuring that information is accurate, non-misleading, and free from exaggeration, thereby protecting the rights of investors and customers.

6.2.2 Mechanism for Product Labeling Implementation

Respecting the nature of precision optical components, we have adopted stringent labeling management measures as follows:

- **HSF Labeling:** Product status cards and shipment labels are compliant with global environmental protection regulations and clearly identify HSF compliance to facilitate customer recognition of environmentally friendly product attributes.
- **Lifecycle Traceability:** Product labels include Lot Numbers and Date Codes. Through integration with the Company's MES, products can be traced to specific equipment and raw material batches for attribution in the event of quality issues.
- **Specification Transparency:** Comprehensive Product Specifications and Approval Sheets are provided to customers, covering optical characteristics, mechanical dimensions, and reliability testing data, ensuring full supply-chain transparency.

6.2.3 Outcomes of Compliance with Product Labeling Regulations

Following internal review, the Company confirmed that in 2025 there were no penalties, warnings, or regulatory violations related to product and service information or labeling as well as marketing communications (incl. advertisements, promotional activities, or sponsorship).

6.3 Customer Satisfaction and Relationship

To ensure timely and accurate fulfillment of customer expectations, AOET conducts annual in-depth interviews and issuance of "Customer Satisfaction Survey" with its top five global customers by revenue. Survey weighting is distributed across the following dimensions: Customer Service at 36%; Quality Performance at 16%;Technology R&D and Manufacturing Capability at 16%; Order Fulfillment and Delivery at 16%; HSF at 4%; and Others at 12%.

2025 Customer Satisfaction Results

In 2025, the Company's overall customer satisfaction score reached 91.4 points. The product safety impact assessment rate achieved 100%, and overall performance remained at an "Excellent" level, demonstrating strong recognition of the Company's products and services by leading international customers.

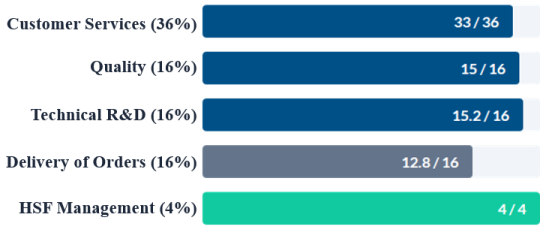
Outcome of Overall Satisfaction

91.4
Annual Overall Average Score

100%
Completion of Impact Assessment on Core Product Safety

This survey conducted in-depth interviews with the Company's top five customers (by revenue generated) in 2025, assessing six key dimensions: Customer Services, Quality, Technology, Delivery Performance, HSF, and Overall Satisfaction. The Company maintained an overall rating at the "Excellent" level, reflecting strong customer recognition and confidence in its products and services.

Survey Weight Distribution

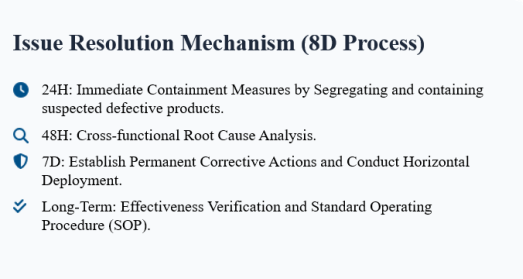


Customer Name	Customer Services	Quality Level	R&D and Production	Order Delivery	HSF Management	Overall Score
Company A	34	16	16	15	4	97
Company B	36	16	16	13	4	96
Company C	34	16	16	12	4	94
Company D	34	15	16	12	4	93
Company E	27	12	12	12	4	77
2025 Average	33	15	15.2	12.8	4	91.4

Key Insight: In 2025, AOET received its highest ratings in "HSF Management" and "Technical Manufacturing." However, the "Order Delivery" dimension experienced a slight decline in score due to production capacity allocation challenges. For customers with satisfaction scores below 80, 8D corrective actions have been initiated to address quality concerns and improve production yield performance at the customer end.

Closed-loop Improvement Mechanism

In the event of a quality issue, the Company immediately initiates the 8D (Eight Disciplines) Problem-Solving Process, implements containment actions within 24 hours, and establishes permanent corrective measures to drive continuous quality improvement.



6.4 Protecting Customer Privacy and Confidential Information

To safeguard customer privacy and business confidentiality, AOET strictly complies with Taiwan's “Personal Data Protection Act” and applicable privacy regulations in all operating locations. The Company has established and implemented its Regulations for the Collection, Processing, and Utilization Management of Personal Data as the SOP covering the entire data lifecycle (from collection, processing, and use to disposal.) Under such regulations, all sensitive information is required to be stored in protected data centers, and Data Encryption at Rest & in Transit is implemented to ensure that customer information remains secure even in the event of endpoint device loss.

6.4.1 Implementation Outcome of Privacy Protection

The Company's customer privacy protection performance in 2025 is summarized as follows:

During the reporting year, the Company recorded 0 substantiated complaints regarding breaches of customer privacy or loss of customer data (incl. complaints received from regulatory authorities or external third parties.)

- **Third-party external complaints: 0 cases**
- **Regulatory authority complaints: 0 cases**
- **Confirmed data leakage, theft, or loss incidents involving customer information: 0 cases**

Although the Company detected cyberattacks targeting certain information systems in February 2025, emergency response procedures and digital forensic investigations confirmed that no customer confidential information or personal data was compromised. Necessary remediation and system strengthening measures were completed, and the incident was determined to have had no impact on customer rights and interests. Consequently, it was not classified as a privacy infringement case.

6.4.2 Continuous Improvement and Digital Trust

To maintain customer trust, AOET continues to strengthen its privacy protection framework through the following measures:

- **Principle of Least Privilege:** In accordance with ISO 27001 requirements, access to sensitive information and systems is strictly controlled; currently, to boost management effectiveness and strength of protection, regular access-right reviews and manual authorization procedures are implemented, while automated account management processes are being progressively introduced.
- **Access Log Auditing:** Complete records of user identity, access time, and location are maintained for evidentiary and sensitive data files to ensure traceability during data use.
- **Supply Chain Privacy Protocols:** Non-Disclosure Agreements (NDAs) and information security clauses are executed with business partners to protect customer information throughout the supply chain

07 Friendly Workplace

Behind every precision optical lens lies the dedication and expertise of our people. At AOET, we are committed not only to developing competitive products, but also to creating an inclusive and supportive workplace where employees feel valued, respected, and empowered to realize their full potential. As we regard “diversity, co-prosperity and employee well-being” as fundamental drivers of sustainable business growth, we reject all forms of discrimination and inequality, embrace talent from diverse backgrounds; it is expected that, with comprehensive compensation and benefits and employee care programs, our people receive support through every stage of life, enabling them to achieve both professional excellence and personal fulfillment.

7.1 Human Rights Protection and Labor-Management Relations

7.1.1 Human Rights Policies and Commitments

AOET values the dignity and rights of every employee and is committed to fostering a safe, respectful, and equitable workplace founded on the principles of “respect, equality, and assurance.”

We adhere to the principles of the “Universal Declaration of Human Rights (UDHR),” the “International Labour Organization (ILO) Core Labour Standards,” and the Responsible Business Alliance (RBA) Code of Conduct. Our human rights policies apply to all employees and, where reasonably practicable, extend to customers and suppliers. Relevant policies and management requirements are clearly defined in the Company's “Social Responsibility Management Manual” and “Work Rules,” and are implemented throughout daily operations by management and departmental supervisors.

Internal Documents	Scope of Management
Work Rules	Recruitment, working hours, compensation and benefits, leave policies, grievance procedures, and labor rights protection
Social Responsibility Management Manual	Prohibition of forced labor, freedom of association, anti-discrimination, personal safety, and supply chain responsibility management (RBA)

This policy applies to all employees (incl. permanent and contract employees, and migrant workers) across the Company's operating sites, and is extended where feasible to customers, suppliers, and contractors.

The Company is committed to:

- **Prohibiting improper labor practices:** No child labor and no forced labor.
- **Respecting freedom of association:** Supporting employees' rights to freedom of association and collective bargaining.
- **Promoting equal treatment:** Zero tolerance for discrimination, harassment, or unfair treatment.
- **Complying with legal and international standards:** Adhering to applicable

laws and internationally recognized human rights principles.

- **Maintaining ethical integrity:** Conducting business with honesty and integrity and prohibiting bribery and corruption.
- **Responsible sourcing:** Prohibiting the use of conflict minerals and requiring suppliers to operate lawfully and responsibly.

Status Quo of Labor-Management Communication and Employee Rights

The Company currently does not have a labor union or collective bargaining agreement; therefore, the percentage of employees covered by collective bargaining agreements is 0%. Nevertheless, AOET maintains transparent and effective communication channels and convenes labor-management meetings quarterly (four meetings in 2025) in accordance with legal requirements; 100% of resolutions adopted were applicable to all employees, ensuring comprehensive protection of employee rights and interests.

7.1.2 Human Rights Risks-Control and Education and Training

To prevent human rights risks at the source, the Company has established strict controls throughout its recruitment process. All applicants undergo identity verification procedures to prevent child labor. For migrant workers, the Company strictly enforces a policy of “no recruitment fees and no retention of passports,” while ensuring that rights and benefits are communicated in employees' native languages.

To strengthen awareness, the Company conducted training programs covering “human rights protection, prevention of sexual harassment, workplace bullying prevention, and gender equality” during 2025. A total of 990 participant attendances were recorded, representing 2,721.5 training hours in total.

7.1.3 Communication Platforms and Grievance Mechanisms

In accordance with the “Regulations for Employee Grievance Management,” AOET has established confidential and accessible communication channels to ensure employees can seek assistance and raise concerns promptly:

- **Employee Grievance Hotlines:** Available in Chinese and Other Languages (For Bahasa Indonesia, call 04-25659888 Ext. 1182, 1151 or 1261; for Vietnamese, call +84-28-37700304~306 Ext. 6109).
- **Dedicated E-Mails:** hr@aoet.com; gm@aoet.com.
- **Physical suggestion boxes:** Installed throughout production sites and migrant worker dormitories.
- **External support channels:** Advocacy of the Taiwan Ministry of Labor's 1955 hotline and mobile reporting tools.
- **Records of 2025 Grievances:** Following review of all recorded cases, AOET received 0 substantiated “discrimination incidents” and “workplace bullying/sexual harassment incidents.” These results demonstrate the effectiveness of the Company's commitment to workplace equality and human rights protection.

7.2 Composition of Talents and Diversity and Equality

7.2.1 Composition of Employees and Non-Employee Workers

With the primary operational and R&D base settled in Taiwan, AOET regards "diversity and co-prosperity" as a key competitive advantage. The Company prioritizes the hiring of "permanent employees," with no part-time, temporary, or on-call employees employed; meanwhile, certain non-core services (incl. security, cleaning, cafeteria operations, and limited administrative support functions) are outsourced to professional service providers.

As of the end of 2025, the Company employed a total workforce of 856 employees, of whom 48.13% were male and 51.87% were female. Over the past three years, the Company's workforce has grown steadily (increasing from 771 in 2023 to 845 in 2024 and 856 in 2025.). The employees were hired under either full-time contract or open-ended employment contracts, and no on-call workers with no guaranteed working hours have been engaged. Overall, the workforce structure remained stable, with no significant fluctuations observed.

Employees in 2025: Totals and Composition

Category	Item	2025	2024	2023
Aggregate of All Employees	**Total (Persons)**	**856**	**845**	**771**
By Gender	**Male**	**412**	**440**	**368**
	Female	**444**	**405**	**403**
	Male Proportion (%)	**48.13%**	**52%**	**47.73%**
	Female Proportion (%)	**51.87%**	**47.93%**	**52.27%**
By Location	**Taiwan and Outlying Islands**	**595**	**604**	**542**
	China	**1**	**1**	**1**
	Vietnam	**198**	**163**	**146**
	Indonesia	**8**	**8**	**8**
	The Philippines	**50**	**66**	**72**
	Others	**4**	**3**	**1**

Distribution of Non-employee Workers

As of the end of 2025, AOET engaged a total of 19 non-employee workers (temporary agency personnel and outsourced service providers), comprising 11 males and 8 females. This figure remained unchanged from 2024, when the Company also engaged 19 non-employee workers. The demand for and utilization of non-employee workers has remained stable over the past two years, with no significant changes observed.

Category	Item		2025	2024	2023
Agency Personnel	Total		**19**	**19**	4
	Outsourced Security	Male	5	5	1
		Female	1	1	0
	Outsourced Janitorial Services	Male	5	5	2
		Female	7	7	1
	Cafeteria	Male	1	0	0
		Female	0	1	0

7.2.2 Building an Inclusive Workplace and Empowering Women

In its recruitment and talent development practices, the Company embraces workforce diversity by providing professional technical training and flexible working arrangements, while actively encouraging individuals from diverse backgrounds to join AOET. In 2025, the Company employed 6 employees with disabilities (0.70% of the total workforce), and 4 Indigenous employees (0.47% of the total workforce), demonstrating its commitment to fostering a diverse and inclusive workplace culture.

To advance its vision of gender equality, the Company actively promotes women's participation in leadership and decision-making. As of 2025, female employees totaled 444, accounting for 51.87% of the workforce and representing the majority of all employees; at the management level, 12 women held managerial positions across various levels, representing 15.58% of the Company's total management population (totally 77 managers). Going forward, the Company will continue to strengthen women's leadership development and cultivate a more balanced leadership pipeline and decision-making echelons.

Employee Diversification in 2025

Category	Item	Employee (Persons)	Proportion to All Employees (%)
Gender	Male	412	48.13%
	Female	444	51.87%
Age Group	30 yo and under	285	33.29%
	31-50 yo	520	60.75%
	50 yo and over	51	5.96%
Minorities	Indigenous Peoples	4	0.47%
	People w/ Disability	6	0.70%

Note: Calculated based on the total no. of employees at 856 as of the end of 2025.

7.2.3 Talent Turnover and Recruitment Overview

AOET's human resources strategy focuses on sustainable growth and maintaining a dynamic talent pipeline. In 2025, the Company's workforce continued its steady development trend, with 276 new hires during the year, representing a hiring rate of 32.24%; employee departures also totaled 276, resulting in a turnover rate of 32.24%. Overall, the workforce remained in dynamic balance. The Company continues to monitor talent mobility through transparent workforce data as an important basis for developing future talent retention and recruitment strategies.

Information of New Hires and Turnover in 2025

Category	Item	New Hires (Persons)	Proportion to All Employees (%)	Turnover (Persons)	Proportion to All Employees (%)
Gender	Male	242	28.27%	243	28.39%
	Female	266	31.07%	222	25.93%
Age Group	30 yo and under	255	29.79%	214	25.00%
	31-50 yo	235	27.45%	234	27.34%
	50 yo and over	18	2.10%	17	1.99%
Nationality	Taiwanese National	400	46.73%	378	44.16%
	Non-residents	108	12.62%	87	10.16%
Total		**508**	**59.35%**	**465**	**54.32%**

Note: Calculated based on the total no. of employees at 856 as of the end of 2025.

7.3 Remunerations and Benefits for Employees

7.3.1 Pay Equality and Compensation Ratios

AOET adheres to the principles of equal employment opportunity and equal pay for equal work, with compensation levels benchmarked annually against market salary surveys. For the ratio of female-to-male basic salary, that for non-management employees remained was 1:1; and that for management employees was 1:4. The Company will continue promoting female leadership development to reduce compensation disparities at management levels.

Gender-Based Comparison of Average Annual Compensation Ratios by Employee Level

By Level	Annual Compensation Ratio (Female : Male)	Base Salary (Female :Male)
Manager (Taiwan)	1:4	1:4
Non-manager (Taiwan)	1:1	1:1
Manager (Outside of Taiwan)	-	-
Non-manager (Outside of Taiwan)	-	-

Salary of Full-Time Non-Managerial Employees

Item	2025	2024
Average Salary	594,486	470,429
Median Salary	516,936	383,713

7.3.2 A Comprehensive Employee Benefit System

The Company is committed to fostering a healthy, supportive, and engaging workplace by offering a comprehensive range of employee benefits and cultivating a positive corporate culture. In addition to providing all statutory benefits, including social insurance coverage and leave entitlements, the Company offers a broad range of enhanced benefits covering bonuses, recreation, health and wellness, and various employee assistance programs. The principal employee benefits currently provided by AOET are summarized in the table below:

Category	Statutory Benefits	Benefits Beyond Legal Requirements
Insurance and Retirement Benefits	Labor Insurance, National Health Insurance, and Labor Pension Contributions	Employee Group Insurance
Bonuses and Gifts	—	Year-End Bonus, Festival Bonuses (Three Major Festivals), Birthday Gift Vouchers, Labor Day Vouchers/Gifts, Long-Service Awards, Profit Sharing, Performance Bonuses, and Employee Referral Bonuses
Leave Benefits	Two-day off per Week (Weekends Off in general), Annual Leave, Paternity Leave, Menstrual Leave, and Parental Leave	—
Health and Medical Care	—	Regular Health Examinations
Allowances and Subsidies	—	Marriage Gifts, Childbirth Allowances, Employee Continuing Education Subsidies, and Hospitalization Consolation Payments
Recreation and Leisure	—	Annual Domestic and Overseas Trips, Employee Club Activities, and Exclusive Discounts at Partner Merchants
Working Environment and Personal Development	—	Employee Cafeteria, Dedicated Nursery Room, Employee Parking Facilities, Comprehensive Education and Training Programs, and Clear Career Advancement Opportunities

7.3.3 Overview of Parental Leave and Retention

The Company encourages employees to raise families and supports national family and childcare policies. As part of its employee benefits program, particular emphasis is placed on maternity, childcare, and family-related subsidies and allowances. In addition, the Company's parental leave program is available to all full-time employees regardless of length of service. In 2025, 19 male employees and 21 female employees were eligible for parental leave without pay, of whom 5 male employees and 5 female employees elected to take such leave. The Company also ensures that employees are able to return smoothly to the workplace upon the completion of their parental leave.

Reinstatement and Retention Overview following Parental Leave

Item/Gender	2025		2024		2023	
	Male	Female	Male	Female	Male	Female
Employees Eligible for Unpaid Parental Leave	19	21	17	16	22	14
Applicants for the Year	5	5	1	6	2	7
Employees Scheduled to Return from Parental Leave (A)	5	2	1	6	2	7
No. of Employees Returning to Work Following Parental Leave (B)	5	2	1	6	2	7
Return Percentage (B/A)	100%	100%	100%	100%	100%	100%
No. of Employees Returning to Work from Parental Leave in the Previous Year (C)	1	6	2	7	1	8
No. of Employees Having Worked for over 12 Months following the Return (D)	1	5	2	7	1	8
Retention Rate (D/C)	100%	83%	100%	100%	100%	100%

7.4 Talent Cultivation and Career Development

Innovation begins with the development of talent. At AOET, we strive to offer more than just a job—we are committed to creating an environment where employees can continuously grow, challenge themselves, and realize their full potential. To support this vision, we have moved beyond traditional one-way corporate training and established a dynamic “learning organization” that encourages continuous development. Through diverse learning resources, practical training opportunities, and hands-on experiences, we empower employees to transform passive learning into a lasting drive for growth.

7.4.1 Well-oriented Training Blueprint

AOET's training and development framework focuses on four core competency areas and adopts a dual-track approach that combines “internal knowledge transfer” with “external professional development” programs. In 2025, the Company conducted a total of 109 internal and external training courses, accumulating 4,775 training hours across the organization.

Program Type	Classes Offered	Total Participants	Total Training Hours	Implementation Outcome
Internal Training	80	1,658	3,890.5	Internal training entails lectures on practical skills and internal regulations delivered by internal instructors and supervisors, covering new employee orientation, occupational safety awareness programs, and production-line SOP training.
External Training	29	69	884.5	External training entails employees’ participation in courses offered by external professional institutions (e.g., the Taiwan Optical User Conference, Advanced Dynamics Analysis programs, and occupational safety certification renewal training) for specialization, enabling the organization to incorporate external expertise and industry insights.
Total	**109**	**1,727**	**4,775**	-

Total and Average Hours for Employee Education and Training in 2025

Category	Item	No. of Employees	Total Participants	Total Hours	Average Training Hours (Hours / Participant)
Gender	Male	416	921	2,255	5.42
	Female	440	806	2,520	5.73
Function	Management	129	403	970	7.52
	R&D	194	413	1,205	6.21
	Manufacturing	445	640	1,758	3.95
	Administration	88	271	842	9.56
Total	**All Employees**	**856**	**1,727**	**4,775**	**5.58**

Note: As of the end of 2025, the Company's total workforce comprised 856 employees, including 416 males and 440 females.

7.4.2 Training Programs for Facilitating Employee Capabilities

To strengthen the capabilities of employees across different functions and organizational levels, AOET implements a comprehensive talent development framework that includes:

- **Cultivation of Technical Capabilities:** Training programs covering core optical technologies, including research and development, manufacturing processes, quality management, equipment operation, and equipment upgrades.
- **Pursuit for Supreme Quality:** Promotion of quality awareness through training and communication on ISO management systems, customer complaint handling, and Six Sigma methodologies.
- **Empowering the Leadership Echelons:** Leadership, communication, and performance management programs designed for frontline supervisors, middle management, and senior management to strengthen organizational leadership capabilities.
- **Professional Allowance and Learning Incentives:** To encourage continuous professional development, employees who obtain relevant professional certifications and achieve the required annual performance rating are eligible to receive a “Professional Allowance” upon managerial approval.

7.4.3 Performance Evaluation and Career Development

The Company conducts “monthly and quarterly” performance evaluations, complemented by dedicated one-on-one discussions between supervisors and employees. These regular reviews serve not only as checkpoints for monitoring progress toward performance objectives, but also as valuable opportunities for supervisors to understand employee concerns and development needs. Through continuous two-way communication, the Company is able to identify workplace challenges in a timely manner, provide appropriate support and resources, and align future development plans.

The Company upholds a “fair and discrimination-free” performance evaluation system, with assessments based solely on employee competencies and job suitability. Annual performance results are closely linked to promotion opportunities, annual salary adjustments, merit-based salary increases, and year-end bonuses, ensuring a transparent, equitable, and performance-driven reward system.

Percentage of Employees Receiving Regular Performance and Career Development Reviews in 2025

The Company achieved 100% coverage of performance and career development reviews for all eligible full-time employees.

Function	Male Employees Assessed	Male Proportion to All Assessed Employees	Female Employees Assessed	Female Proportion to All Assessed Employees	Total Employees Assessed	Coverage
Management	82	9.6%	47	5.5%	129	100%
R&D	135	15.8%	59	6.9%	194	100%
Manufacturing	170	19.9%	275	32.1%	445	100%
Administration	29	3.4%	59	6.9%	88	100%
Total	**416**	**48.6%**	**440**	**51.4%**	**856**	**100%**

7.4.4 Career Transition Support Plan

The Company recognizes that employees' long-term career planning and well-being are essential to sustainable business development. To support employees undergoing career transitions, the Company provides the following assistance programs:

- **Retirement Planning Support:** For employees approaching retirement age or planning for retirement, the Company provides retirement benefit estimation services and consultation on labor insurance and pension-related rights and benefits. These services help employees make early financial and lifestyle arrangements and facilitate a smooth transition into retirement.
- **Transition Support upon Employment Termination:** In the event of employment termination, the Company strictly complies with the Labor Standards Act and provides severance pay and/or advance notice compensation based on employees' years of service. The Company also proactively issues Certificates of Involuntary Separation to assist eligible employees in applying for unemployment benefits or government-sponsored vocational training subsidies. In addition, employees are provided with information on employment service resources and referral support to help alleviate financial and psychological pressures during the transition period.

7.5 Occupational Safety and Healthy Workplace

7.5.1 Management and Implementation of Occupational Safety and Health

Employee health and safety serve as the foundation of sustainable business growth. Through robust management systems, structured risk assessments, and multilingual communication mechanisms, AOET is committed to creating a resilient, injury-free workplace.

7.5.2 Occupational Safety and Health Management System

The Company has established a comprehensive Occupational Safety and Health (OSH) and Environmental Management System in accordance with the ISO 45001 international standard and applicable local occupational safety, health, and environmental protection regulations. The system provides 100% coverage of all employees, contractors, interns, and visitors across the Company's operating sites.

- **Governance Organization:** In compliance with regulatory requirements, the Company has established an "Occupational Safety and Health Committee," chaired by the President, to oversee safety policies and the allocation of resources. The Committee currently comprises 21 members, including 8 labor representatives (representing more than one-third of the total membership), ensuring that employee perspectives are adequately represented and considered in decision-making processes.
- **Reporting and Rights:** Employees have the right to immediately remove themselves from situations involving imminent danger or unsafe conditions. The Company strictly prohibits any form of retaliation against employees exercising this right. For incident reporting, the Company requires an initial verbal report within 2 hours of the occurrence, followed by the submission of a formal written report within 24 hours.
- **Medical Care and First-aid Resources:** The Company has distributed in total 10 first-aid kits (including both standard and basic first-aid kits) throughout the Company's facilities, which are inspected daily by dedicated personnel to ensure equipment readiness. In addition, foreign employee dormitories are equipped with blood pressure monitors and ear thermometers to support their routine health monitoring.

Composition and Hierarchy of the Occupational Safety and Health Committee

Member Type	Staffing	Duties and Engagement
Chairperson (Employer)	1 Person	Assumed by the President, the Chairperson oversees Committee affairs and reviews annual occupational safety plans and resources allocation.
OSH Staff	5 Persons	The staff conduct hazard identification, risk assessment and follow-ups on incident investigations.
Department Supervisors	5 Persons	These supervisors oversee the implementation of SOPs and eliminate risks on site.
Medical Staff and Engineering Technicians	2 Persons	These individual provide professional consultations, implement healthcare services and engineering improvement.
Labor Representatives	8 Persons	Accounting for 1/3 of all Committee members, the representatives review occupational safety issues and provide feedback on field protection requirements.

7.5.3 Hazard Identification, Risk Assessment and Incident Investigations

The Company adheres to the principle that “prevention is better than cure” in its safety management practices. Through its internally established “Management Procedure for Hazard Identification and Risk & Opportunity Assessment,” the Company conducts comprehensive evaluations of both routine and non-routine activities across all operational sites to ensure that potential hazards are identified and effectively controlled before occurrence.

1. **Comprehensive Hazards Identification and Scientific Risk Assessment**
   The Company's hazard identification process covers four major categories of occupational hazards, including physical hazards (e.g., falls, entanglement, and caught-in/between incidents), chemical hazards (e.g., dust exposure and solvent vapors), biological hazards and ergonomic hazards. To assess workplace risks scientifically, the Company applies a risk matrix methodology, evaluating both the “Probability” of Occurrence (P1–P6) and the “Severity” of Consequences (S1–S6) associated with each identified hazard. These factors are combined to determine the overall risk level.
   Where assessment results identify an unacceptable risk classified as Level 3 or above, the responsible department is required to immediately develop and implement corrective action plans and risk control measures. Improvement actions are tracked until the risk has been reduced to an acceptable level.
   Risk Assessment Levels and Control Principles

Level	Degree	Definition and Recommended Control Measures
1	Very High	Unacceptable. Existing protective and control measures must be reviewed immediately to verify their adequacy and effectiveness. Improvement objectives and management programs shall be developed and continuously implemented.
2	High	Unacceptable. Corrective actions must be evaluated and implemented without delay to mitigate the identified risk.
3	Moderately High	Unacceptable. Further review and improvement measures are required.
4	Moderate	Temporarily acceptable. Opportunities for additional risk reduction measures should be evaluated, and emergency response capabilities should be strengthened where appropriate.
5	Moderately Low	Temporarily acceptable. Existing control measures should be maintained and periodically monitored to ensure their continued effectiveness.
6	Low	Acceptable or negligible. Risks may be managed through existing controls and procedures, and no additional improvement measures are generally required.

2. **Implementation of the Hierarchy of Controls**

For all identified workplace hazards, AOET applies the internationally recognized "Hierarchy of Controls" to reduce risks systematically, prioritizing controls at the source before relying on individual protective measures:

A. **Elimination / Substitution:** Priority is given to eliminating hazards at their source. For example, hazardous solvents are evaluated for replacement with less hazardous or non-toxic alternatives whenever feasible.
B. **Engineering Controls:** Risks are mitigated through physical and technical improvements to equipment and facilities. Examples include installation of enclosed vacuum coating equipment, additional protective guards on pneumatic doors, and physical barriers to isolate construction and maintenance work areas.
C. **Administrative Controls:** Comprehensive operating procedures and management practices are implemented to minimize risk exposure. Examples include strict enforcement of the Lockout/Tagout (LOTO) program, controlled access to lifting-operation areas, and environmental monitoring data announced in multi-languages.
D. **Personal Protective Equipment (PPE):** As the final line of defense, employees performing operational tasks are required to wear appropriate PPE in accordance with workplace requirements, including dust masks, safety goggles, and NBR protective gloves.

3. **Implementation of the Hierarchy of Risk Control**

Through the rigorous hazard identification, risk assessment, and control processes described above, the Company has successfully reduced a number of high-risk operational activities to acceptable safety levels. The following table presents representative examples of hazard identification and risk control measures implemented across the Company's facilities in 2025:

Table for Practical Examples of Hazard Identification and Control Measures in Facilities

Operation	Potential Hazard Scenario	Management / Engineering Control Measures	Estimated Risk Level
Vacuum Coating	Machine operation may result in pinch-point or entanglement injuries; potential inhalation exposure from chemical emissions.	[Engineering Controls] Installation of additional protective guards on pneumatic doors and enclosed exhaust ventilation systems. [Management Controls] Strict implementation of the Lockout/Tagout (LOTO) procedure during maintenance activities.	4 (Moderate)
Sandblasting	Inhalation of airborne dust may cause respiratory hazards; flying particles may result in eye injuries.	[Engineering Controls] Installation of local exhaust ventilation systems and operation within enclosed workspaces. [Personal Protection] Mandatory use of high-performance respiratory protection and safety goggles.	5 (Moderately Low)
Utility Room Meter-Reading	Leakage from chemical pipelines may lead to toxic exposure, oxygen deficiency, or asphyxiation.	[Engineering Controls] Planned installation of gas leak detection sensors integrated with the ventilation system for automatic activation in the event of a gas release.	3 (Moderately High)

7.5.4 Emergency Response and Disaster Prevention Drills

Employees are AOET's most valuable asset. To strengthen disaster resilience and minimize the impact of emergency incidents, each facility has established a "Self-Defense Fire Safety Organization" in accordance with regulatory requirements and conducts emergency response drills semi-annually. Drill scenarios include fire evacuation exercises, as well as combined emergency scenarios involving chemical spills and gas cylinder tipping incidents in high-risk areas (e.g., production lines and utility rooms located on the 1st and 2nd floors of the Keyuan Plant).

The Company requires full participation from designated emergency response teams and personnel in relevant operational areas. Through attendance tracking and record management, participation in emergency drills reached 100%. In addition, the Company has established comprehensive emergency response centers and protective measures across its facilities, including:

- **Emergency Response Information:** Emergency evacuation maps, fire extinguisher location maps, and Safety Data Sheets (SDS) for hazardous materials (e.g., ethanol, acetone, and compressed gas cylinders) are clearly displayed and readily accessible throughout the facilities.
- **Fire Safety and Life-support Monitoring:** Facilities are equipped with fire alarm systems, temperature and fire detection devices, gas monitoring systems linked to ventilation controls in utility rooms, and surveillance systems covering key operational areas.
- **Emergency Response Gadgets and Equipment:** Appropriate protective equipment (e.g., heat-resistant gloves, safety goggles, and respiratory protective equipment), chemical spill response kits, and safety barriers are provided according to operational hazards.
- **First-aid Equipment and Facilities:** First-aid kits, emergency showers, and eyewash stations are installed in workplaces, laboratories, and other areas with potential safety hazards to support timely emergency treatment and employee protection.

7.5.5 Occupational Safety Incidents Management and Statistics of Resulting Injuries

The Company places significant importance on understanding the causes of every occupational injury and near-miss incident. When an incident occurs, the responsible department manager and occupational safety personnel are required to initiate immediate reporting procedures and conduct a "Root Cause Analysis (RCA)" in collaboration with employee representatives to identify underlying causes and evaluate the relationship between the incident, workplace conditions, and human factors.

During 2025, the Company's total working hours amounted to 1,824,768 hours. During the period, there were totally two minor recordable occupational injuries, which were thoroughly investigated by the responsible departments, with corrective actions implemented accordingly. Improvement measures prioritized the elimination of hazard sources and the adoption of "engineering controls" (e.g., strict enforcement of the Lockout/Tagout (LOTO) procedure during equipment maintenance and anti-pinch enhancements to vacuum equipment chamber doors). Corrective actions were also extended to other similar operational areas across the facilities.

Occupational Injury Statistics and Safety Performance Indicators for 2025

Items	2025
Number of Reported Cases (Recordable Occupational Injuries)	2 Cases
Total Lost Workdays Due to Occupational Injuries	2 Days
Lost Time Injury Frequency Rate (FR)	1.10
Severity Rate (SR)	1.10
Frequency-Severity Indicator (FSI)	0.03
Occupational Fatality Rate	0

Formulae and Descriptions for the Metrics:
Statistics in this table cover all full-time employees, and traffic accidents occurring during commute have been excluded. In 2025, the total hours worked was 1,824,768.

- Lost Time Injury Frequency Rate (FR) = (No. of Disabling Injuries / Total Hours Worked) × 1,000,000
- Severity Rate (SR) = (Total Lost Workdays Due to Occupational Injuries / Total Hours Worked) × 1,000,000
- Frequency-Severity Indicator (FSI) = $\sqrt{FR \times SR/1000}$
- Occupational Fatality Rate = (No. of Occupational Injury Fatalities / Total Hours Worked) × 1,000,000

7.5.6 Health Promotion and Employee Care

The Company is committed to fostering a safe, healthy, and employee-friendly workplace. In compliance with applicable occupational safety and health regulations, the Company safeguards employees' physical and mental well-being through preventive health programs, medical examinations, and professional health consultation services.

1. Health Examination and Medical Consultation for Employees
To demonstrate its commitment to employee well-being beyond regulatory requirements, the Company fully sponsors annual general and special occupational health examinations. All full-time employees (inclusive of overseas managers) who have completed at least six months of service are eligible to receive these examinations free of charge.
Implementation in 2025: In 2025, the Company commissioned "Cheng Ching General Hospital, Chung Kang Branch" to conduct on-site health examinations at the Keyuan Plant and CTSP Plant The following examination programs and tiered follow-up assessments were completed:

- **General Health Examination:** A total of 624 employees underwent health examinations, including 309 males and 315 females.
  Based on the data analysis, the three most common abnormal findings among male employees were systolic blood pressure (45.63%), total cholesterol (36.89%), and low-density lipoprotein (LDL) cholesterol (32.36%). Among female employees, the most common findings were total cholesterol (33.02%), waist circumference (31.43%), and LDL cholesterol (21.90%). The Health Center will continue to strengthen health education and intervention programs targeting employees at risk of metabolic syndrome and cardiovascular disease.
- **Special Health Examination for Employees Engaged in Specific Operations:**
  - **Operations Involving Potential Exposure to Dusts:** A total of 52 employees from the sections of Coating, Optical Material Forming, Mold, and Machining completed special health examinations. Based on physicians' assessments, 47 employees were classified as Management Level 1 (normal) and 5 employees as Management Level 2 (abnormal findings unrelated to occupational exposure). No cases were classified as Management Level 3 or 4, and no occupational disease risks were identified.
  - **Operations Involving Ionizing Radiation:** A total of 2 Quality Assurance employees engaged in XRF and CT scanning operations received special examinations, with both individuals classified as Management Level 1 (normal).
- **Follow-ups and Care:** The Company provides ongoing health monitoring and support for employees with abnormal examination results, work-related injuries, or exposure to specific occupational hazards. Professional occupational health physicians and full-time occupational health nurses regularly provide on-site consultations, workplace visits, and one-on-one health guidance.

2. Assessment and Management of Ergonomic Hazards

To prevent musculoskeletal disorders caused by repetitive movements, prolonged work activities, or improper working postures, the Company has established the "Regulations for Ergonomic Hazard Prevention Management" and the "Regulations for Manual Work Safety and Health Management."

- **Office-based Works:** The Company continues to provide occupational safety and health training and awareness programs addressing ergonomic risks associated with prolonged computer use, including carpal tunnel syndrome, neck and shoulder discomfort, lower back pain, and eye strain.
- **Field-based Works:** For activities such as recycling operations, facility inspections, and material handling, the Company provides appropriate protective equipment, including safety gloves and safety footwear. In addition, management measures such as pallet height controls, task rotation, team lifting practices, and adequate rest periods are implemented to reduce ergonomic risks.

Implementation Results of Occupational Disease Protection Ergonomics Engineering Tracking

In 2025, the Company recorded no confirmed occupational disease cases diagnosed by occupational medicine specialists. To proactively monitor musculoskeletal health, the Health Center conducted a company-wide ergonomic risk assessment covering 640 employees during the reporting year. The results were as follows:

Assessment Status	Persons	Proportion (%)	Follow-up actions
No Identified Hazard	620	96.9%	Existing control measures were maintained.
Potential Hazard Identified	10	1.6%	Strengthened ergonomic awareness programs and enhanced work-rest management practices.
Diagnosed Condition	10	1.6%	Diagnosed with general musculoskeletal disorders (non-occupational diseases). Follow-up measures included physician consultations, job adjustments where appropriate, and recommendations for work schedule optimization.

3. Maternal Health Protection

AOET places great importance on the rights, health, and well-being of female employees. The Health Center has established a comprehensive Maternal Health Protection and Management Program, administered by dedicated occupational health nurses and occupational safety personnel, with professional guidance provided by occupational health physicians. In 2025, the Company employed a total of 453 female employees (incl. 430 women of childbearing age). The maternal health protection program covered 13 eligible employees, including 5 pregnant employees, 1 employee within one year postpartum, and 1 breastfeeding employee, among other protected categories. Key achievements included:

- **100% Hazard Identification and Assessment:** Comprehensive evaluations covering physical, chemical, biological, ergonomic, and psychosocial risk factors were conducted for all protected employees. All assessed individuals were classified as Risk Level 1 (indicating no significant occupational health hazards).
- **100% Physician Consultation and Health Guidance:** All 13 employees received medical consultations and health guidance from occupational health professionals. No job modifications or working-hour adjustments were deemed necessary.
- **100% Routine Prenatal Visits:** The Company fully supported and safeguarded employees' rights to prenatal healthcare and prenatal visits.

4. Prevention from Abnormal Workload and Unlawful Infringement at Workplace

To promote employee well-being and maintain a healthy work-life balance, the Company has implemented a range of preventive measures to address overwork and workplace violence risks:

- **Prevention from Abnormal Workload:** The Company implements a “Program for the Prevention of Abnormal Workload-Induced Disease,” which includes risk assessment and management mechanisms for employees exposed to excessive workloads or extended working hours. The program aims to reduce health risks associated with stress and fatigue.

- **Prevention from Unlawful Infringement at the Workplace:** Through the "Program for the Prevention of Unlawful Infringement in Duties," the Company seeks to prevent verbal abuse, psychological harassment, and other forms of unlawful workplace infringement that employees may encounter (e.g., abnormal interview with the plant healthcare staff, organizing education and training, or answering external calls) while performing their duties. Specific measures include dedicated "Employee Grievance Mailbox" and training programs on unlawful infringement.

5. Prevention of Infectious Diseases

To reduce the risk of seasonal infectious diseases, including influenza, the Company continues to promote disease prevention awareness throughout office and operational areas. Employees exhibiting symptoms of illness or those at elevated risk of infection are encouraged to wear face masks and adopt appropriate personal preventive measures. Through ongoing health communication and preventive practices, the Company strives to minimize the risk of disease transmission within the workplace, maintain stable business operations, and safeguard employee health.

08 Co-prosperity with the Society

8.1 Social Innovation and Indirect Economic Impacts

1. Transforming Optical Technologies into Social Value

Amid the rapid evolution of the digital economy, AOET has expanded its focus from “traditional lens manufacturing” to “intelligent vision applications.” The Company is actively developing automotive lenses, robotic vision systems, and AI-powered vision technologies. We also apply optical and vision-sensing technologies to assistive care devices, remote healthcare solutions for underserved communities, and environmental monitoring systems. By aligning our core technologies with social needs, AOET not only enhances product value but also generates positive indirect economic impacts, contributing to the advancement of smart healthcare and elderly care services.

2. Supporting Local Policies through the Promotion of Local Employment and Talent Development

In response to workforce aging and youth migration challenges in Taichung City, AOET intends for supporting local employment through its active participation in the Taichung City Government's employment promotion program of “Wealthy Taichung, Successful Employment”:

- **Revitalizing the Employment Opportunities:** In 2025, the Company actively participated in three major local job fairs (on April 12, August 30, and November 1, respectively), offering a total of 237 job openings. To strengthen branding as an employer and increase recruitment visibility, the Company promoted its brand through customized corporate gifts (e.g., L-folders in custom design, Kuai Kuai corn puffs in customized packaging). With such initiatives, AOET successfully recruited five technicians (with four already joining the Company), demonstrating AOET’s efforts attracting youths to live, work and thrive in their hometown.
- **Future Talent Deployment:** The Company currently relies primarily on direct market-based recruitment channels to attract talent and has not yet established formal industry-academia collaboration programs. Going forward, the Company seeks to evaluate opportunities for long-term partnerships with local universities and colleges, with the aim of strengthening talent cultivation, narrowing the gap between academic training and industry needs, and expanding the skilled talent pipeline for the Greater Taichung technology industry.

8.2 Engagement with Local Communities and Management of Negative Impacts

AOET is committed to minimizing environmental impacts through the implementation of an ISO 14001 Environmental Management System and strict compliance with the CTSP Administration's environmental regulations. In 2025, the Company fulfilled its commitment to the communities nearby by achieving the dual management goals of “0 penalty cases from violations against environmental protection regulations” and “0 complaints from nearby communities.”

- **Fulfilling Governance from the Source and Ensuring Environmental Compliance:**
  Water Resources and Waste Management: All wastewater (sewage) generated from process is legally connected to and treated through the “CTSP Wastewater Treatment System” to ensure no influence on the natural water bodies in the surroundings; industrial waste is 100% handled by licensed waste management contractors. AOET also promotes a "Zero Waste Initiative" (w/ target waste conversion rate over 90%) to further reduce resource consumption from the source.
- **Smooth Communication Channels Contributing to a 0-Complaint Record:**
  A public contact mailbox is maintained on the Company website to facilitate communication with local residents and stakeholders. No environmental complaints were received from community members during 2024–2025. The Company also shows proactiveness in eliminating potential hazards, as evidenced by improvement needs for the temporary waste plastic storage area previously raised internally, which were successfully coordinated and resolved.
- **Prospects on the Tangible Actions in the Region:**
  To effectively lessen the environmental and power-grid burden associated with our operations in the CTSP, we have set “a reduction of more than 2% in municipal solid waste generation” as our primary improvement target for 2025; on the social engagement front, we will continue to expand our corporate blood donation campaigns, demonstrating our commitment to giving back to the Greater Taichung through tangible actions.

8.3 Resources Contribution for Charity

1. Shining with Love - Corporate Blood Drive

To help ensure the stability of regional medical resources, the Company partnered with the Taichung Blood Center to organize the “Shining with Love - Corporate Blood Drive” initiative. In addition to providing the venue and necessary resources, we expressed our appreciation and recognition for participating employees through tangible incentive programs. These initiatives successfully enhanced employee engagement across departments and transformed the Company’s collective strength into meaningful support for the social medical care network.

- **Support through Infrastructure Provision:** The Company has availed Taichung Blood Center the access to certain parts of its Keyuan Plant premises (area before 1F lobby) as the blood drive venue free of charge. The availed area offers safe and appropriate parking spaces for the Blood Center’s large mobile blood donation vehicles, as well as power supply and administrative facilities.

- **Impact Assessment:** Through such support, the Company successfully transformed its internal facilities into a regional hub for collection of medical resources.

2025 Blood Donation Results Summary

Key Performance Indicators (KPI)	2025 Outcome
Total Blood Donation Volume	**17,500 c.c.**
Total Units of Blood Collected	**70 bags** (in 250 c.c.)
Number of Successful Donors	**54 persons**
Regions Benefitted	Medical Systems in Taichung, Changhua, Nantou and Yunlin

Care for Children of the Stars: Supporting Education for Children with Autism

AOET is deeply committed to promoting social inclusion, equal opportunities, and empowerment for disadvantaged groups. To support these values, the Company launched a “Charitable Coin Donation Box” campaign within the workplace, encouraging employees to turn their spare change into meaningful contributions to society. All proceeds collected during the year were donated to the Taichung Autism Education Association.

- **Supporting Service Development:** The donation was used to directly support special education programs and family assistance services for local children with autism (Children of the Stars). Beyond providing tangible support to families in need, the initiative also helped raise employees’ awareness and understanding of neurodiversity, fostering a more inclusive workplace culture. Through this effort, AOET put the ESG principle of “social equity” into practice and integrated it into everyday corporate operations.

09 Environment and Climate

Climate change presents both challenges and opportunities. AOET regards low-carbon transformation not only as an environmental commitment but also as a strategic driver of innovation, operational resilience, and long-term competitiveness. By integrating sustainability into lifecycle thinking and daily operations, the Company is committed to developing a climate-resilient green opto-electronics supply chain.

9.1 Risks and Opportunities Relating to Climate Change

AOET has formally adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework advocated by the Financial Stability Board (FSB), transforming climate-related challenges into green opportunities that drive sustainable industry development.

9.1.1 Climate Oversight and Governance Structure

Building upon the Company's existing ESG Sustainable Governance Structure (see Chapter 2 of this Report), AOET has fully integrated climate change response into its governance framework, clearly defining the climate-related and financial responsibilities of each functional team:

- **Climate Oversight by the Board:**
  The Board's role extends beyond general sustainability oversight to focus specifically on evaluating climate-related financial impacts. For major climate transition initiatives (e.g., significant renewable electricity procurement, investments in low-carbon manufacturing equipment and technologies, and climate-related capital expenditures), the Board conducts scrutinized control and decision-making to ensure alignment of the Company's climate strategy with its long-term.
- **Climate-related Mitigation/Adaptation by the Management (Office of the President):**
  The Office of the President, which directly oversees ESG and sustainable development affairs, is responsible for coordinating the implementation of the TCFD framework, regular reviews of the results of climate scenario analyses, and allocation of financial and cross-functional resources according to the urgency and significance of identified climate risks and opportunities, thereby supporting effective climate mitigation and adaptation initiatives.
- **Collaboration on Climate Initiatives by the ESG Sustainability Promotion Task Force:**
  To effectively implement the TCFD framework, AOET leverages the synergies of its cross-functional ESG Sustainability Promotion Task Force:
    - **Environmental Sustainability Team (as Primary Driver):** As the primary driver of climate action, this team is responsible for conducting GHG inventories, developing climate scenario analyses, establishing energy and water resource management targets, and implementing carbon reduction initiatives.

- **Corporate Governance Team (for Risks Integration):** Working closely with the “Finance Division” and “Audit Office,” this team translates climate-related physical and transition risks identified by the Environmental Sustainability Team into financial impact assessments (quantifiable). These risks are then formally integrated into the Company's Enterprise Risk Management (ERM) framework for monitoring and control.
- **Product Value Team (for Transforming Findings to Business Opportunities):** In collaboration with the “Research and Development Division,” this team transforms climate-related challenges into business opportunities by advancing the development of low-carbon materials and improving product carbon footprint performance, thereby meeting customers' growing expectations for sustainable and low-carbon supply chains.

9.1.2 Climate Change Risk Identification and Countermeasures

The Company adopts a “value chain-wide perspective” in its climate strategy review, covering upstream suppliers, internal operations, and downstream markets to enhance the systematic and forward-looking nature of its climate change management approach.
Through climate scenario analysis aligned with global warming trends and the transition toward a net-zero economy, AOET has identified key physical risks and transition risks that could have significant financial implications, with response strategies formulated:

Category	Risk Type	Impact Duration	Description and Potential Implication to Finance	Response Actions and Risk Management
Transition Risk	**Regulations and Policies**	**Short**	**Carbon Pricing** Regulations governing GHG emissions and energy use are becoming increasingly stringent both domestically and internationally. Taiwan's carbon fee mechanism came into effect in 2025, while the EU's Carbon Border Adjustment Mechanism (CBAM) will be implemented in 2026, potentially resulting in additional carbon-related compliance costs. **Enhanced Requirement for Disclosures** Growing expectations for disclosure of energy consumption, emissions, and carbon reduction targets require additional resources to strengthen inventory and reporting capabilities, leading to increased operating and compliance costs.	• The Company established a GHG Inventory Promotion Team and proactively implemented ISO 14064-1 greenhouse gas inventory and verification to identify major emission hotspots and develop mitigation measures. • The Company has continuously adjusted emission reduction strategies based on annual inventory results. • The Company leverages government resources to conduct energy-efficiency assessments and improve energy performance. • For major energy-consuming equipment, the Company has set and achieved an **annual 1% electricity-saving target**. • The Company has Introduced an internal carbon pricing mechanism to assess the carbon reduction benefits of capital expenditures.
Transition Risk	**Power Use**	**Short**	**Rising Electricity Costs and Power Supply Constraints** Increasing electricity demand in Taiwan year by year and fluctuations in international fuel prices have intensified summer peak loads, which results in increased generation costs driven by heightened power supply pressure. Electricity tariffs is now a significant factor in manufacturing expenses. Power rationing during peak periods could disrupt production and potentially damage precision equipment.	The Company has deployed high-efficiency HVAC, process cooling, and lighting systems (e.g., variable-frequency air compressors and LED lighting). • Regularly monitoring of electricity prices, weather conditions, and policy developments is taken to optimize production scheduling. • The Company has installed Battery Energy Storage Systems (BESS) and Uninterruptible Power Supply (UPS) systems to ensure stable operations. • The Company has expedited the expansion to solar photovoltaic installations and increased the proportion of renewable energy use to maintain operational and revenue stability.

Transition Risk	**Supply Chain and Raw Materials**	**Short**	**Volatility and Disruptions of Critical Materials** Volatility and Disruptions of Critical Materials: Energy transition policies and extreme weather events have intensified price volatility and supply disruption risks for key materials, raising procurement costs for alternatives and potentially affecting revenue due to supply delays.	• The Company has diversified sourcing channels to avoid dependence on a single region for raw materials. • Collaborations with local suppliers with excellent delivery record are prioritized to reduce transportation costs and carbon emissions. • The Company identifies suppliers subject to high climate risks and offers support to enhance their capabilities to respond to climate change. • The Company actively seeks low-carbon manufacturing partners to strengthen sustainable supply chain resilience.
Transition Risk	**Technology and Market**	**Long**	**Low-carbon Manufacturing Requirements** Compliance with low-carbon production requirements may necessitate the early replacement of high-energy-consuming equipment, resulting in increased capital expenditures; failure to meet the sustainability standards of international brand customers could lead to loss of business opportunities.	The Company has allocated dedicated capital expenditures for green transformation initiatives for the installation of high-efficiency equipment and smart manufacturing technologies. Meanwhile, the Company performs refinement of the Product Life Cycle Assessment (LCA).
Physical Risk	**Immediate Risks**	**Short**	**Natural Disasters** Strong typhoons and heavy rainfall may lead to flooding at AOET premises and plants and equipment failures; alternatively, it may lead to supply chain disruptions and operational interruptions, bringing about reduced revenue and direct asset repair costs.	• The Company has built robust flood prevention and drainage infrastructure at manufacturing sites, and regularly conducts Business Continuity Plan (BCP) drills. • With diversifying supplier sources, the Company intends to reduce supply chain disruption risks associated with extreme weather events in a single region.
Physical Risk	**Long-term Risks**	**Long**	**Extreme Weather Events** Changes in rainfall patterns characterized by prolonged duration may lead to “water scarcity,” affecting water-intensive manufacturing processes. Rising average temperatures may also increase cooling and air-conditioning costs for cleanrooms and office facilities.	• The Company has strengthened water resource management and upgrade water-saving equipment, whilst establishing short-, medium-, and long-term water recycling targets (aiming for a maximum recycling rate of 85%). • The Company has implemented an AI-driven Energy Management System (EMS) to dynamically optimize facility and HVAC energy consumption.

Opportunities and Business Development Relating to Climate

Category	Potential Financial Implications and Strengths for Business Development	AOET Strategies
Resource Use Efficiency	Process optimization and resource recycling may significantly reduce operating costs associated with water, electricity, and raw material consumption.	Implementing water conservation initiatives and waste reduction programs across facilities while increasing the use of recycled and sustainable packaging materials.
Energy Source	Investing in renewable energy helps stabilize long-term electricity costs and reduces exposure to future price volatility arising from fossil fuel markets and carbon pricing mechanisms.	Gradually increasing the proportion of renewable electricity usage, with a roadmap to raise the renewable energy ratio from 10% in 2024 to 100% by 2050.
Products and Services	Developing low-carbon and recyclable optical lenses and optoelectronic products allow the Company to meet requirements of brand customers, with products sold at premium for green initiatives.	Investing in green product design and R&D, incorporating carbon optimization considerations throughout the product lifecycle—from raw material selection to end-of-life management—to enhance market competitiveness and increase market share.
Market and Resilience	Early compliance with the sustainability requirements of leading global customers strengthens AOET's position as a preferred strategic partner and supports expansion into emerging green markets.	Deepening climate collaboration throughout the value chain and build an agile, climate-resilient supply chain ecosystem capable of responding to future environmental and market challenges.

9.1.3 Process for Managing Climate-related Risks

AOET has fully integrated climate-related risk management into its daily Enterprise Risk Management (ERM) framework, creating a systematic and continuous management cycle consisting of four key stages:

1. **Risk Identification:** Each year, the “ESG Sustainability Promotion Task Force” reviews domestic and international climate trends, regulatory developments, and industry developments to identify potential climate-related issues that may affect the Company's operations, including physical risks, transition risks, and climate-related opportunities.
2. **Impact Assessment:** Identified climate-related issues are evaluated through cross-functional discussions. Based on the “likelihood of occurrence” and the “severity of potential operational impacts,” an initial assessment is conducted to determine and prioritize material climate risks that could significantly affect the Company.
3. **Response and Control:** Upon identification of material climate risks, the responsible departments (such as Facility Affairs, R&D, and other relevant functions) develop practical mitigation and adaptation measures (e.g., deploying solar photovoltaic systems, improving resource-use efficiency, and strengthening flood prevention and preparedness measures), which are then implemented in a phased and systematic manner.
4. **Oversight and Follow-up:** The “ESG Sustainability Promotion Task Force” regularly monitors the implementation progress and effectiveness of climate-related actions; key achievements and developments are reported to Management and the Board to ensure that climate-related risks are appropriately managed and that continuous improvement is maintained.

9.1.4 Metrics and Targets for the Climate and Environment Management

To serve the ultimate goal of net-zero emission across all facilities by 2050, AOET has established clear, quantified targets in phases. The following table indicates the Company's plans for reduction and circulation at four major aspects: GHG, water resources, waste, and energy:

Management Aspects	Short-term Targets (2024-2026)	Medium-term Targets (2027-2030)	Long-term Targets (2031-2050)
GHG	• Reduce carbon intensity by 1% annually • Reduce Scope 3 emissions by 5% • Conduct voluntary GHG inventories ahead of regulatory requirements	• Reduce carbon intensity by 1.5% annually • Reduce Scope 3 emissions by 15% • Deploy green energy official cars	• Continue reducing Scope 1 and Scope 2 emissions in line with the pathway toward Net Zero 2050 • Reduce Scope 3 emissions by 50% • Commercial use of recycled aviation fuel
Energy and Green Electricity	• Achieve 10% renewable electricity usage (self-generated and purchased)	• Achieve 50% renewable electricity usage • Implement Product Life Cycle Assessment (LCA) practices	• Achieve 100% renewable electricity usage • Attain carbon neutrality
Water Resources Management	• Recycle 50% of operational water used at manufacturing sites • Reduce water withdrawal by 5%	• 80% of operational water used at manufacturing sites • Reduce water withdrawal by 10% • Implement rainwater harvesting and reuse systems	• Achieve an overall 85% water circularity rate • Reduce water withdrawal by 35%
Waste and Circular Economy	• Waste Reduce waste generation by 5% • Increase the use of recycled packaging by 5%	• Waste Reduce waste generation by 15% • Increase the use of recycled packaging by 15%	• Waste Reduce waste generation by 45% • Increase the use of recycled packaging by 45%

9.1.5 Climate Scenario Analyses and Resilient Finance Deployment

In response to the global challenges of climate change and the transition toward a net-zero economy, AOET recognizes that carbon pricing mechanisms and extreme weather events will have increasingly material impacts on business operations. Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company conducted in-depth climate scenario analyses covering its major manufacturing facilities (e.g., CTSP Plant) and office locations. The assessment incorporates data and methodologies from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), Science Based Targets initiative (SBTi) decarbonization pathways, and hazard mapping resources provided by Taiwan's National Science and Technology Center for Disaster Reduction (NCDR). Through comprehensive financial and operational stress testing, AOET has established three key pillars of climate resilience to address future climate-related challenges:

1. Carbon Pricing Impact and Renewable Energy Investment Benefits

Transition Risk Scenario Analysis:

With the implementation of Taiwan's carbon fee mechanism and increasingly stringent international carbon-border regulations, such as the CBAM under low-emission scenarios (e.g., SSP1-1.9), together with global customers' expectations to achieve an annual 4.2% absolute emissions reduction rate in line with SBTi requirements, the costs associated with climate compliance and access to green financing are expected to increase significantly. Without proactive action, the Company's export products could potentially face international carbon-related costs exceeding NT$150 million by 2030.

Resilience Strategies and Financial Deployment:

- **Expedited Deployment of Renewable Energy Initiatives:** AOET has committed to achieving 50% renewable electricity usage by 2030. Through renewable energy procurement agreements (CPPA) and self-developed renewable energy facilities, with an estimated investment of approximately NT$30 million, the Company aims to reduce nearly half of its carbon emissions.
- **Investment as Hedge:** AOET’s defensive capital expenditure warrants its carbon reduction performance beyond SBTi requirement whilst mitigating the risk of potential loss totaling NT$150 million in extreme carbon taxes. With such expenditure pattern, AOET has solidified its competitiveness in the green supply chain, notably the orders from renowned international manufacturers.
- **Advantages from Regulatory Buffers:** As the Company's emissions currently remain below Taiwan's carbon fee threshold of 25,000 metric tons of CO_2e annually, the initial impact of domestic carbon fees is expected to be limited (estimated at less than NT$5 million). This provides AOET with greater flexibility to direct resources toward renewable energy investments and long-term decarbonization initiatives.

2. Water Circularity and Drought Resilience

Long-term Physical Risk Scenario Analysis:

According to projections from the World Resources Institute (WRI) Aqueduct Water Risk Atlas, under a weather extreme (SSP5-8.5), central Taiwan may experience prolonged drought conditions due to reductions in spring and monsoon rainfall. Such changes could directly impact the reliability of water resources at facilities (e.g. cooling tower) in the CTSP Plant.

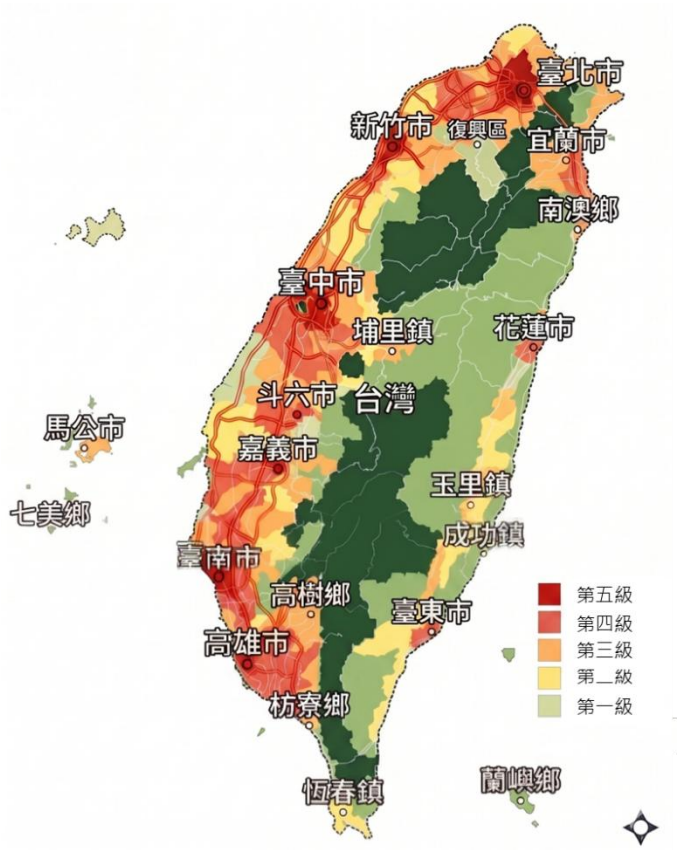
Resilience Strategies and Financial Deployment:

- **Internal Circulation of Water Resources:** AOET treats water resources as a strategic asset. The Company continues to upgrade water-saving technologies and rainwater harvesting systems and has established a long-term objective of increasing operational water recycling rates to 85%, significantly reducing dependence on external water supplies.
- **Precise Control of Deferred Cost Recognitions:** Recognizing that water utility charges are typically billed on a delayed basis (i.e., consumptions from the previous cycle recognized and billed in the current cycle), AOET incorporates the timing differences between water-related expenses and cash flows into its financial stress-testing and working capital planning processes, thereby allowing financial redundancy in the event of extreme drought.

3. Extreme Weather Events Protection and Assets Security

Immediate Physical Risk Scenario Analysis:

In light of significant increase in frequency and intensity of short-duration extreme rainfall events, AOET has incorporated localized climate hazard data from the National Science and Technology Center for Disaster Reduction (NCDR) to conduct flood exposure assessments for its facilities located in Xitun District and Daya District, Taichung, under a 1.5°C warming scenario. The results indicate that both sites face an overall flood risk rating of Level 5 (Very High Risk), although the key risk drivers differ by location. Daya Plant faces greater pressure on surrounding flood protection infrastructure, with a vulnerability rating of Level 4 (High); for Xitun Plant, its flood protection is rated as moderate (Vulnerability Level 3), with rating for its future asset exposure spiking to Level 5 (Very High Risk) due to the concentration of precision optical and high-technology assets at the site.



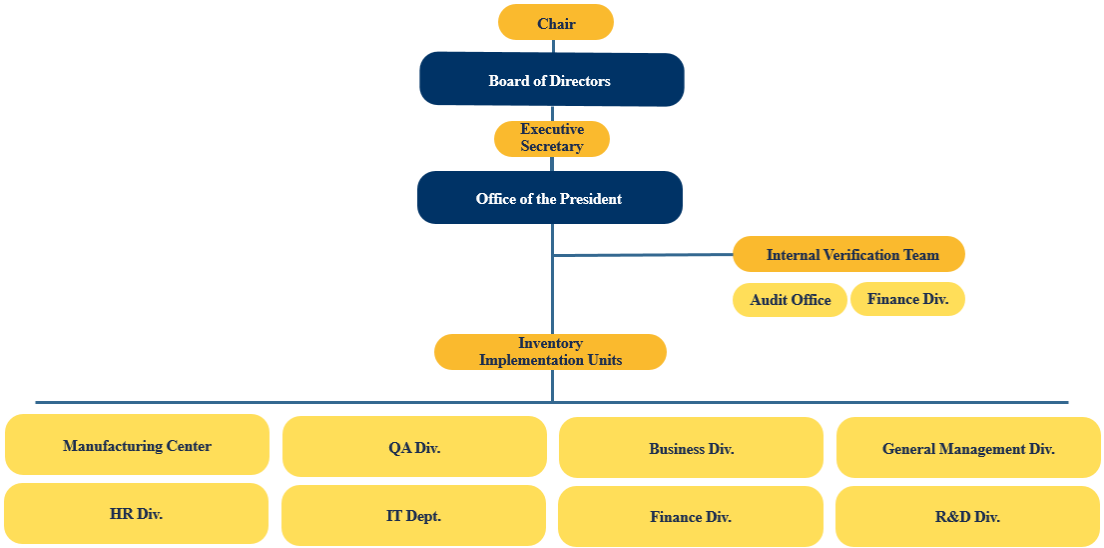
9.2 GHG Management

9.2.1 GHG Management Statement and Sustainability Promises

AOET regards energy conservation and carbon reduction as a core component of its sustainable development strategy. To grasp GHG emissions within its operational boundaries, the Company has fully adopted the ISO 14064-1:2018 standard and the Greenhouse Gas Protocol (GHG Protocol) for GHG accounting and reporting. The Company completed its initial internal GHG inventory in 2023 and established this as its original baseline year, creating a clear quantitative foundation for emissions management. To align with international standards and enhance the credibility and transparency of its disclosures, AOET is actively preparing for third-party verification and plans to gradually introduce external assurance mechanisms in the future. By leveraging science-based data and methodologies, AOET continuously monitors emission trends and develops practical carbon reduction pathways and improvement targets to support its long-term sustainability commitments.

9.2.2 Dedicated Organization for the Promotion of GHG Initiatives

In accordance with its sustainability policy and long-term vision, the "Board of Directors" serves as the highest decision-making and oversight body for sustainable development, responsible for providing strategic direction, reviewing major sustainability policies, and overseeing implementation performance. To ensure proper execution of carbon reduction projects and climate management initiatives, the Company has established a cross-functional "ESG Sustainability Promotion Task Force" chaired by the President and comprising senior representatives from Finance, Corporate Governance, Environment, Health and Safety (EHS), and key operational functions. As the body responsible for coordinating ESG-related initiatives across the Company, the Task Force regularly reviews implementation progress and reports key achievements to the Board of Directors at least once annually, enabling effective oversight, strategic adjustments, and resource allocation.



9.2.3 GHG Reduction Strategies and Concrete Action Plans

AOET recognizes the challenges posed by climate change to both business operations and the environment and has adopted a dual-track approach encompassing both "mitigation" and "adaptation" strategies. The Company has obtained ISO 14001 Environmental Management System certification and incorporates Life Cycle Thinking into its operational framework. Environmental impacts are evaluated throughout the value chain—from raw material sourcing and manufacturing to transportation and distribution—with the objective of minimizing the overall carbon footprint.

1. Phasal Carbon Reduction Targets and Net Zero Vision

In alignment with Taiwan's "2050 Net-Zero Emissions Roadmap," the Group has established clear greenhouse gas reduction and energy transition targets:

- **Short-term Targets (2024–2026):** Reduce carbon intensity by 1% annually; initiate Scope 3 emissions accounting and inventory management; and achieve 10% renewable electricity usage through procurement and self-generation across all facilities.
- **Mid-term Targets (2027–2030):** Reduce carbon intensity by 1.5% annually; reduce Scope 3 emissions by 15%; deploy green energy official cars; and increase renewable electricity usage to 50% across all facilities.
- **Long-term Targets (2031–2050):** Continuously reduce Scope 1 and Scope 2 emissions and achieve Net Zero by 2050; reduce Scope 3 emissions by 50%; Commercial use of recycled aviation fuel; and achieve 100% renewable electricity usage and product carbon neutrality.

2. Internal Carbon Price (ICP) and Response to International Regulations

- **Implementation of Internal Carbon Price Mechanism:** To strengthen decarbonization incentives and align with international sustainability initiatives, the Company has established an Internal Carbon Price (ICP) of US$10 per metric ton of CO_2e, derived from Taiwan Carbon Solution Exchange (TCX) market considerations and PCAF carbon intensity methodologies. Such figure will serve as an environmental cost benchmark for future investment and operational decision-making.

- **Bridging with CBAM and CCA:** In response to high-profile regulatory developments such as the European Union's Carbon Border Adjustment Mechanism (CBAM) and the California Climate Accountability (CCA) regulations, AOET continues to strengthen product carbon footprint data management and tracking capabilities. By integrating the TCFD climate disclosure framework with SBTi-aligned targets, the Company develops export strategies and carbon cost early-warning mechanisms to maintain regulatory compliance and competitiveness in international markets.

9.2.4 GHG Emission

AOET conducts greenhouse gas inventories in accordance with ISO 14064-1:2018 and the GHG Protocol. The Company applies the operational control approach to define its organizational boundaries. The inventory scope covers the Company's major operational sites in Taichung City, including Keyuan Plant at Xitun District and CTSP Plant at Daya District.

1. Baseline Year Selection and Boundary Change Statement

Between 2023 and 2024, the Company's operational boundaries expanded as a result of production line integration and capacity expansion at the CTSP Plant, resulting in structural changes in overall GHG emissions. In accordance with the recalculation requirements of ISO 14064-1, organizations are expected to reassess their baseline year when significant boundary changes materially affect emissions data. To ensure the representativeness, consistency, and comparability of emissions performance over time, AOET has formally designated “2025”—the year in which operational integration and facility expansion were fully stabilized—as its new GHG inventory baseline year. All future short-, medium-, and long-term carbon reduction targets and performance assessments will therefore be measured against the quantified emissions data established in 2025.

2. GHG Emission Statistics

Based on three consecutive years of emissions tracking, the Company's total GHG emissions in 2025 (the new baseline year) amounted to 17,805.38 metric tons of CO_2e, declined from the 19,010.03 metric tons of CO_2e recorded during the early expansion phase in 2024 and demonstrating the effectiveness of facility energy-efficiency and emissions management initiatives. Although emissions intensity increased slightly in 2025, the primary contributing factor was a decline in annual revenue resulting from broader macroeconomic conditions. Moving forward, the Company will accelerate renewable energy deployment and procurement initiatives to overcome the challenges associated with high baseload electricity consumption and further reduce carbon emissions.

Greenhouse Gas Emissions and Carbon Intensity Trends Over the Past Three Years

Item	Unit	2023	2024	2025 (Baseline Year)
Scope 1 (Direct)	tons CO2e	32.33	1,387.89	54.54
Scope 2 (Indirect)	tons CO2e	11,402.99	17,622.14	17,747.84
Total Emission	tons CO2e	11,435.32	19,010.03	17,802.38
Net Revenue (Parent)	NT$ Million	2,678.83	2,723.06	2,212.09
GHG Emission Intensity	tons CO2e / NT$ Million	4.27	6.98	8.05

Note 1: Direct GHG emissions (Scope 1) include emissions from stationary combustion sources (e.g., emergency generators), process emissions, mobile combustion sources used for transportation (e.g., office cars and forklifts), and fugitive emissions.
Note 2: Energy indirect GHG emissions (Scope 2) arise from purchased electricity consumed by the Company.
Note 3: The calculation of Scope 2 (energy indirect) emissions from purchased electricity is based on the official electricity emission factors applicable to each reporting year.

- 2023: Calculated using the electricity emission factor for 2023 published by the Energy Administration, Ministry of Economic Affairs, at 0.494 kg CO_2e/kWh.
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- 2024: Calculated using the electricity emission factor for 2024 published by the Energy Administration, Ministry of Economic Affairs, at 0.474 kg CO_2e/kWh
- 2025 (Baseline Year): Calculated using the latest electricity emission factor for 2025 officially announced by the Energy Administration, Ministry of Economic Affairs; for all other direct GHG emissions, the Global Warming Potential (GWP) factors were based on the Ministry of Environment's latest "Greenhouse Gas Emission Factor Management Table" and the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6, 2021).

Note 4: The Company applied the "Error Propagation Method" to conduct the uncertainty assessment of its GHG inventory. The total inventory uncertainty for the reporting year fell within a 95% confidence interval of -7.06% to +7.06%.Based on the Company's data quality management procedures, the inventory achieved an overall average score of 3.344, corresponding to the highest "Level 1" accuracy rating. The data sources are considered reliable and in compliance with applicable international standards and reporting requirements

9.3 Energy Management

9.3.1 Energy Management and Utilization Overview

At present, 100% of the Company's electricity demand is supplied by Taiwan Power Company (Taipower). To accurately monitor electricity consumption and establish a robust management baseline, AOET continues to follow the framework and principles of the ISO 50001 Energy Management System, developing a data-driven energy management approach centered on Energy Data Intelligence. To enhance energy performance, the Company has established a real-time energy monitoring center and is actively evaluating the adoption of Internet of Things (IoT) technologies and Industry 4.0 solutions. These initiatives are designed to improve production-line energy transparency through real-time monitoring, early-warning mechanisms, and visualized data dashboards that support management decision-making. Through the application of digital management tools, AOET is able to identify potential issues such as "abnormal power consumption," "unnecessary standby energy use," and "inefficient equipment operation" in a more effective manner, thereby strengthening overall energy management performance at the source and promoting continuous improvement in energy efficiency.

9.3.2 Energy Consumption Analysis and Trends

In retrospect to the circumstances in 2024, it is discovered that a temporary peak in energy consumption occurred due to overlapping operations at both self-owned facility (Keyuan Plant) and leased facility (CTSP Plant) simultaneously. During the production relocation and transition period, production lines at both sites remained operational in parallel.

In 2025, as production capacity at the new facility gradually stabilized and facility space utilization was optimized, the duplicated electricity consumption associated with the transition period was effectively eliminated. As a result, the Company's total non-renewable electricity consumption decreased to 37,442,700 kWh (approx. 134,793.72 GJ) in 2025, demonstrating the initial benefits of its energy efficiency and operational optimization efforts.

From the perspective of site-level electricity consumption, the Keyuan Plant assumed a greater share of production activities, resulting in a significant increase in electricity consumption to 23.838 million kWh, while consumption at the CTSP Plant decreased correspondingly to 13.603 million kWh. This shift indicates that the operational transition between facilities has been successfully completed.

Energy Consumption by Item and Energy Intensity

Energy Consumption Item	2023	2024	2025
Petroleum (Liter)	9672.99	8879.5	8,723.8
Diesel (Liter)	300	300	300
Electricity-renewable energy (kWh)	0	0	0
Electricity-non-renewable energy (kWh)	33,464,720	38,202,285	**37,442,700**
- Keyuan Plant Consumption (kWh)	10,428,400	18,035,600	23,838,800
- CTSP Plant Consumption (kWh)	23,036,320	20,166,685	13,603,900
Total Energy Consumption (GJ)	**120,799.43**	**137,828.75**	**135,089.16**
Revenue Baseline (NT$ Million)	**2,678.83**	**2,723.06**	**2,212.09**
Total Energy Intensity (GJ/NT$ Million in Revenue)	**45.09**	**50.62**	**61.07**

9.3.3 Corrective Actions for Upscaled Energy Saving

- **Energy Saving at Manufacturing Facilities:** In addition to eliminating the duplicate electricity consumption associated with the facility transition period, the Company continues to implement precise temperature control for HVAC systems, optimize operating schedules for high-energy-consuming equipment, and replace aging lighting systems and ancillary equipment with more energy-efficient alternatives.
- **Carbon Reduction at Operational Locations:** The Company actively promotes the use of video conferencing to reduce carbon emissions associated with business travel; in the meantime, logistics and warehouse management processes have been optimized to improve transportation efficiency and minimize the environmental impact of operations.

9.3.4 Onsite Renewable Energy Development and Energy Transformation Plans

In the past, some of the Company's facilities were leased properties, limiting the installation of on-site solar power systems. As the Company's operational focus has now fully shifted to the self-owned Keyuan Plant, AOET has officially launched its on-site renewable energy development program to strengthen the foundation of its green supply chain strategy.

The Company intends to invest approximately NT$29 million in 2026 to install a solar photovoltaic (PV) system with a total capacity of 544.25 kWp at the Keyuan Plant. The system is expected to generate more than 610,000 kWh of clean renewable electricity annually, providing stable renewable energy for operations. Such establishment is the solution to alleviating peak electricity demand during the summer months, as well as a significant milestone in AOET's initiatives to expediting decarbonization progress and building momentum for the construction of a green supply chain.

9.4 Water Resources Management

9.4.1 Water Resources Management Guidelines and Risk Adaptation

AOET's operating sites are located within the Central Taiwan Science Park and Daya District of Taichung City. Based on an assessment conducted using the World Resources Institute (WRI) Aqueduct Water Risk Atlas, the Company has identified these areas as regions requiring heightened attention to water resource management. In response, AOET has established comprehensive adaptation strategies to mitigate potential water-related risks. To strengthen water resource risk management, the Company has developed site-specific water risk profiles and corresponding response strategies for each operating location. In addition, AOET incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework in its risk identification and strategic planning processes. Through these efforts, the Company seeks to ensure that its operations do not adversely affect surrounding ecosystems, hydrological conditions, or land subsidence while enhancing long-term operational resilience against climate-related water risks.

Climate-Related Water Risks and Adaptation Measures

Category	Potential Influences	Adaptation Measures
Physical Risk-Drought	Reduced water pressure or water rationing may disrupt process cooling systems, affect production capacity utilization, and result in revenue losses.	• Establishing water resource management and allocation mechanisms, supported by Business Continuity Planning (BCP). • Enter into contingency agreements with water tanker suppliers to secure emergency water supply. • Increase the utilization rate of reclaimed and recycled water within manufacturing facilities.
Physical Risk-Flood	Extreme rainfall events may cause flooding, damage production equipment, disrupt manufacturing operations, and lead to revenue losses.	• Strengthening flood prevention and drainage system design across operating sites. • Establishment of real-time weather monitoring, early-warning systems, and emergency response procedures.
Transition Risk-Progressively Stringent Regulations	More stringent industrial park discharge requirements or the introduction of water consumption fees may increase operating and compliance costs.	• Implementation of wastewater treatment technologies exceeding regulatory requirements. • Incorporating water-use intensity reduction targets into annual performance evaluation and management systems.

Water Conservation Measures and Reduction Targets:

Since 2023, AOET has actively implemented water conservation and water reuse initiatives across its facilities. Based on operational developments and resource utilization trends, the Company has established short-, medium-, and long-term water management targets. Key water-saving initiatives include:

- **Domestic Water Management:** The Company has replaced existing fixtures with water-saving faucets, toilets, and sensor-operated flushing systems certified with WRA's water labels. In addition, water conservation advocacy is performed through internal bulletin boards and newsletters.

- **Intelligent Monitoring and Recycling throughout the Process:** AOET has implemented a smart process water monitoring system that enables real-time monitoring and adjustment of water-consuming equipment parameters, thereby improving water reuse efficiency within manufacturing processes. In 2025, the process water recycling rate reached 81.1%, while the overall facility water recycling rate (incl. domestic water reuse) reached 77.9%.
- **Upscaled Water Resources Utilization at New Plant:** Following the commissioning of the Keyuan Plant in 2024, the Company deployed a facility-wide intelligent water resource monitoring system and established rainwater collection and filtration systems. In accordance with the Company's "Regulations for Rainwater Management," collected rainwater is reused based on circular water management principles for facility cleaning, landscape irrigation, and other non-potable applications.

9.4.2 Overview of Withdrawal, Discharge and Consumption of Water Resources

The table below summarizes the Company's water withdrawal, discharge, and consumption performance from 2023 to 2025. All water withdrawn by the Company is sourced from municipal water supplies (third-party sources). The Company does not extract groundwater or surface water for operational purposes. In 2024, total water consumption increased significantly due to the expansion of operational activities and the commencement of operations at the new facility. With the implementation of smart water management systems and water recycling mechanisms, AOET will continue to monitor and improve its water intensity per unit of revenue to enhance water-use efficiency and strengthen long-term water resilience.

Water Consumption and Water Intensity Trends Over the Past Three Years

Item	2023	2024	2025
Total Water Withdrawal (m^3)	18,955	85,677	91,319
Total Water Discharge (m^3)	15,164	68,541.6	62,269
Total Water Consumption (m^3)	3,791	17,135	29,050
Water Intensity (metric ton/NT$ Million in Revenue)	7.08	31.46	41.28

Note 1: Total water consumption is calculated as: Total Water Withdrawal - Total Water Discharge.

Note 2: None of the Group's operating sites are located within areas identified as having high water stress. Therefore, "water withdrawal and water consumption in water-stressed areas" are equivalent to the Group's overall totals (i.e., no site-specific high-risk water stress data applied).

Note 3: Water intensity for 2024 and 2025 is calculated based on the annual net revenue (parent; as denominator in the calculations) for the respective reporting year.

9.4.3 Wastewater (Sewage) Discharge Management and Pollution Prevention

To minimize the impact of its operations on local water bodies, AOET strictly complies with all applicable environmental regulations and conducts internal management and water quality monitoring in accordance with ISO 14001 and IECQ QC 080000 standards. The Company does not discharge hazardous wastewater or untreated effluent into natural water bodies.

- **Wastewater Management and Pollution Prevention:**
  Production wastewater and domestic sewage generated from facility operations are first treated through on-site treatment systems before being discharged into the wastewater treatment facilities operated by the relevant Science Park Administration (third-party water destination) for further treatment. In accordance with the Company's "Water Pollution Prevention Monitoring Procedures," strict discharge controls are implemented:
    - **Criteria:** Effluent pH maintained between 6 and 9; COD below 500 mg/L; Suspended Solids (SS) below 300 mg/L; and water temperature below 35°C.
    - **Monitoring Mechanism:** Regular water quality inspections are conducted by the CTSP Administration to ensure full compliance with sewer discharge requirements.
    - **Pollution Prevention:** Chemical storage areas are equipped with secondary containment systems and emergency spill response equipment to prevent contaminants from entering surrounding water environments.
- **Stormwater and Wastewater Segregation Management:**
- To prevent industrial pollutants from entering the environment through stormwater systems, the Group established and implemented its "Regulations for Rainwater Management" in December 2025.
    - **Strict Segregation and Protection:** Dedicated stormwater and wastewater drainage systems are maintained throughout the facilities. In addition, control gates are installed at all stormwater discharge outlets. Under normal conditions, stormwater gates remain closed; during rainfall events, automated monitoring or visual inspection will be performed to confirm whether the water is of acceptable quality and has pH value between 6 and 8 before the gates are opened for discharge.
    - **Water Quality Monitoring:** Every six months, qualified third-party laboratories conduct rainwater quality analyses. Monitoring parameters include pH, oil and grease, and Chemical Oxygen Demand (COD).
    - **Emergency Response Mechanism:** If automated monitoring detects abnormal pH levels (below 5.5 or above 8.5), or if visible oil, grease, or contaminants are observed, the system automatically activates wastewater pumps to redirect contaminated stormwater to the facility's B2 wastewater collection basin before being discharged to the CTSP Administration's wastewater treatment facility for treatment. This ensures that contaminated water is prevented from entering the natural environment.

- **Water Pollution Prevention Measures:**
    - **Chemical Source Management:** All chemicals are stored with secondary containment measures (e.g., spill berms). Emergency spill control materials, including absorbent pads and containment sandbags, are maintained on-site.
    - **Dual-Layer Pipeline Protection:** Pipelines conveying potentially contaminating liquids utilize exposed-pipe designs or double-layer protection systems to facilitate inspection and early leak detection.
    - **Emergency Response Drills:** Annual emergency response exercises are conducted for chemical spills and wastewater treatment equipment failures. With these measures, the Company may ensure that frontline personnel can quickly isolate pollution sources and prevent contaminants from entering receiving water bodies.

9.5 Waste Management

9.5.1 Targets for Waste Management and Reduction

AOET has fully implemented the ISO 14001 Environmental Management System and the IECQ QC 080000:2017 Hazardous Substance Process Management System. Guided by its "Hazardous Substances and Related Process Procedures," the Company has established a comprehensive waste management framework. Through systematic waste identification and classification processes, AOET reviews waste generated from manufacturing activities and continuously seeks opportunities to reduce environmental impacts at their source.

Concerning implementation, the Company follows the following internal procedures to ensure effective waste management:

- **Source Control:** In accordance with the "Chemical Substance Management Procedures" and "Auxiliary Material Management Requirements," raw materials and manufacturing support materials are strictly screened and controlled to prevent hazardous substances from entering products or production processes.
- **Waste Handling and Disposal:** Under the "Waste Management Procedures," each department is required to conduct regular waste inventories, maintain a "Waste Identification and Treatment Register," and systematically classify and store process-generated waste. The Company has engaged licensed waste collection and treatment contractors for the subsequent disposal of wastes. During such disposal, the engaged contractors are required to complete "Waste Transportation Records" to ensure traceability, legal compliance, and transparency throughout the process.
- **Fulfilling Diversity amid Information Transparency Initiatives:** Pertaining to waste sorting and information disclosure, in recognition of the workforce diversity characterized by employees from various countries, AOET provides waste segregation instructions and management guidance in Chinese, English, and other applicable languages to ensure information transparency as well as consistent understanding and proper waste classification across all facilities.

9.5.2 Circular Economy Achievements

For concrete disposal measures, AOET has promulgated the "Waste Management Operation Procedures" to classify products generated throughout the manufacturing process in a system manner. Additional promotions include the initiatives for circular economy and waste reduction, detailed as follows:

- **Recycling of Plastic Scrap Generated in Production:** Due to the high purity of optical-grade materials, the Company prioritizes waste reduction at the source. Plastic scraps generated during manufacturing are reground and reused internally, downgraded for secondary product applications, or reprocessed into recycled plastic components. With such initiatives, the Company achieved highly effective on-site material circularity internal reuse rate exceeding 99%. For plastic waste that cannot be reused internally, certified recycling partners are engaged to maximize external recycling opportunities.
- **Transforming Waste into Environmental Art:** Certain plastic blocks generated during manufacturing cannot be recycled or are unsuitable for incineration. Following circular economy principles, the Company creatively repurposes such materials into facility artwork and visual displays (e.g., decorative snail sculptures, seasonal installations of Christmas tree, etc.). All artworks are produced using non-toxic adhesives and paints, reducing waste disposal while promoting environmental awareness and sustainability culture.
- **Closed-Loop Waste Oil Circulation:** Waste oils generated from equipment maintenance activities (e.g., lubricating oils, cutting oils, and pump oils) are collected and transferred to Ministry of Environment-approved contractors for recycling and recovery to ensure that waste oil remains within the resource circulation system and therefore avoid secondary environmental pollution.
- **Forward-looking Technology Deployment:** While biodegradable materials suitable for advanced optical applications remain limited, AOET is actively collaborating with suppliers to identify recyclable material alternatives. Referencing the technological path for industry development, the Company is also evaluating emerging technologies e.g., "organo-philization" or "molecular chain breakdown," which may convert high-molecular-weight plastics into fuel oil or other reusable chemical feedstocks in the future. AOET further shares its resource management experiences with downstream partners to promote sustainability awareness throughout the value chain.

9.5.3 Outsourced Disposal and Data Monitoring

For general industrial waste and domestic waste that cannot be reused internally, AOET engages qualified and licensed third-party waste management contractors. Prior to engagement, all contractors undergo rigorous qualification assessments. Contractual requirements clearly define environmental standards and legal responsibilities. The Company also conducts annual on-site audits of waste treatment vendors to verify the legality and safety of final disposal practices. Meanwhile, waste transportation and disposal data are integrated into the Company's environmental management platform, which are subjected to internal verification monthly to ensure data consistency.

9.5.4 Waste Generation and Disposal Performance

All waste generated at the Company's facilities during the reporting year was handled in accordance with applicable regulations and internal management requirements. Detailed information regarding waste categories, treatment methods, and actual quantities generated (metric tons) is presented in the following table:

2025 Waste Generation and Disposal Summary Table

Waste Type	Disposition	Waste Composition	Biao Yi Plant (Metric Tons)	Keyuan Plant (Metric Tons)	Total of Two Locations (Metric Tons)
Non-hazardous Industrial Waste (Type D)	Incineration	Waste fibers or mixed cotton, cloth, and similar materials	1.03	0	**1.03**
Non-hazardous Industrial Waste (Type R)	Recycling	Paper, steel cans, scrap iron, plastic containers, PE film	-	-	**12.459**
Non-hazardous Industrial Waste (Type R)	Recycling	Plastic Scrap	-	-	**259.976**
Non-hazardous Industrial Waste (Type R)	Recycling and Reuse	Plastic Scrap	-	-	**30.743**

10 Appendices

Appendix 1. GRI Standards: Comparison Table for Disclosure Items under the Sustainable Reporting Standards

GRI 1 Use Statement
Statement of Use: Ability Opto-electronics Technology Co., Ltd. has conducted the reporting in accordance with GRI Standards (for the period from January 1 to December 31, 2025)
GRI1 Used: GRI 1: Foundation 2021
Applicable GRI Sector Standards: None
GRI 2: General Disclosures 2021

Indicator	Disclosure Item	Corresponding Section(s) in this Report	Page(s)
2-1	Organizational details	1.1 Company Profile 1.2 Business Overview and Global Operations Deployment	P. 12,13
2-2	Entities included in the organization's sustainability reporting	About this Report	P. 5, 6
2-3	Reporting period, frequency and contact point	About this Report	P. 5, 6
2-4	Restatements of Information	About this Report	P. 5, 6
2-5	External assurance	About this Report	P. 5, 6
2-6	Activities, value chain and other business relationships	1.4 Industrial Value Chain and Core Products	P. 14, 15
2-7	Employees	7.2 Composition of Talents and Diversity and Equality	P. 65-67
2-8	Workers who are not employees	7.2 Composition of Talents and Diversity and Equality	P. 65-67
2-9	Governance structure and composition	2.2 Sustainable Governance Structure	P. 17, 18
2-10	Nomination and selection of the highest governance body	4.1 Board Structure and Operational Mechanism	P. 31-40
2-11	Chair of the highest governance body	4.1 Board Structure and Operational Mechanism	P. 31-40
2-12	Role of the highest governance body in overseeing the management of impacts	2.2 Sustainable Governance Structure	P. 17, 18

2-13	Delegation of responsibility for managing impacts	2.2 Sustainable Governance Structure	P. 17, 18
2-14	Role of the highest governance body in sustainability reporting	About this Report 3.2 Identification of Material Topics	P. 5, 6, 23, 24
2-15	Conflicts of interest	4.3 Ethical Corporate Management and Legal Compliance	P. 43-46
2-16	Communication of critical concerns	2.3 Promotion and Implementation of Material Sustainability Matters	P. 18
2-17	Collective knowledge of the highest governance body	4.1 Board Structure and Operational Mechanism	P. 31-40
2-18	Evaluation of the performance of the highest governance body	4.1 Board Structure and Operational Mechanism	P. 31-40
2-19	Remuneration policies	4.1 Board Structure and Operational Mechanism	P. 31-40
2-20	Process to determine remuneration	4.1 Board Structure and Operational Mechanism	P. 31-40
2-21	Annual total compensation ratio	7.3 Remunerations and Benefits for Employees	P. 67-69
2-22	Statement on sustainable development strategy	2.1 Sustainable Development Strategies	P. 17
2-23	Policy commitments	4.3 Ethical Corporate Management and Legal Compliance 7.1 Human Rights Protection and Labor-Management Relations	P. 43-46, 58-60
2-24	Embedding policy commitments	4.3 Ethical Corporate Management and Legal Compliance 7.1 Human Rights Protection and Labor-Management Relations	P. 43-46, 58-60
2-25	Processes to remediate negative impacts	7.1 Human Rights Protection and Labor-Management Relations	P. 58-60
2-26	Mechanisms for seeking advice and raising concerns	4.3 Ethical Corporate Management and Legal Compliance 7.1 Human Rights Protection and Labor-Management Relations	P. 43-46, 58-60
2-27	Compliance with laws and regulations	4.3 Ethical Corporate Management and Legal Compliance	P. 43-46
2-28	Membership associations	4.5 Membership in Clubs and Organizations	P. 44
2-29	Approach to stakeholder engagement	3.1 Stakeholder Engagement	P. 17-19
2-30	Collective bargaining agreements	7.1 Human Rights Protection and Labor-Management Relations	P. 63,64

GRI 3: Material Topics 2021

Indicator	Disclosure Item	Corresponding Section(s) in this Report	Page(s)
3-1	Process to determine material topics	3.2 Identification of Material Topics	P. 23, 24
3-2	List of material topics	3.4 List of Material Topics	P. 26-28
3-3	Management of material topics	3.5 Material Issues Management	P. 29, 30

GRI Standard	Disclosure Item		Corresponding Section(s) in this Report	Page(s)
201 Economic Performance	201-1	Direct economic value generated and distributed	5.1 Operational Performance	P. 50, 51
	201-2	Financial implications and other risks and opportunities due to climate change	9.1 Risks and Opportunities Relating to Climate Change	P. 83-90
	201-3	Defined benefit plan obligations and other retirement plans	7.3 Remunerations and Benefits for Employees	P. 67-69
	201-4	Financial assistance received from government	-	
202 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	7.3 Remunerations and Benefits for Employees	P. 67-69
	202-2	Proportion of senior management hired from the local community	-	
203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	8.1 Social Innovation and Indirect Economic Impacts 8.3 Resources Contribution for Charity	P. 80-82
204 Procurement Practices	204-1	Proportion of spending on local suppliers	5.5 Sustainable Supply Chain	P. 55-57
205 Anti-corruption	205-1	Operations assessed for risks related to corruption	4.3 Ethical Corporate Management and Legal Compliance	P. 43-46
206 Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.3 Ethical Corporate Management and Legal Compliance	P. 43-46
207 Tax	207-1	Approach to tax	5.2 Tax Policies	P. 51,52

	207-2	Tax governance, control, and risk management	5.2 Tax Policies	P. 51,52
301 Materials	301-1	Materials used by weight or volume	5.3 Innovative R&D	P. 53,54
302 Energy	302-1	Energy consumption within the organization	9.3 Energy Management	P. 94, 95
	302-2	Energy consumption outside of the organization	-	
	302-3	Energy intensity	9.3 Energy Management	P. 94, 95
	302-4	Reduction of energy consumption	9.1 Risks and Opportunities Relating to Climate Change 9.3 Energy Management	P. 83, 84, 94, 95
303 Water and Effluents	303-1	Interactions with water as a shared resource	9.4 Water Resources Management	P. 96-99
	303-2	Management of water discharge-related impacts	9.4 Water Resources Management	P. 96-99
	303-3	Water withdrawal	9.4 Water Resources Management	P. 96-99
	303-4	Water discharge	9.4 Water Resources Management	P. 96-99
	303-5	Water consumption	9.4 Water Resources Management	P. 96-99
305 Emissions	305-1	Direct (Scope 1) GHG emissions	9.2 GHG Management	P. 91-95
	305-2	Energy indirect (Scope 2) GHG emissions	9.2 GHG Management	P. 91-95
	305-4	GHG emissions intensity	9.2 GHG Management	P. 91-95
	305-5	Reduction of GHG emissions	9.2 GHG Management	P. 91-95
306 Waste	306-1	Waste generation and significant waste-related impacts	9.5 Waste Management	P. 99-101
	306-2	Management of significant waste-related impacts	9.5 Waste Management	P. 99-101
	306-3	Waste generated	9.5 Waste Management	P. 99-101
	306-4	Waste diverted from disposal	9.5 Waste Management	P. 99-101
	306-5	Waste directed to disposal	9.5 Waste Management	P. 99-101
308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	5.5 Sustainable Supply Chain	P. 55-57
	308-2	Negative environmental impacts in the supply chain and actions taken	5.5 Sustainable Supply Chain	P. 55-57
401 Employment	401-1	New employee hires and employee turnover	7.2 Composition of Talents and Diversity and Equality	P. 65-67
	401-2	Benefits provided to full-time employees that are not	7.3 Remunerations and Benefits for	P. 67-69

		provided to temporary or part-time employees	Employees	
	401-3	Parental leave	7.3 Remunerations and Benefits for Employees	P. 67-69
402 Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	7.4 Talent Cultivation and Career Development	P. 69-71
403 Occupational Safety and Health	403-1	Occupational health and safety management system	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-2	Hazard identification, risk assessment, and incident investigation	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-3	Occupational health services	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-4	Worker participation, consultation, and communication on occupational health and safety	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-5	Worker training on occupational health and safety	7.1 Human Rights Protection and Labor-Management Relations 7.4 Talent Cultivation and Career Development	P. 63, 64, 69-71
	403-6	Promotion of worker health	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-8	Workers covered by an occupational health and safety management system	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-9	Work-related injuries	7.5 Occupational Safety and Healthy Workplace	P. 72-74
	403-10	Work-related ill health	7.5 Occupational Safety and Healthy Workplace	P. 72-74
404 Training and Education	404-1	Average hours of training per year per employee	7.4 Talent Cultivation and Career Development	P. 69-71
	404-2	Programs for upgrading employee skills and transition assistance programs	7.4 Talent Cultivation and Career Development	P. 69-71
	404-3	Percentage of employees receiving regular performance and career development reviews	7.4 Talent Cultivation and Career Development	P. 69-71
405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	4.1 Board Structure and Operational Mechanism	P. 31-40, 65-67

			7.2 Composition of Talents and Diversity and Equality	
	405-2	Diversity of governance bodies and employees	7.3 Remunerations and Benefits for Employees	P. 67-69
406 Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	7.1 Human Rights Protection and Labor-Management Relations	P. 63, 64
407 Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	7.1 Human Rights Protection and Labor-Management Relations	P. 63, 64
408 Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	7.1 Human Rights Protection and Labor-Management Relations	P. 63, 64
409 Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	7.1 Human Rights Protection and Labor-Management Relations	P. 63, 64
414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	5.5 Sustainable Supply Chain	P. 55-57
	414-2	Negative social impacts in the supply chain and actions taken	5.5 Sustainable Supply Chain	P. 55-57
416 Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	6.1 Protecting Customer Health and Safety	P. 58,59
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.1 Protecting Customer Health and Safety	P. 58,59
417 Marketing and Labeling	417-1	Requirements for product and service information and labeling	6.2 Fulfillment of Marketing and Labeling Compliance	P. 59,60
	417-2	Incidents of non-compliance concerning product and service information and labeling	6.2 Fulfillment of Marketing and Labeling Compliance	P. 59,60
	417-3	Incidents of non-compliance concerning marketing communications	6.2 Fulfillment of Marketing and Labeling Compliance	P. 59,60
418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Cyber Security 6.4 Protecting Customer Privacy and Confidential Information	P. 47-49, 61, 62

Appendix 2. SASB Standards Indices Comparison Table-Hardware

Sector: TC Technology and Communication
Industry: HW Hardware

Topic	Code	Metric	Corresponding Section(s) in this Report/Descriptions	Page(s)
Product Safety	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	4.4 Cyber Security, 6.4 Protecting Customer Privacy and Confidential Information AOET places a strong emphasis on the security of product and customer information. The company has obtained dual supply chain certifications from leading global technology companies and internationally recognized cybersecurity standards. In addition, AOET has implemented a Privileged Access Management (PAM) system and Virtual Desktop Infrastructure (VDI) technology to ensure robust protection of product data, including biometric modules, as well as confidential customer information.	P. 47-49, 61, 62
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	7.2 Composition of Talents and Diversity and Equality Refer to table “Employee Diversification in 2025” (containing percentages of gender, age group, and minorities), and table Employee Statistics by Hierarchy under 7.4.3.	P. 65-67,70,71
Product Lifecycle	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	5.4 Quality Management and Automation Upgrade In 2025, 100% of AOET products sold complied with international environmental regulations and customer requirements, including RoHS and REACH. The company also implemented the IECQ QC 080000 system to manage hazardous substance control processes. The percentage of sales revenue derived from products subject to IEC 62474 regulated substance requirements was 0%.	P.54,55
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	5.3 Innovative R&D The optical lenses and components manufactured by AOET are B2B key components and are not classified as end-user electronic products under the scope of the EPEAT ecolabel standards. Therefore, AOET's products are not subject to EPEAT certification requirements.	P.53,54

	TC-HW-410a.3	Percentage of eligible products, by revenue, certified to an energy efficiency certification	5.3 Innovative R&D AOET's optical products are not directly subject to energy efficiency certification requirements. Nevertheless, the Company proactively incorporates product miniaturization and lightweight design principles from the earliest stages of product development, helping to reduce overall material usage and carbon footprint throughout the product lifecycle.	P.53,54
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	9.5 Waste Management AOET operates under a B2B business model, and the final collection and recycling of electronic waste are carried out by its end-brand customers. To support the development of a circular economy, the Company actively promotes waste recycling within its manufacturing processes. The recycling and reuse rate of high-purity plastic production scrap has exceeded 99%.	P. 99-101
Supply Chain Management	TC-HW 430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	5.5 Sustainable Supply Chain AOET follows the Responsible Business Alliance (RBA) Code of Conduct and completed on-site and document-based audits of nine core and high-risk suppliers in 2025. The assessment coverage rate for core suppliers reached 41%.	P. 55-57
	TC-HW 430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances.	5.5 Sustainable Supply Chain AOET implements supplier management in accordance with its Procurement and Supplier Management Procedure, carrying out monthly supplier performance evaluations and annual audits. For any non-conformities identified during assessments, suppliers are required to submit corrective action plans within a specified timeframe.	P. 55-57
Materials Sourcing	TC-HW 440a.1	Description of the management of risks associated with the use of critical materials	1.4 Industrial Value Chain and Core Products, 9.1 Risks and Opportunities Relating to Climate Change AOET's key materials, including plastic pellets and glass blanks, are primarily sourced from well-established suppliers in Japan, Taiwan, and China. To mitigate risks associated with extreme weather events and supply chain disruptions, the Company has adopted a diversified sourcing approach and a local procurement strategy. In 2025, 87.45% of AOET's total procurement spending was sourced locally in Taiwan.	P. 14, 15, 83-90

Activity Metrics:

Code	Metric	Corresponding Section(s) in this Report/Descriptions	Page(s)
TC HW-000. A	Number of units produced by product category	1.4 Industrial Value Chain and Core Products For detailed descriptions of the Company's three major product lines, please refer to the relevant section of this report. Information on the actual production volumes (units produced) can be found in the Company's Annual Report for the corresponding fiscal year.	P. 14, 15
TC HW-000. B	Area of manufacturing facilities	1.2 Business Overview and Global Operations Deployment AOET's global operations encompass multiple locations, including its headquarters in the Central Taiwan Science Park (CTSP), Taiwan, comprising the Keyuan Plant and CTSP Plant, as well as manufacturing facilities in Zhenjiang, China, and Vietnam.	P. 12, 13
TC HW-000. C	Percentage of production from owned facilities	1.4 Industrial Value Chain and Core Products AOET is among the few companies in the industry that possess in-house capabilities for the development and manufacturing of both glass and plastic optical components, enabling the Company to maintain a high level of in-house production and smart manufacturing capacity.	P. 14, 15

Appendix 3. TWSE Sustainability Disclosure Indicators – Opto-electronics Industry

No.	Indicator	Indicator Type	Disclosure(s) for the Year	Page(s)
1	Total Energy Consumption, Percentage of Purchased Electricity, and Renewable Energy Utilization Rate	Quantitative	1. Total Energy Consumption: 135,089.16 GJ 2. Percentage of Purchased Electricity: Approx. 99.7% (The Company purchases 100% of its electricity from Taiwan Power Company (Taipower), with total non-renewable electricity consumption amounting to 37,442,700 kWh) 3. Renewable Energy Utilization Rate: 0% (The Company has planned to install a solar photovoltaic (PV) system in 2026)	P.92-94
2	Total Water Withdrawal and Total Water Consumption	Quantitative	1. Total Water Withdrawal: 91,319m^3 (100% withdrawal from tap water) 2. Total Water Consumption: 29,050m^3	P.97
3	Weight of Hazardous Waste Generated and Percentage Recycled	Quantitative	0 Metric Tons. The Company has completed a hazardous waste risk identification assessment and confirmed that its current manufacturing processes do not generate any hazardous waste regulated by applicable laws and regulations; therefore, no corresponding hazardous waste recycling weight or recycling percentage can be reported.	P.97-99
4	Describe the category, involved persons and percentages of Occupational Safety Incidents	Quantitative	In 2025, the Company recorded two minor recordable occupational injuries, involving two employees. There were no cases of occupational diseases and no work-related fatalities during the reporting year. • Lost Time Injury Frequency Rate (FR): 1.10 • Severity Rate (SR): 1.10 • Frequency-Severity Indicator (FSI): 0.03	P.75-79
5	Product Lifecycle Management Disclosures: Including Weight of End-of-Life Products and Electronic Waste, and Percentage Recycled	Quantitative	AOET operates under a B2B business model, and the final recycling of electronic waste and end-of-life products is carried out by its end-brand customers. Therefore, there are no reportable quantities or percentages under this indicator. Nevertheless, the Company actively promotes waste reduction and recycling at the source within its manufacturing processes. The recycling and reuse rate of high-purity plastic production scrap has exceeded 99%.	P.99-101
6	Description of Risk Management Related to the Use of Key Materials	Qualitative Description	The Company's key optical materials (e.g., plastic pellets and glass blanks) are primarily sourced from major suppliers in Japan, Taiwan, and China. To address supply chain disruption risks and climate transition risks, the Company adopts a diversified sourcing strategy and a local procurement strategy. In 2025, the proportion of procurement spending sourced locally in Taiwan reached 87.45%, strengthening supply chain resilience.	P.53,54
7	Total Monetary Losses Resulting from Legal Proceedings Related to Violations of Anti-competitive Behavior Regulations	Quantitative	**NT$0.** The Company is committed to ethical corporate management. In 2025, there were no legal proceedings, monetary losses, or penalties resulting from anti-competitive behavior, antitrust, or monopoly practices.	P.43-46
8	Production Volume of Major Products by Product Category	Quantitative	• Optic Products: 106,646 thousand PCS • Electronic Parts: 8,127 thousand PCS	

Appendix 4. Comparison Table for Climate-related Information Disclosure by TWSE-listed Companies

No.	Item	Corresponding Section(s) in this Report	Page(s)
1	Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	9.1 Risks and Opportunities Relating to Climate Change	P. 83-90
2	Describe how the identified climate risks and opportunities impact the Company's business, strategy, and financials (short-term, medium-term, and long-term).	9.1 Risks and Opportunities Relating to Climate Change	P. 83-90
3	Describe the financial impacts of extreme climate events and transition actions.	9.1 Risks and Opportunities Relating to Climate Change	P. 83-90
4	Describe how the identification, assessment, and management of climate-related risks are integrated into the overall risk management system.	9.1 Risks and Opportunities Relating to Climate Change	P. 83-90
5	If scenario analysis is used to assess the resilience to address climate-related risks, describe the scenario(s), parameter(s), assumption(s), analysis factor(s), and the primary implications to finance.	9.1 Risks and Opportunities Relating to Climate Change	P.83-90
6	If there is a transition plan to address climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transition risks.	9.1 Risks and Opportunities Relating to Climate Change 9.2 GHG Management	P. 83-90,77-88
7	If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	9.2 GHG Management	P. 91-95
8	If climate-related targets are set, the covered activities, greenhouse gas emission scopes, planning period, and annual progress should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, the sources and quantities of the carbon offsets or RECs should also be explained.	9.1 Risks and Opportunities Relating to Climate Change 9.3 Energy Management	P. 83-90,94,95
9	Greenhouse Gas (GHG) Inventory and Assurance Status, Reduction Targets, Strategies, and Action Plans	9.2 GHG Management	P. 91-95
	Disclosure of the Company's greenhouse gas emissions (metric tons of CO_2e), emission intensity (metric tons CO_2e per NT$1 million), and the scope of data coverage for the most recent two years.	9.2 GHG Management	P. 91-95
	Disclosure of the assurance status for the most recent two fiscal years as of the date of annual report publication, including the assurance scope, assurance provider, assurance standards, and assurance opinions.	9.2 GHG Management	P. 91-95
	Disclosure of the base year and data for GHG reduction, the reduction targets, strategies, specific action plans, and the progress toward meeting these targets.	9.2 GHG Management	P. 91-95