

LOTES

LOTES CO., LTD.

2024

Sustainability Report



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Message from the Chairman



To friends who are concerned about LOTES' sustainable operation:

Reflecting on 2024, as the global economy gradually recovers from the adverse effects of inflation, the consumer and server electronics industries to which LOTES belongs are also experiencing a gradual demand recovery. At the same time, the penetration rates of high-priced new products are also on the rise on a quarterly basis. This has resulted in steady growth in the company's operating revenue, and the company achieved a record high annual operating revenue since its inception, breaking through the NT\$30 billion threshold. In addition, the percentage of the server series products with higher gross profit to the company's revenue was 26% to 27% in 2023 and rose to 34% to 35% in 2024. This has resulted in the company's earnings per share increasing sharply to NT\$82.77. It has simultaneously achieved a record high for the company's annual profit, meeting the expectations of LOTES' investors.

Next, sustainable business operations require sound corporate governance, balanced interests of stakeholders, environmental sustainability, and a passionate commitment to society. Since its establishment, LOTES has consistently dedicated efforts to environmental protection (E), social human rights (S), and corporate governance (G), striving to become a sustainable enterprise. Additionally, we have continuously improved in various areas such as protecting shareholder rights, enhancing the effective functioning of the Board of Directors, increasing corporate transparency, and fulfilling corporate social responsibility. As a result, we achieved a commendable ranking of 36-50% in the 2024 Corporate Governance Evaluation and received the Silver Award from the Responsible Business Alliance (RBA).

High-quality human resources are the core of sustainable business operations. Creating a happy and healthy workplace environment for our employees is a continuous effort at LOTES. We focus on the physical and mental health of our employees, provide an excellent workplace environment, and plan career development opportunities for them. We also follow occupational safety and health management systems, establish safe and healthy environments and processes as the highest standards for workplace operations. We have implemented a leave policy in compliance with local labor regulations, welfare systems that exceeds industry averages, autonomous management

systems, diverse training programs, and talent rotation and development mechanisms. Together with competitive compensation, talent development plans, and various work-life balance measures, we actively retain talent. In terms of employee healthcare, besides regular health check-ups, we also regularly hold related health and safety seminars. We encourage sports activities such as various ball games and running to emphasize employees' daily health. For employee communication, we have established communication channels via physical and internal website mailboxes and regularly hold labor-management meetings to understand employees' expectations. These serve as references for organizational and departmental improvements, enabling employees to perform at their best without worry.

In response to the issue of a sustainable environment, LOTES has continuously introduced various advanced equipment and techniques to achieve green and sustainable practices. This includes the use of energy-efficient, waste-reducing, resource-conserving, and high-production-efficiency manufacturing equipment. We also incorporate renewable energy into our operations as a concrete action towards sustainability. LOTES actively invests in innovative research and development, considering the entire life cycle perspective, to meet the demand for green products. We strive to fulfill our environmental responsibilities and become an exemplary company in the industry. To respond to the government's energy-saving and carbon reduction measures, we have established ongoing energy-saving programs. Through achieving energy savings and reducing energy consumption, we aim to minimize the environmental impact of our energy use.

Regarding social care, LOTES upholds the principle of "caring for life, supporting the vulnerable, and fostering a harmonious society." Both our Taiwan headquarters and various manufacturing facilities in China leverage limited resources to actively assist vulnerable groups and contribute to the social stability. We organize activities such as supporting the underprivileged, blood donations, and community engagement.

We also encourage our suppliers and employees to participate, demonstrating our commitment to social welfare through tangible actions.

In the era of significant global economic and environmental changes, LOTES recognizes that sustainable business practices not only accumulate the fundamental capabilities for the Group's operations but also effectively mitigate or eliminate operational risks. It also allows us to share sustainable value with stakeholders. In addition to strengthening customer partnerships, LOTES will continue to focus on R&D of existing products and adopt a diversified strategy to enhance market sensitivity. This ensures that we fully grasp product and market development trends and maintain our competitive advantage to continuously create maximum profits for all shareholders. Through the publication of the 2024 Corporate Sustainability Report, LOTES aims to provide all stakeholders with a better understanding of our efforts and achievements in sustainable development. We also welcome ongoing guidance and suggestions from stakeholders. Thank you for your support of LOTES.

Chairman of the Board
Chu, Te-Hsiang



About this Report



About this Report

LOTES Co., Ltd. has released its 2024 Sustainability Report in accordance with the requirements of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies to demonstrate its commitment to the pursuit of corporate sustainability and enhancement of information transparency. This Report has been issued to provide all LOTES stakeholders with a detailed description of the Company's actions and performance in the fields of ethical corporate governance practices, environmental protection and occupational safety measures, and employee compensation and benefits improvements with sustainable corporate management goals as the guiding principles. We aim to make progress on the path toward corporate sustainability by drawing on the ongoing input and valuable suggestions of all our stakeholders.



ESG Information Disclosure

Disclosure Categories	Scope
Period	Jan-Dec 2024 (in consideration of data integrity, operating activities spanning different years have been included in the scope of disclosures as explained specifically in this Report)
Operating Sites	Taiwan HQ Plants in China (Guangzhou, Zhongshan, Suzhou) Plants in Vietnam
Financial Data	Consolidated Financial Statements released by LOTES
EHS, Employee, and Social Welfare Activity - Related Data	Taiwan HQ Plants in China (Guangzhou, Zhongshan, Suzhou) Plants in Vietnam
Information Restatement	For Chapter 5.1.2 Employee Statistics, the statistics for resignees between 2022 and 2024 exclude employees who reported for duty for less than 7 days and then resigned.



Basis of Reporting and Information Confirmation

- The structure of this report is based on the latest GRI Standards 2021 published by the Global Reporting Initiative (GRI). It also complies with the requirements of the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.” The Appendix of this report provides the GRI content index, climate-related information, Sustainable Accounting Standards Board (SASB) Standard industry-specific standards index, and the Sustainability Disclosure Indicators - Electronic Parts and Components Industry of the Taiwan Stock Exchange Corporation for stakeholders’ reference.
- The financial data disclosed in this Report has been audited and attested by KPMG Taiwan in accordance with the International Financial Reporting Standards (IFRS) with 1000 NTD as the basic calculation unit. Environmental protection, employee, and occupational safety data have been compiled and organized independently by competent departments and verified by department heads. It is presented based on calculations conducted with reference to international generic indicators (IGI). Other than the financial performance, which is presented as combined data, LOTES presents the ESG performance, environment, and employee statistics, charity activities, and other data of every plant in separate tables for understanding by our stakeholders. The data are reviewed and confirmed by each of the plant’s supervisors.
- LOTES conforms to the requirements of the Rules and establishes the sustainability report preparation and assurance procedures, and includes them in the internal control system. In accordance with the annual audit plan, the ESG sustainability information is audited in the second half of each year.
- With a view to enhancing the quality of disclosures in this Report, GREAT Certification has been commissioned to verify the disclosed data pursuant to the requirements of the AA1000 Type I (Moderate) Assurance Standards (AA1000AS v3) to confirm conformity to the core options of the GRI Standards 2021. A verification statement has been acquired and included in the Appendix for reference purposes.



Publication Frequency

LOTES plans to release reports on an annual basis since 2020 (this report revealed the fifth year) In line with eco-friendly, paperless practices and in fulfillment of the Company’s responsibility as a corporate citizen, an electronic file of the complete report in traditional Chinese will be made available on the official LOTES website for viewing by stakeholders.

- Publication of previous issue: August 2024
- Publication of this issue: August 2025
- Planned publication of the next issue: August 2026

[Link to the Sustainability Report](#)



Feedback

If you have any comments or suggestions regarding this report, please do not hesitate to contact us.

Corporate website: <https://www.lotes.cc/zh-tw>

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• Contact Window

Taiwan-Sustainability Window

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Department
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Stakeholder Engagement

1.1 Sustainable Development Committee

1.2 Confirmation of Stakeholders

1.3 Stakeholder Communication

1.4 Identification of Material Topics

01 Stakeholder Engagement

1.1 Sustainable Development Committee

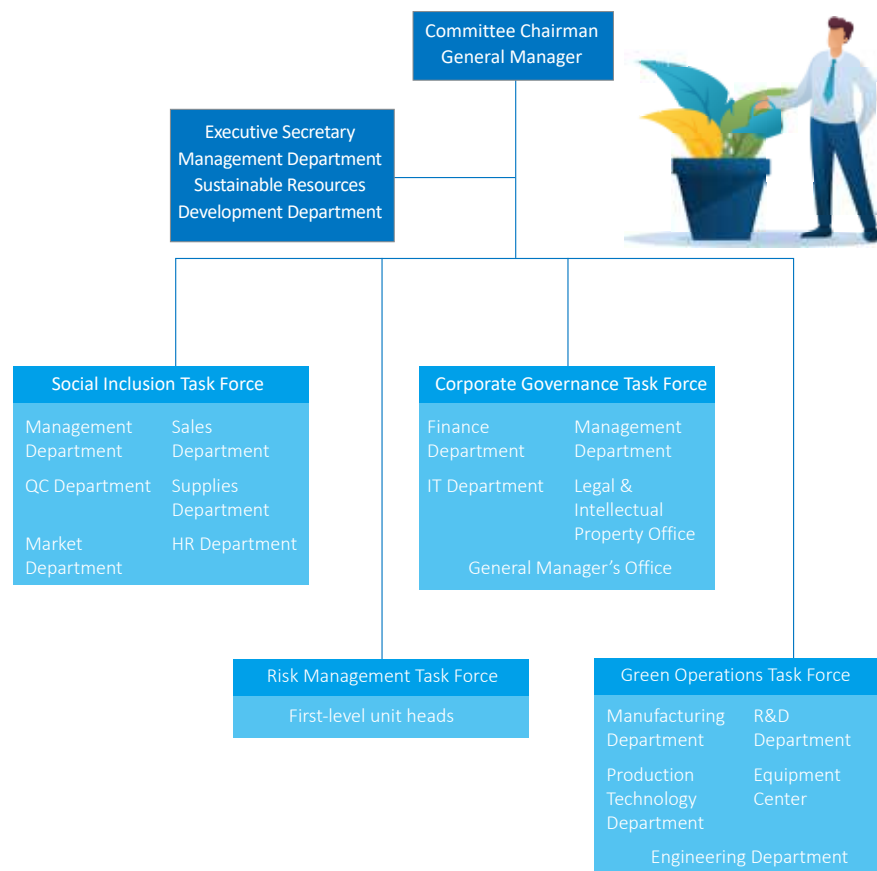
To enhance our ESG performance, we have established a Sustainability Committee, with the General Manager serving as Chairman. The Executive Secretary of the Committee is responsible for the definition of sustainable development directions, which are subject to approval by the Committee Chairman before being implemented and put into practice internally. The ultimate goal is to gradually incorporate sustainability concepts into LOTES' corporate culture.

Dedicated task forces subordinate to the Committee have been established to ensure that sustainable development covers environmental, social, and governance (ESG) criteria. Competent departments gather issues of concern to stakeholders in the dimensions of environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance. Based on a firm commitment to safeguarding stakeholder rights and interests, a stakeholder section has been created on the corporate website to facilitate adequate responses to key sustainability issues of concern to stakeholders. It is also planned to deliver annual reports on ESG implementation results to the LOTES Board of Directors to raise the level of participation of the board in the implementation of ESG criteria.

Issues within the scope of responsibility of task forces subordinate to the ESG Committee

Task Force	Issues Within the Scope of Responsibility
Corporate Governance Task Force	Corporate governance, financial performance, information security
Green Operations Task Force	Green products, sustainable supply chain (environment), energy management, GHG management, raw material management, water resource management, waste management, climate change response
Social Inclusion Task Force	Salaries & benefits, talent cultivation, occupational health and safety, product safety, customer services, labor-management communications, sustainable supply chain (social), charity participation
Risk Management Task Force	Operational risk management

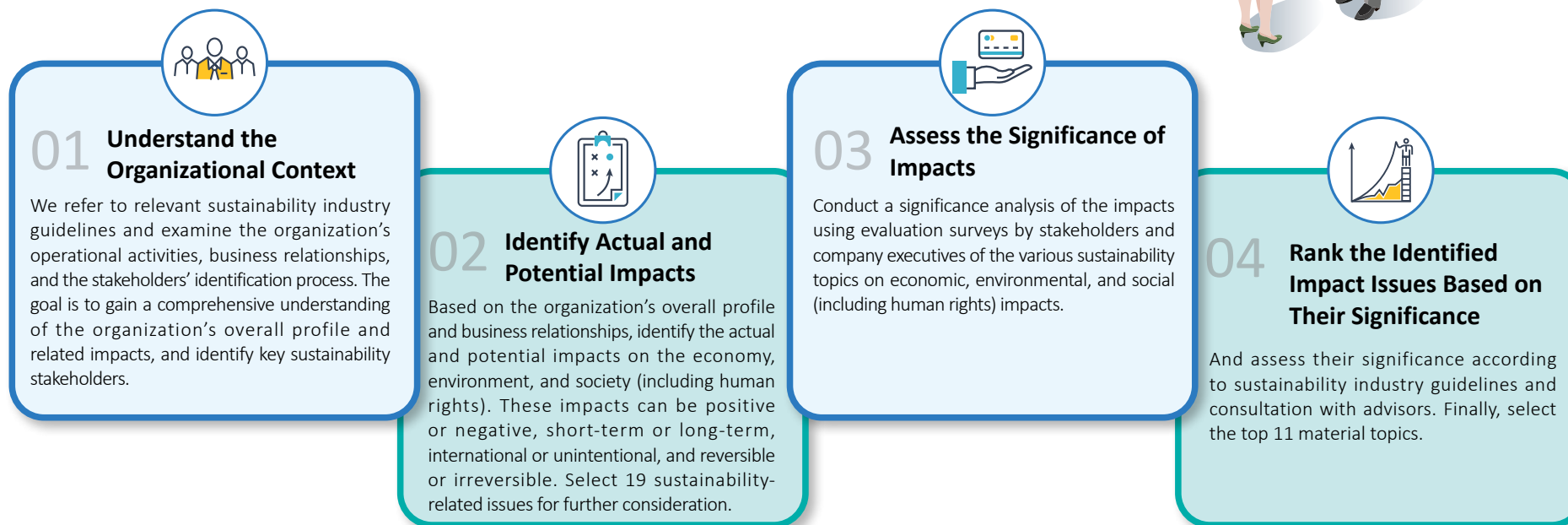
ESG Committee Organization Chart



Stakeholders are integral to business operations, and we pay close attention to their needs. To ensure that the information disclosed in our reports meets stakeholders' needs, LOTES conducts substantive analysis for sustainable information disclosure by following steps such as "Identification of Stakeholders," "Gathering of Sustainability Issues," "Survey of Stakeholder Impact," "Survey of Internal and External ESG Impact Levels," and "Prioritizing Material Topics." Through these steps, we identify the material topics for the 2024 sustainability report.



Material Topic Identification Procedures



1.2 Confirmation of Stakeholders

We convene ESG Committee meetings and explore international trends in the field of sustainable development, and LOTES industry characteristics. Major stakeholders are identified through routine interactions based on their level of concern for and reliance

and impact on LOTES' business operations. The following major stakeholder categories have been confirmed: employees, customers, investors, suppliers, local communities, government agencies, and financial institutions.

1.3 Stakeholder Communication

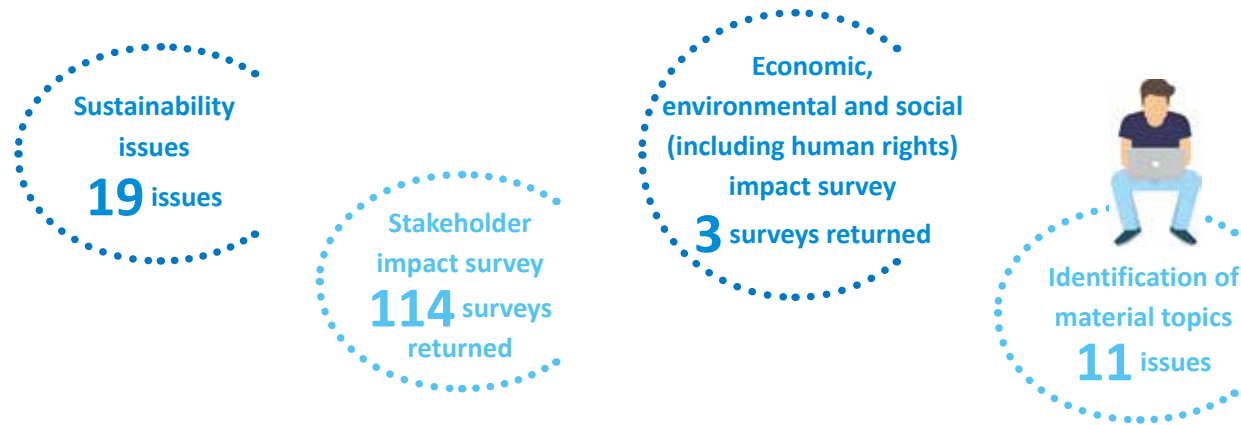
LOTES' ESG Committee gathers, condenses, and organizes issues of concern raised by major stakeholders in the course of routine dealings and interactions. A total of 19 sustainability issues in the economic, environmental, and social (including human rights)

dimensions have been identified with reference to the GRI Sustainability Reporting Standards, industry standards, and ESG reports released by industry peers to ensure that the disclosed sustainability information satisfies GRI requirements in the fields of integrity and diversity.

Major Stakeholder Categories	Significance for LOTES	Issues of Concern	Contact Window	Communication Channels/Frequency	Statistics on Communications for the Year
 Employees	Employees represent an indispensable driving force for the Company's operations. LOTES is therefore fully committed to creating a workplace environment that is conducive to the physical and mental well-being and diversified development of all employees.	Compensation and Benefits Talent Cultivation Risk Management Occupational Safety Staff Diversity and Equality Human Rights Protection	· Manager Li · E-mail: jerrylee@lotestech.com	Labor-Management Meetings/Quarterly Welfare Committee Meetings/As required Training planning and administration/Annually Website announcements/As required ESG report disclosures/Annually Health checks/Pursuant to applicable laws 6S activities/Daily Health and safety reports to the competent authority/Monthly Employee Suggestion Box/As required Employee Satisfaction Surveys/Annually	· 91.75% of the employees in Guangzhou plant joined the labor union. · 89.15% of the employees in the Zhongshan plant joined the labor union. · 74.57% of the employees in the Suzhou plant joined the labor union. · All of the employees in the Vietnam plant joined the labor union. · Obtained 7.96 points for the employee satisfaction surveys for both the Guangzhou and Zhongshan plants. · Obtained 8.2 points for the employee satisfaction surveys for the Suzhou plant. · Obtained 8.3 points for the employee satisfaction surveys for the Vietnam plant.
 Customers	Since customers represent LOTES main revenue source, the Company has made a firm pledge to guarantee excellent product quality and maintain positive interactions with all customers.	Customer Services Risk Management Product Responsibilities Product Labeling Raw Material Management Legal Compliance Information Safety	· Senior Vice President Tsai (Deputy Spokesperson) · E-mail: sales@lotestech.com	Customer Satisfaction Surveys/Annually Website announcements/As required ESG report disclosures/Annually Packaging & labeling/Every product batch Test reports/Every product batch Environmental & industrial safety inspections conducted by customers/As required Non-disclosure Agreement/At contract signing	· The average score for the customer satisfaction survey was 94.7%. · Customers conduct an audit once a year at the Guangzhou and Suzhou plants. · Both parties signed the Non-Disclosure Agreement to safeguard the rights and interests and obligations of both sides. · Every batch of products complies with the packaging and labeling requirements. · Every batch of products passed the test reports.
 Investors	Since investors contribute capital to the Company, protecting their rights and interests and treating them in a fair and equitable manner is a core aspect of LOTES' corporate governance framework. The Company further ensures that all investors have a full understanding of major company matters and guarantees their right to participate in decision-making processes.	Economic Performance Legal Compliance Ethics and Integrity Risk Management	· Manager Liu (Spokesperson) · E-mail: investors@lotestech.com	Annual Reports/Annually Shareholders' Meetings/Annually Website announcements/As required ESG report disclosures/Annually	· Ranked 36% to 50% in the 11th Corporate Governance Evaluation. · Convened 1 General Shareholders Meeting. · Invited to participate in Investor Conference for 14 times in 2024. · Released 50 material information. · Released financial statements in Chinese and English versions.

Major Stakeholder Categories	Significance for LOTES	Issues of Concern	Contact Window	Communication Channels/Frequency	Statistics on Communications for the Year
 Suppliers	Production operations of the Company rely on a stable supply of raw materials and components from numerous suppliers.	Risk Management Economic Performance Raw Material Management Procurement Practices Supply Chain Sustainability	- Manager Hsu - E-mail: vendor@lotestech.com	Website announcements/As required ESG report disclosures/Annually Annual Reports/Annually Shareholders' Meetings/Annually Supplier appraisals and evaluations/Quarterly for new suppliers Supplier Audit Form/New supplier changes Supplier Letters of Commitment/New suppliers Supplier appraisals/Annual appraisals of new and existing suppliers	- Suppliers are required to sign a Letter of Commitment to Ethical Transactions, annual audits are carried out and a qualified supplier list is established. - Meetings are held each month on a regular basis and as required to review delivery and inventory management, costs, and so on.
 Communities	Environmental pollution caused by the Company's production processes poses a grave threat to local communities and environments and significantly impacts the quality of life of local residents.	Waste Management Energy Management Water Resource Management GHG Emissions Local Community Legal Compliance Occupational Safety	- Manager Liu (Spokesperson) - E-mail: investors@lotestech.com	Website announcements/As required Website announcements/As required Donation activities/As required Website announcements/As required Participation in community organizations/As required	- Donated NT\$160,000 to Keelung City Social Assistance Fund. - Sponsored NT\$20,000 to the Zhonglun Volunteer Service Association in Keelung City for elderly meal services. - Sponsored NT\$350,000 to Puli Christian Hospital in Nantou County for rural medical services. - Guangzhou and Zhongshan plants donated NT\$458,000 for Senior Citizens' Day. - The Suzhou plant donated NT\$178,000 to the Charity Society in Xiangcheng District. - The Vietnam plant donated 60 gifts during the Lunar New Year period, celebrating the New Year with the local underprivileged groups.
 Government Agencies	Government agencies supervise and audit legal compliance practices of the Company to ensure that company operations conform to legal requirements.	Occupational Safety Legal Compliance GHG Emissions Energy Management Waste Management Water Resource Management Ethics and Integrity Climate Change	- Manager Liu (Spokesperson) - E-mail: investors@lotestech.com	Website reporting/Monthly Public hearings on laws and discussion forums organized by the competent authority /As required ESG report disclosures/Annually	- Released 50 material information. - Participated in the various briefing sessions organized by government agencies. - Publish ESG report once a year.
 Financial Institutions	Bank loans enable the Company to constantly upgrade its production equipment, invest in other areas, and create more revenue sources.	Risk Management Economic Performance	- Manager Liu (Spokesperson) - E-mail: investors@lotestech.com	General Shareholders Meetings and annual reports/Annually Annual Reports/Annually	Note: No collection mechanism was established during the year. Hence, disclosure information is not available.

1.4 Identification of Material Topics



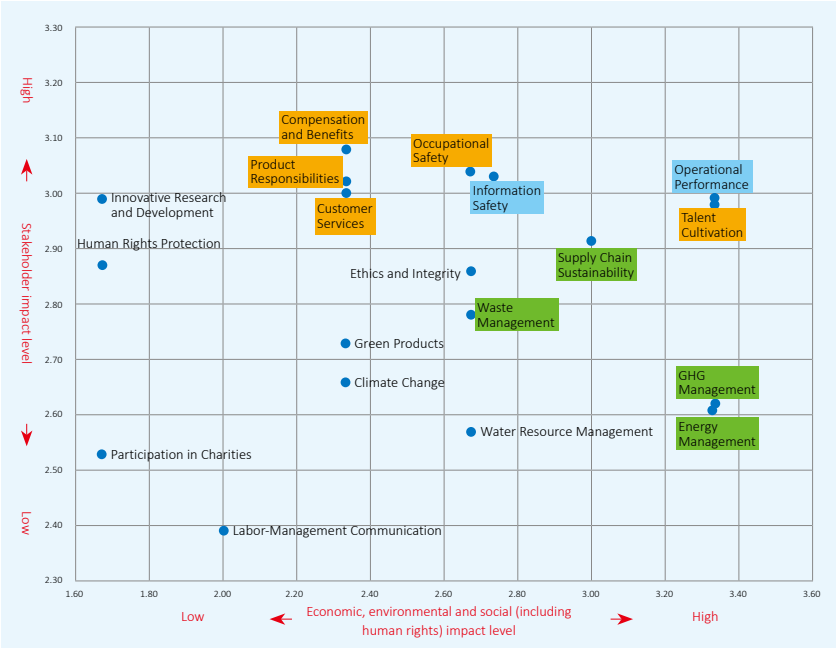
The ESG Committee developed 19 sustainability issues and distributed an online questionnaire to key stakeholders to understand the impact level of each sustainability issue to the key stakeholders. A total of 114 valid responses were received, including 3 from investors, 67 from employees, 23 from customers, 15 from suppliers/vendors, and 6 from financial institutions. The questionnaire is then distributed to senior executives of the Company to evaluate the impact of each sustainability issue to the internal and external aspects of the Company concerning economy, environment, and people (including human rights). A total of 3 responses were received.

Aspect	Sustainability Issues
Environment	Water Resource Management, Energy Management, GHG Emissions, Waste Management, Supply Chain Sustainability, Green Products, Climate Change
Social (Including Human Rights)	Compensation and Benefits, Labor-Management Communications, Occupational Safety, Talent Cultivation, Human Rights Protection, Product Responsibilities, Customer Services, Participation in Charities
Economic	Operational Performance, Ethics and Integrity, Innovative Research and Development, Information Safety

Based on the principle of double materiality, the sustainability issues with material impacts on stakeholders and internal and external aspects of the Company are listed as priority contents for responses by LOTES. The material topics matrix was developed from the average scores derived from the two questionnaires. LOTES has identified 11 material topics through internal discussions in the following order of sequence: operational performance, talent cultivation, GHG management, sustainable supply chain,

energy management, information security, occupational safety, waste management, compensation and benefits, product responsibilities, and customer service. In 2024, there were two additional material topics. They were derived from comparing the changes in material topics in the recent two years. It was found that the stakeholders are particularly concerned about the Company's operational performance and talent cultivation.

Material Topics Matrix



Material Topics Matrix

Sequence	2023 Material Topics	2024 Material Topics	Comparison
1	GHG Emissions	Operational Performance	Additional
2	Energy Management	Talent Cultivation	Additional
3	Customer Services	GHG Management	↓2
4	Legal Compliance	Supply Chain Sustainability	↑2
5	Waste Management	Energy Management	↓3
6	Supply Chain Sustainability	Information Safety	↑4
7	Product Safety and Responsibilities	Occupational Safety	↑1
8	Occupational Health and Safety	Waste Management	↓3
9	Employment Relations	Compensation and Benefits	-
10	Information Safety	Product Responsibilities	↓3
11	-	Customer Services	↓8

Note: The contents of the topics, 2023 employment relations and 2024 compensation and benefits, are the same, adjustment was made to the names of the issues. Legal compliance has been combined with GRI 2- General Disclosure 2-27. Hence, it is not listed in the sustainability issues to avoid repetition.



LOTES has identified 11 material topics under the three key aspects of ESG for the current year. The material topics are: materialize corporate governance, strengthen information security to protect company trade secrets, and create more profits for investors; create a happiness workplace protecting employee health and safety, enhance compensation and benefits standards and arrange vocational trainings for continuous growth of employees; strengthen supply chain resilience and ensure product safety and customer services; respond to global warming and international carbon reduction trends, and gradually drive energy conservation and waste reduction measures, implementing various environmental protection control mechanism to avoid legal violations and resulting in high impacts to the environment.



Energy Management, Waste Management, GHG Management

Respond to global warming and international carbon reduction trends, and gradually drive carbon reduction measures, implementing various environmental protection control mechanisms to avoid legal violations and resulting in high impacts to the environment



Operational Performance, Information Security

Materialize corporate governance, strengthen information security to protect the company's trade secrets, and create more profits for investors



Compensation and Benefits, Talent Cultivation, Occupational Safety, Supply Chain Sustainability, Product Responsibilities, Customer Services

Create a happiness workplace protecting employee health and safety, enhance compensation and benefits standards and arrange vocational trainings for continuous growth of employees. Strengthen supply chain resilience and ensure product safety and customer services

Material Topics and Value Chain Boundaries

Categories	Material Topics	Impact Aspects to LOTES	Corresponding GRI Topicspecific Standard (Disclosure Items)	Internal Boundary	External Boundary			Corresponding Chapter
				LOTES	Customers	Suppliers	Communities	
Governance	Operational Performance	With profit as the goal, the Company continues to refine its product quality to create huge profits being responsible to the shareholders. It represents an actual positive impact.	201 Economic Performance: 2016 (201-1 ~ 201-3)	●	●	-	-	3.4/4.4 5.2.1
Social (Including Human Rights)	Talent Cultivation	The Company encourages employees to further their education according to different professions to enhance individual skills and realize personal fulfillment, creating a greater room for career growth. It represents an actual positive impact.	404: Training and Education 2016 (404-1, 404-2)	●	-	-	-	5.2.2
Environment	GHG Management	The greenhouse effect and resulting climate change pose increasingly severe environmental impacts. As the stakeholders increasingly value carbon reduction performance of the Company, the carbon reduction challenge of the Company represents a negative impact.	305: Emissions 2016 (305-1 ~ 305-5)	●	●	-	●	4.1
Environment/ Social (Including Human Rights)	Supply Chain Sustainability	The stable development of the supply chain is an important factor for corporate sustainability. In 2024, the Company continues to promote supplier policies and implement supplier sustainability assessments to ensure that our suppliers consistently meet the ESG requirements, indicating a positive and actual impact.	308: Supplier Environmental Assessment 2016 (308-1, 308-2) 414: Supplier Social Assessment 2016 (414-1, 414-2)	●	●	●	-	4.3
Environment	Energy Management	The energy issue impacts corporate operations. As electricity consumption costs continue to surge, it is inevitable that the company must develop energy conservation plans. Hence, it represents a negative impact.	302: Energy 2016 (302-1, 302-3 ~ 302-5)	●	●	-	-	4.1
Governance	Information Safety	In recent years, the increase in cybersecurity threats has prompted the company to actively invest in cybersecurity resources and strengthen its security defense network. In the year 2024, there were no major cybersecurity incidents, indicating a positive actual impact.	LOTES customized Material Legal Topics (Information Security-1)	●	●	●	-	3.5
Social (Including Human Rights)	Occupational Safety	The Company provides a healthy and safe work environment, as well as health promotion activities, helps foster employee engagement and enhance workforce productivity. In 2024, no major occupational injuries or violations of regulations occurred, indicating a positive actual impact.	403: Occupational Health and Safety 2018 (403-1 ~ 403-10)	●	●	●	-	5.3
Environment	Waste Management	The Company actively reduces waste generation and increases waste recycling and reuse rates contributing to achieving a circular economy. In recent years, the company's high business waste recycling rate had a positive actual impact.	306: Waste Management 2020 (306-1~306-5)	●	●	-	●	4.2

Material Topics and Value Chain Boundaries

Categories	Material Topics	Impact Aspects to LOTES	Corresponding GRI Topicspecific Standard (Disclosure Items)	Internal Boundary	External Boundary			Corresponding Chapter
				LOTES	Customers	Suppliers	Communities	
Social (Including Human Rights)	Compensation and Benefits	The Company increases employee salaries and benefits, which can enhance employees' sense of identification and loyalty to the company and attract and retain talented individuals. The employee satisfaction level in recent years has met the annual target, indicating a positive actual impact.	401: Employment Relations 2016 (401-1 ~ 401-3)	●	-	-	-	5.1.2 5.2.1
Social (Including Human Rights)	Product Responsibilities	The Company provides products that comply with environmental and safety regulations and meet customer requirements, contributing to enhancing the company's competitiveness and avoiding subsequent financial losses resulting from noncompliance. In the year 2024, no instances of products violating regulations occurred, indicating a positive actual impact.	416: Customer Health and Safety 2016 (416-1, 416-2)	●	●	●	-	3.7.1
Social (Including Human Rights)	Customer Services	The Company provides products that meet customer requirements, contributing to enhancing the company's competitiveness and avoiding subsequent financial losses resulting from breach of contract. In the year 2024, no instances of products violating customer safety requirements occurred, indicating a positive actual impact.	LOTES customized Material Legal Topics (Customer Service-1)	●	●	-	-	3.7.2

Note: The boundary is the internal and external scope of this material topic impact.



About LOTES

2.1 Company Introduction

2.1.1 Organizational Structure

2.1.2 Business Philosophy and Corporate Culture

2.2 Performance of Management System

2.3 Participation in External Organization

02

About LOTES

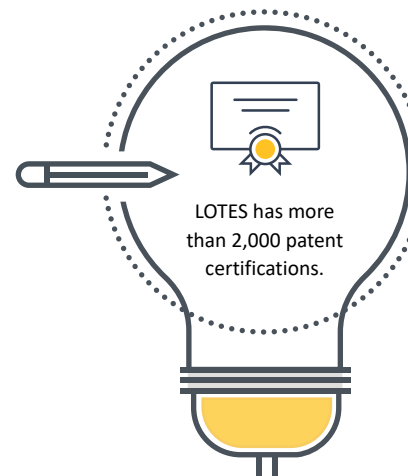
2.1 Company Introduction

LOTES Co., Ltd. was established in Keelung City, Taiwan, in 1986 and became a listed company in Taiwan in 2007. The Company specializes in designing and manufacturing connectors, CPU sockets, as well as providing solutions for notebook computers, personal computers, and mobile electronic equipment. LOTES products and the LOTES brand have already been used extensively in Asia and the global market. LOTES is firmly convinced of continuous research and improvement. Through a huge amount of investment in research and development each year, LOTES has successfully registered over 2,000 patents in the U.S., Germany, Japan, China, and Taiwan. Against the backdrop of continuous growth in business, LOTES Group officially established Guangzhou branch in 1993, Suzhou branch in 2003 and Zhongshan branch in 2021 respectively. In 2023, we have also expanded our operations with a new plant in Vietnam to meet the increasing demands from clients in the Greater China Region.

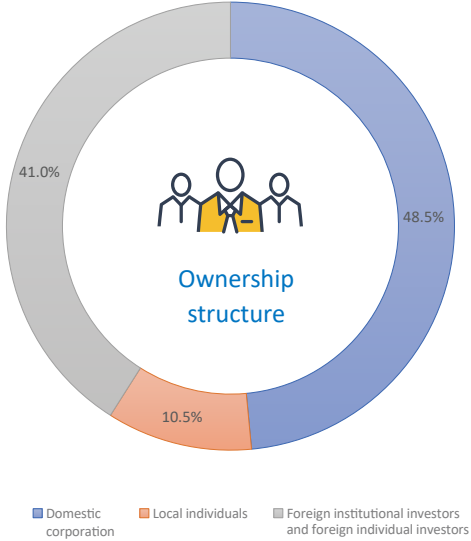
Company Milestones



LOTES Advantages



Company Name	LOTES Co., Ltd.
Industrial Category	Listed Electronic Parts and Components Industry in R.O.C. SASB Industry classification: Technology & Communications/Hardware
Headquarters	No.15, Wusyun Street, Anle District, Keelung City, 20446, Taiwan
2024 Capital Amount (Unit: NTD thousands)	1,125,346
Ownership structure	Domestic corporation 48.5% Local individuals 10.5% Foreign institutional investors and foreign individual investors 41.0% Note: The statistics are as of April 15, 2025.
2024 Revenue (Unit: NTD thousands)	30,088,992
Operating Sites	Taiwan (Keelung) Mainland China (Guangzhou, Zhongshan, Suzhou) Vietnam (Thai Binh)
Number of Employees	Taiwan: 166 people Guangzhou, China: 3,620 people Zhongshan, China: 4,338 people Suzhou, China: 751 people Vietnam: 763 people
Main Products/Services	Various types of connectors and electronic components for computers, communication devices, cell phones, and consumer electronics.
Quantity of Products Provided	Connectors and Cables 4,433,518 Thousand PCS. Other electronic components 9,946 Thousand PCS.



Operating Sites

To enhance cross-strait market connection as well as consolidation of the Group's resources, LOTES' business footprints are focused mainly in mainland China and Taiwan with major business locations as follows:



LOTES VIET NAM CO.,LTD.

Lot E1, Lien Ha Thai Industrial Park, Thuy Lien Commune, Thai Thuy District, Thai Binh Province, Viet Nam



LOTES SUZHOU CO., LTD.

Address: No. 26, Caohu Avenue, Caohu Sub-district, Suzhou City, Jiangsu Province



LOTES ZHONGSHAN CO., LTD.

Address: No. 12, Jinhui Road, Sanjiao Town, Zhongshan City, Guangdong Province

China



LOTES GUANGZHOU CO., LTD.

Address: No.526, No. 530, North of Jingling Road, Nansha Economic & Technological Development Zone, Guangzhou, China

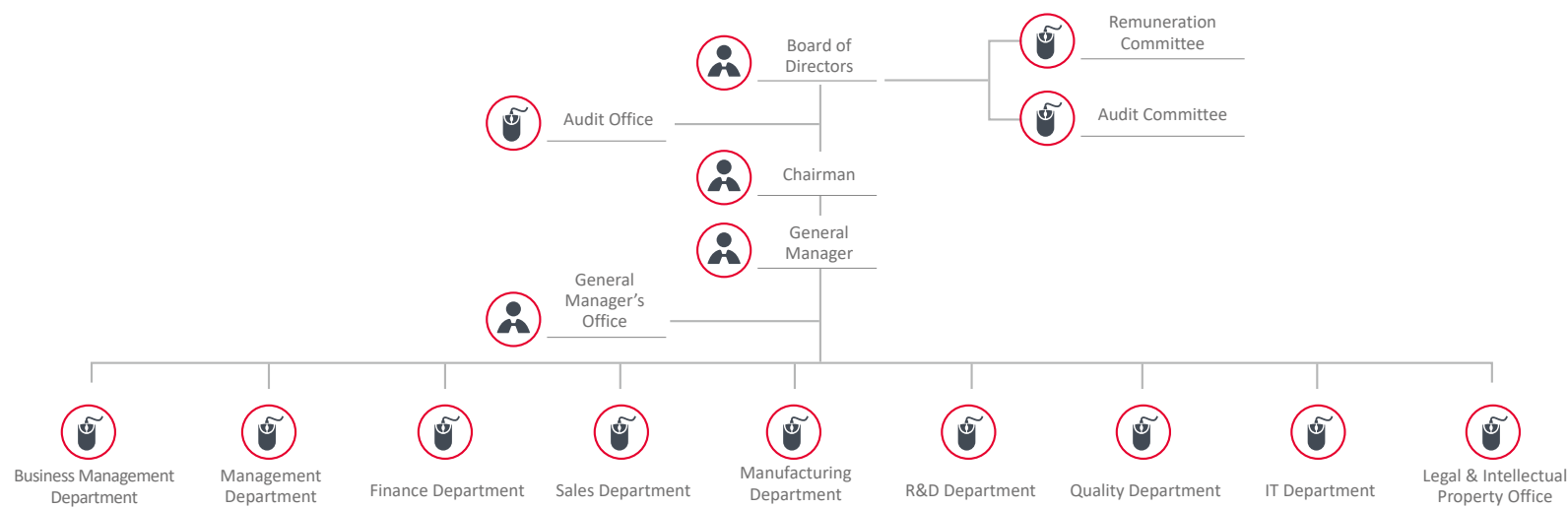
Taiwan



LOTES Co., Ltd.

Address: No.15, Wusyun Street, Anle District, Keelung City, 20446, Taiwan

2.1.1 Organizational Structure



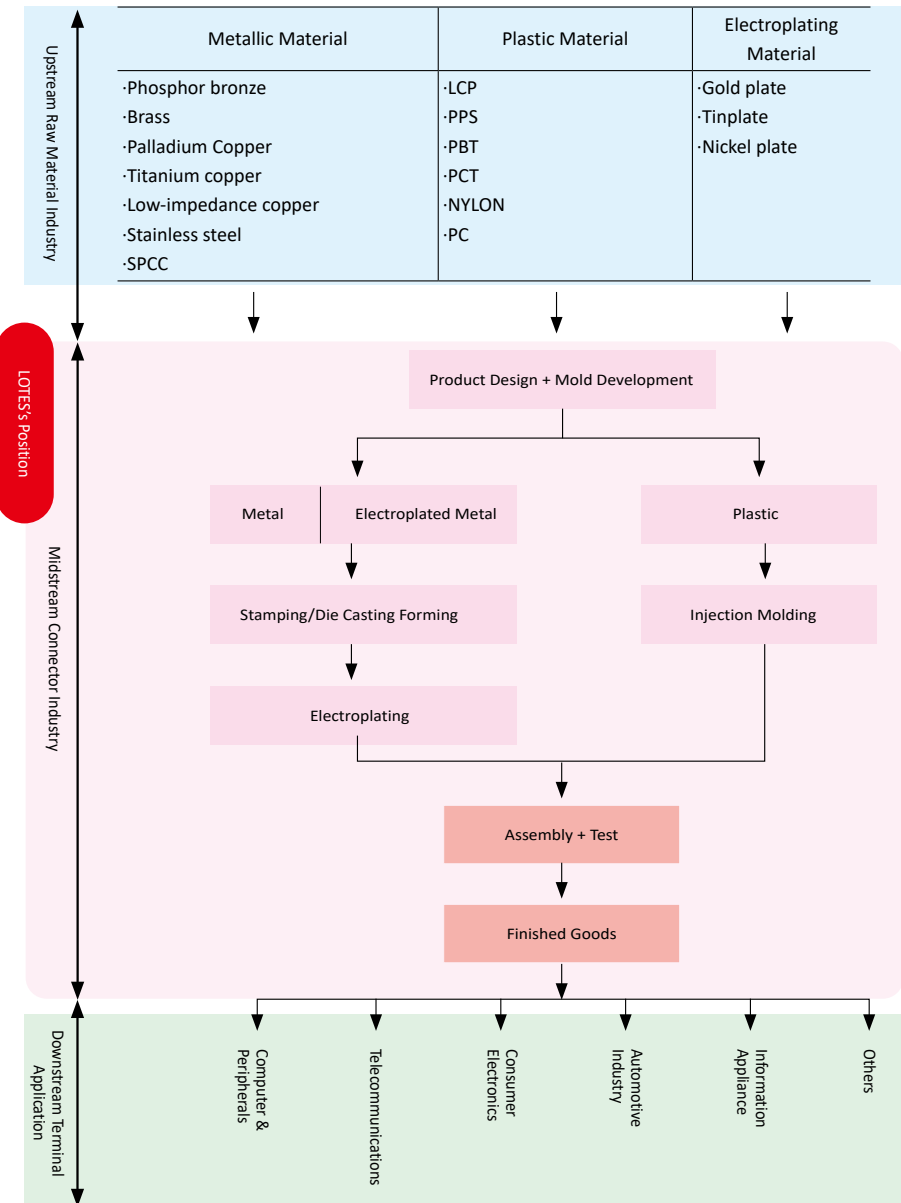
Department	Duties & Responsibilities
General Manager	• Execution of Board of Directors Meeting resolution and assumption of responsibility to all shareholders. • Overall planning of the Company to ensure corporate development direction. • Determination of organization structure. • Approval of the Company's major strategy and entering of critical agreements. • Establishment of quality policy/quality goal.
General Manager's Office	• Assistance to General Manager in executing overall planning matters.
Audit Office	• Inspection and assessment of the Company internal control system's soundness, rationality and effectiveness.
Business Management Department	• Quality control of offshore related production, development of product delivery business, customer service and maintenance and enhancement of customer/supply relationship. • Planning and analysis of Group affiliate's operations.
Management Department	• Talent recruitment operation and management of HR data and attendance/absence. • Planning and execution of employee education and training matters. • Management of general affair related matters. • Maintenance of office equipment and logistics related matters. • Offshore affiliate's HR Management.

Department	Duties & Responsibilities
Finance Department	• Supply of related financial and management statements to external users and internal management. • Planning and execution of annual budget. • Fund raising operation and management. • Production and analysis of daily accounting, tax and financial statements. • Reimbursement of the Company's various expenses. • Company operation performance assessment and cost analysis. • Capital management and fundraising for offshore affiliate.
Sales Department	• Market development. • Business handling of external product quotation, letter communication and client reception. • Operations of order accepting, revising and payment collection. • Coordination with respective departments for on-time product delivery and negotiation with clients in the event of failed on-time delivery. • Client data sorting and after-sales service.
R&D Department	• Development of new products or design and execution of molds. • Implementation of design change management upon communication of change or design. • Verification of finished molds.

Department	Duties & Responsibilities
Manufacturing Department	• Production of plastic products: manufacturing of plastic components for products; design and modification of plastic injection jig and mold; maintenance of field equipment; material management. • Production of stamping products: manufacturing of product terminal design and modification of stamping mold and jig; field equipment maintenance; material management. • Leading responsibility on supplier management; purchase management on material, machine and daily expendables; arrangement and control of production plan. • Storage management of inventory materials, work-in-progress and finished products; arrangement and management for optimization of production efficiency and manufacturing progress capability. • Purchase on behalf of offshore affiliate.
Quality Department	• Control of product quality system. • Defectives rectification and prevention measures. • Customer complaint handling. • Inspection of products transferred from external source/self-made products/finished products/raw materials. • Inspection and monitoring of supplier guidance, incoming materials, manufacturing and shipment.
IT Department	• Maintenance of internet system. • Maintenance of soft/hardware equipment. • Maintenance of systems. • Planning and execution of IT system.
Legal & Intellectual Property Office	• Patent related matters. • Legal related matters. • Intellectual property related matters.



Industry Chain





2.1.2 Business Philosophy and Corporate Culture

Looking ahead, we strive to serve as highly reliable and trustworthy strategic partners for our customers by embracing a spirit of innovative R&D and ongoing advances. The ultimate goal of LOTES' corporate culture which emphasizes top quality and speediest services is to establish manufacturing centers for customers all over the world and thereby turn LOTES into a globalized hi-tech enterprise.



Management Approaches

- Intensification of cross-strait market linkages coupled with coordination of production capacity allocation to ensure demands.
- Strengthening of the R&D team paired with ongoing development of new products and technology upgrades to enhance the company's technological capabilities and create competitive advantages.
- Integration of group resources coupled with improvement of production and management capabilities to reduce production costs and enhance operational efficiency.



Production & Marketing policies

- Strengthening of customer relationship management (CRM) to enhance competitive efficiency coupled with large international manufacturers.
- Customer orientation and proximity to market-leading manufacturers with the goal of providing customer with diversified product services.
- Enhancement of plant management effectiveness and division of labor between local and overseas plants to strengthen inventory management capabilities, effectively control production costs, and enhance production and marketing mechanism.



Future Goals

Looking ahead, we will persist in our efforts to intensify partnership with our customers and implement R&D improvement for existing products in the face of a fiercely competitive market and a highly volatile economic environment. In addition, we adopt multi-pronged strategies and rely on excellent cooperative relations with world-class professional manufacturers to sharpen our market acumen, gain a full grasp of the latest product development trends, and facilitate the development of niche products. The ultimate goal lies in the improvement of the company's competitiveness, successful achievement of its operational objectives, and maximization of shareholder value.



2.2 Performance of Management System

In addition to prioritizing management performance, we have successively adopted various management systems to satisfy the demands and expectations of our internal and external stakeholders. We pursue constant improvements and ongoing progress toward sustainability through the adoption of management systems, risk-based thinking, and the PDCA management cycle concept.

LOTES plants passed the management systems



Item	ISO 9001:2015	ISO 14001:2015	ISO 14064-1:2018	IATF 16949 Automotive Quality Management: 2016	ISO 13485 Medical Device Quality Management System: 2016	ISO 17025 Laboratory Management System	ISO 45001:2018	QC 080000 Hazardous Substance Process Management System
Taiwan	SGS verification company Certification effective up till 2027/05/26	NA	SGS verification company Certification effective up till 2026/3/21	NA	NA	NA	NA	NA
Guangzhou	CTI verification company Certification effective up till 2027/6/12	CTI verification company Certification effective up till 2027/6/12	SGS verification company Certification effective up till 2026/2/19	SGS verification company Certification effective up till 2026/6/8	NA	CNAS verification company Certification effective up till 2028/9/9	CTI verification company Certification effective up till 2027/6/12	SGS verification company Certification effective up till 2025/7/16
Zhongshan	CTI verification company Certification effective up till 2026/5/20	CTI verification company Certification effective up till 2026/7/13	SGS verification company Certification effective up till 2026/3/14	SGS verification company Certification effective up till 2026/6/8	SGS verification company Certification effective up till 2027/4/4	CNAS verification company Certification effective up till 2029/2/2	CTI verification company Certification effective up till 2026/8/6	SGS verification company Certification effective up till 2025/7/16
Suzhou	China Quality Certification Centre (CQC) Certification effective up till 2025/12/30	China Quality Certification Centre (CQC) Certification effective up till 2027/9/3	SGS verification company Certification effective up till 2026/3/11	Shanghai NQA Certification Co., Ltd. Certification effective up till 2027/8/26	Shanghai NQA Certification Co., Ltd. Certification effective up till 2027/7/3	NA	China Quality Certification Centre (CQC) Certification effective up till 2026/9/7	Shanghai NQA Certification Co., Ltd. Certification effective up till 2028/1/12
Vietnam	TQC verification company Certification effective up till 2027/10/21	TQC verification company Certification effective up till 2027/10/21	SGS verification company Certification effective up till 2026/2/28	NQA verification company Certification effective up till 2027/11/12	NA	NA	TQC verification company Certification effective up till 2026/9/8	NA

2.3 Participation in External Organization

We are firmly committed to promoting industrial development through proactive participation in external organizations and strive to gain a clear understanding of international trends and norms and standards in different countries through external

interactions. Identified trends and norms are incorporated into our sustainability strategies and policies. Ultimately, we aim to promote the services of associations we participate in and thereby maximize our influence for the betterment of the entire industry.



Taiwan Electronic Connection
Association (TECA)/Director



Taiwan ITRI New Venture
Association TINVA/Member



Taiwan Electrical and
Electronic manufacturers'
Association (TEEMA)/Member



Guangdong Connector
Association/Member



Shenzhen Connector Industry
Association/Director



Guangzhou Nansha District
Association of Work Safety/Member



Guangzhou Industry Association for
the Management of Controlled Chemical
Substances/Member



China Electronic Components
Association/Member



China Computer Interconnection
Technology Alliance (CCITA)/Member



U.S. USB-IF/Member



U.S. JEDEC/Member



U.S. PCI-SIG/Member



U.S. SATA-IO/Contributor



U.S. SFF/Member



U.S. Open Compute Project
Foundation/Member

Ethical Corporate Governance

3.1 Governance Practices

3.1.1 Board Operations

3.1.2 Functional Committee
Operations

3.1.3 Internal Audits

3.1.4 Ethics and Integrity

3.2 Risk Management

3.3 Legal Compliance

3.4 Operational Performance

3.5 Information Security

3.6 Innovative Research and
Development

3.7 Product Responsibilities
and Customer Relations

3.7.1 Product
Responsibilities

3.7.2 Customer Relations

03 Ethical Corporate Governance

Sustainable Performance

SDGs	Corporate Objectives		Current Year Performance
	16.6 Develop effective, accountable, and transparent institutions at all levels	• Implement performance evaluation. • Hold board meetings at least quarterly.	• Continue the implementation of performance self-evaluation for the Board of Directors and functional committees. • Held six board meetings in 2024.
 	4.7 Ensuring that everyone has access to knowledge necessary for promoting sustainable development 12.8 Ensuring that everyone has access to information and awareness about sustainable development	• Enhancing sustainability awareness among board members.	In 2024, the board members received 42 hours of training, of which 21 hours were sustainable development professional training.
	16.5 Reducing various forms of corruption	• Zero tolerance for illegal activities. • Conducting integrity training annually.	• A total of 7,035 individuals participated in integrity training at Guangzhou, Zhongshan, and Suzhou plants for a total of 7,304 hours. • No major violations.
	16.6 Develop effective, accountable, and transparent institutions at all levels	• 100% compliance with hazardous substance standards. • The Vietnam plant obtained ISO 9001/ISO 14001/ISO 45001 international system certificates.	• Conform to the hazardous substance requirements of customers and the product regulations of each location. • Continue to maintain the effectiveness of the certificates.
	9.5 Enhancing the technological capabilities of industry, and fostering innovation	Research and development (R&D) expenditure accounts for over 5% of revenue.	In 2024, the R&D expenditure was 2,730,694 thousand NT dollars, accounting for 9.08% of revenue.
	17. 16 Enhancing global cooperation on sustainable development through multilateral collaboration	• Customer satisfaction score of 92 or above. • 100% compliance rate in conflict mineral investigation.	• In 2024, the satisfaction score reached 94.7. • 100% compliance rate in conflict mineral investigation.

Solid corporate governance, which encompasses sound board operations, a rigorous internal control system, and stable financial management, is not only conducive to lowering business risks but also enhances corporate competitiveness and creates brand value. Ethical corporate management can be implemented by fostering a corporate culture based on integrity and accountability, while ensuring strict compliance with applicable laws. In addition, an excellent corporate governance framework can guarantee sound business development and help safeguard the rights and interests of investors and other stakeholders.

We have shaped a corporate governance system pursuant to the provisions set forth in the Securities and Exchange Act and other applicable regulations to protect shareholders' equity, strengthen board functions, safeguard stakeholders' rights and interests, and enhance information transparency. The board has ratified fair, impartial, and transparent Procedures for Election of Directors, Corporate Governance Best-Practice Principles, and appointment of independent directors to strengthen the board management and supervisory functions. In addition, the board has approved Ethical Corporate Management Principles, Codes of Ethical Conduct, and Material Internal Information Handling and Control Procedures to explicitly prohibit the use of material internal information which is not publicly available on markets by directors, managerial officers, and other individuals who are privy to such information due to their duties and responsibilities in the Company.

3.1 Governance Practices

As the highest decision-making body of the Company, Shareholders' Meetings, which are composed of all shareholders, adopt resolutions on all major company matters and hear reports delivered by the Board of Directors on a regular basis. The members of the Board of Directors, which is the highest governance body, faithfully perform their duty of care as good administrators in planning management policies and reviewing financial performance. They further ensure that all Company operations conform to applicable laws and regulations. With a view to perfecting corporate governance and enhancing corporate competitiveness, the board has established Audit and Remuneration Committees to ensure sound board operations. The Auditing Office, an independent unit directly subordinate to the board, conducts regular audits and reports the results to the Audit Committee and the Board of Directors.

We continue to enhance our corporate governance framework in pursuit of sustainable growth and ethical corporate management to demonstrate our strong commitment to this area. We also embrace information transparency, which is paired with an effective internal control system to safeguard stakeholder rights and interests. The Company's operating activities are conducted in accordance with the Regulations Governing the Establishment of Internal Control Systems by Public Companies. In addition, an internal control system has

Moreover, we have established a complete information disclosure system based on the core principles of accuracy, timeliness, and fairness to facilitate the provision of detailed information on the Company's operations, finances, Board of Directors, and shareholders' meetings on the corporate website and Market Observation Post Reporting System, giving shareholders access to the latest information.

LOTES has also established diverse grievance mechanisms, with different contact points and channels available for various stakeholder categories, as displayed on the stakeholders section of the company's official website. Through two-way communication, LOTES aims to comprehend the requirements and expectations of its stakeholders and endeavors to meet their expectations.

Investors/
Corporate Governance



Stakeholders

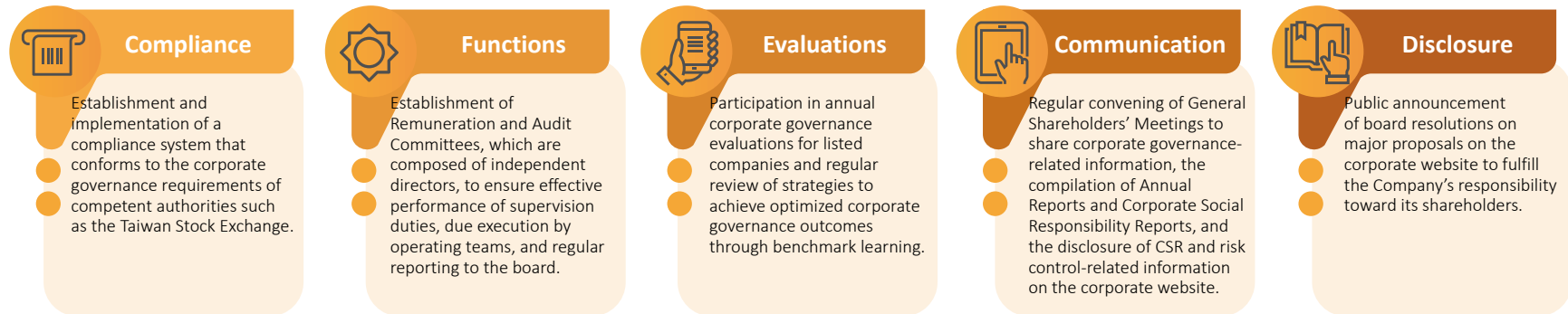


been designed and faithfully implemented. This system is constantly reviewed in response to changes in internal and external environments to ensure the continued effectiveness of the internal control system design and execution. Operational performance is enhanced through robust management mechanisms that facilitate the achievement of sustainability goals.

In August 2020, the Board of Directors adopted a resolution to appoint the manager of the Finance Department as the Chief Corporate Governance Officer to provide increased support to directors in the performance of their duties and improve overall board performance. This officer assists the board in the execution of its duties, provides the required data, and arranges on-the-job training. He handles matters pertaining to board and shareholders' meetings pursuant to applicable laws and assists the Company in complying with board and shareholders' meeting resolutions and maintaining investor relations. The ranking in the 36%–50% bracket of the 11th Corporate Governance Evaluation in 2024 clearly indicates that LOTES is in the middle to upper range in the field of corporate governance, and its relevant operations are effective and efficient. In the future, we will continue our efforts to generate synergies in the field of corporate governance to increase stakeholder trust.

Note: For a list of the top 10 shareholders, please refer to the following webpage LOTES Official Website/ Investor Section/ Corporate Governance/Related Information.

Corporate Governance Process



Chief Corporate Governance Officer Implementation Results in 2024

- Ranked in the 36% to 50% bracket of the Corporate Governance Evaluation for listed companies.
- Thirteen hours of ESG-related courses. The company has arranged a total of 42 hours of training for all board members, meeting legal requirements. Future course planning will increase the proportion of professional ESG courses.
- In accordance with the law, the company will handle the pre-registration of the shareholders' meeting date, prepare meeting notices, agendas, and minutes within the statutory period, and carry out the necessary registration procedures for amendments to the articles of association or changes in the Board of Directors.
- Formulation of board meeting agendas and notification of directors 7 days in advance, convening of meeting agenda, and distribution of meeting minutes to directors within 20 days after meetings.
- Responsibility for release of material information pertaining to major board and shareholders' meeting resolutions to ensure the legality and accuracy of key contents and transaction information equality for investors.
- Provision of advance training course information to directors and assistance to directors in the completion of training plans.
- Assistance to independent directors, the chief internal auditor, and CPAs in regular communications to gain a clear understanding of the state of internal controls and finances of the Company.

Corporate Governance Evaluation Item	Implementation Status in 2024
Do a majority of the directors (including at least one independent director) and the convener of the Audit Committee, or at least one supervisor, attend in person? Do attendance lists need to be recorded in the shareholders' meeting minutes?	• In the annual general meeting of shareholders for 2024, four out of seven directors were present, representing a majority of the board at 57.14%. • Among them, three independent directors attended the meeting, with one of them acting as the convener of the Audit Committee, all independent directors were present.
Do at least two independent directors attend each meeting in person?	• Two independent directors were present for the 2024 Board of Directors meeting.
Does the Company's independent directors adhere to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and its directed hours?	LOTES's independent directors have completed the required continuing education hours by the end of 2024.

We also commission accounting firms to audit and attest to our financial reports. Legally prescribed information releases are handled accurately and in a timely manner by designating competent personnel to be in charge of external disclosures. In addition, a spokesperson system has been established to ensure the timely and appropriate disclosure of material information and the provision of information pertaining to

financial operations for reference by shareholders and stakeholders.

Looking ahead, we will persist in our efforts to strengthen board operations, enhance information transparency, and gradually incorporate sustainable governance strategies into our corporate governance framework.

3.1.1 Board Operations

The Board of Directors is the highest governance body of the Company. The current term board is composed of seven directors (including three independent directors, accounting for 42.86% of the total number of directors) whose term of office is three years. Currently, the terms of all three independent directors are within three terms. The Board of Directors is responsible for the planning of business strategies and is fully accountable to the shareholders and other stakeholders. All directors faithfully discharge their duties, perform the duty of care of good administrators, and exercise their powers in a prudent manner. Pursuant to relevant provisions set forth in applicable laws and the Articles of Incorporation, all business operations and governance system operations and arrangements are subject to approval by shareholders' meeting and board resolutions.

Note: For details regarding directors holding positions on other boards and controlling shareholders, please refer to Chapter 3 of the 2024 Annual Report on Corporate Governance – Directors and Supervisors Representing Corporate Shareholders. This chapter includes information on the primary shareholders, as well as the expertise and independence of the directors and supervisors. Due to the unavailability or incompleteness of information, cross-shareholding situations with suppliers or other stakeholders are not disclosed.

Our directors possess industry-related professional competence and extensive practical experience and are highly familiar with the latest industry trends. LOTES also emphasizes gender equality in the composition of the Board of Directors, with a target of having female director representation of 25% or more. Currently, out of the seven directors, there are two female directors, representing a ratio of 28.57%. The Board of Directors is legally required to convene at least once per quarter, and in 2024, a total of six meetings were held.

Our Articles of Incorporation clearly stipulate the adoption of a candidate nomination system for electing directors, including independent directors. Meritocratic principles are implemented through regular board elections. Pursuant to relevant provisions set forth in the Corporate Governance Best-Practice Principles, managerial officers who concurrently serve as board directors must not exceed one-third of the total board membership. In addition, a board diversity policy including, but not limited to, clearly prescribed standards in the two dimensions of basic requirements and values and professional expertise and skills, must be adopted. All members of the board must possess the knowledge, skills, and experience necessary to perform their duties.

Director profiles, academic and professional background, and major board resolutions in the respective year

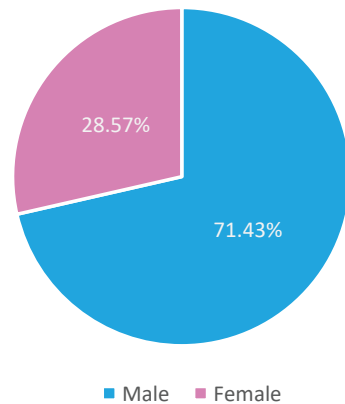


Title	Name	Gender	Actual Attendance Rate (%) (Note)	Possess Industrial, Esg or Related Background/ Experiences
Chairman	Chu, Te-Hsiang	Male	100	Industry
Director	He, Te-Yu	Male	100	Industry
Director	Hsieh, Chia-Ying	Male	80	Industry
Director	Sun, Cheng-Chung	Male	100	Industry
Independent Director	Wang, Jen-Chun	Female	100	Law
Independent Director	Chiang, I-Cheng	Male	100	Industry
Independent Director	Wu, Chang-Hsiu	Female	100	Accounting

Diversity Statistics		2022		2023		2024	
		Number	Percentage	Number	Percentage	Number	Percentage
Gender	Male	5	71.43%	5	71.43%	5	71.43%
	Female	2	28.57%	2	28.57%	2	28.57%
Age	Under 50	4	57.14%	0	0.00%	0	0.00%
	50 and above	3	42.86%	7	100.00%	7	100.00%
Educational Background	Graduate School	5	71.43%	5	71.43%	5	71.43%
	High School or Below	2	28.57%	2	28.57%	2	28.57%

Note: Female director percentage (Number of female directors at the end of the respective year / total number of directors at the end of the respective year) * 100%.

2024 Board gender ratio



Assessment Cycle: Annual
Scope: Board of Directors, individual members
Method: Questionnaire-based self-evaluation

Assessment results

The Board of Directors has an adequate understanding of the Company's operations and the industry it belong to. The board engages in positive interactions and communications with the Company's management level and extensive discussions with the CPA.

The board fulfills its supervisory responsibility with regard to the internal control system and major resolutions of the Company by relying on its professional expertise and experience. On the whole, board operations were adequate and appropriate.

Note: On the board performance assessment, please refer to Official website of LOTES.

We effect liability insurance with a coverage of US\$3 million for our directors to implement effective risk management, increase the willingness of industry professionals to serve as directors, and enable directors to discharge their duties in a worry-free manner. Another goal is to minimize and diversify the risk of major damage to the Company and its shareholders caused by director mistakes or negligence.

Furthermore, in LOTES, during daily communication with stakeholders, if any significant adverse events involving the company or stakeholders occur, the respective departments seek guidance from the Chairman of the Board. Upon the Chairperson's directive, a thorough investigation is conducted into the specific event or stakeholder. Once the due diligence investigation report is completed, it is presented to the Chairman, who assesses whether the circumstances of the particular case will have a significant impact on the company's operations. The Chairman then presents the company's response plan at the Board of Directors' meeting. In 2024, LOTES did not experience any significant adverse events involving itself or stakeholders. Stakeholders can express their opinions to the respective departments via the company website/stakeholders section.

Among the seven directors in LOTES, two concurrently hold senior management

positions within the company. In the future, the composition and background experience of the Board of Directors at LOTES will continue to follow the current structure. The company currently has a pool of talented senior executives, ensuring an abundant talent reserve to fill any future director vacancies. As for the qualifications of independent directors, they are required by law to possess professional experience in business, legal affairs, finance, or the specific industry of the company. The selection of suitable successors can be carried out by professionals in the industry or academia.

In light of the wide range of legal compliance and governance practice issues that directors encounter in their decision-making processes, we take the initiative to organize relevant professional training courses and actively encourage all directors to participate in them. In 2024, we offered 42 hours of advanced training – 21 hours of corporate sustainability-related courses, accounting for 50% of the overall ESG professional training – for our directors. In the future, the Chief Corporate Governance Officer will continue to plan the addition of ESG-related courses for directors. We firmly believe that the Company will thrive, prosper, and make strides toward corporate sustainability under the leadership of a Board of Directors with profound industrial experience that espouses ethical management practices.

3.1.2 Functional Committee Operations

With a view to perfecting its supervisory and management functions, the Board of Directors has set up Audit and Remuneration Committees. In addition to independently exercising its functions and powers according to the law, these committees report to the Board of Directors and submit proposals for resolution by the Board of Directors.



Audit Committee

The Audit Committee assists the Board of Directors in the supervision of the quality of accounting, auditing, and financial reporting processes and financial controls implemented by the Company. It also submits the results of its assessments to the Board of Directors for discussion. After ratification of the organizational charter by the Board of Directors, a Audit Committee was established under the Board of Directors. The Committee is composed of the independent directors of the Company with one of them serving as convener. At least one member must possess expertise in accounting or finance. The Committee convenes at least once per quarter (a total of six meetings were held in 2024).

Since the establishment of the Audit Committee in 2021, the Internal Auditing Officer has been reporting the implementation status of internal auditing operations to the Company's independent directors in Audit Committee meetings once or twice every six months. The Internal Auditing Officer and the Audit Committee held three joint meetings in 2024. In addition, the CPA is required to discuss financial reports with the Audit Committee once or twice every six months. Four joint meetings were held in 2024. In these meetings, the CPA reports the results of financial report reviews to the independent directors, provides detailed information on applicable laws, and exchanges opinions with the committee members. On the whole, communications between the Internal Auditing Officer and the committee have been smooth and effective.

Major board resolutions of
the Audit Committee



Audit Committee	Actual Attendance Rate (%)
Wu, Chang-Hsiu	100
Wang, Jen-Chun	100
Chiang, I-Cheng	100



Remuneration Committee

With a view to ensuring a sound remuneration system for directors and managerial officers, we assess the fairness and reasonableness of business performance evaluations and compensations awarded to directors and managerial officers. Upon ratification of the organizational charter by the Board of Directors, a Remuneration Committee was set up under the Board of Directors. It has been stipulated that at least one independent director must be on the committee, and a convener must be elected from among the independent directors by all committee members. In 2024, the Remuneration Committee, which is currently composed of three independent directors, convened a total of four times.

Remuneration Committee Member	Actual Attendance Rate (%)
Chiang, I-Cheng	100
Wang, Jen-Chun	100
Wu, Chang-Hsiu	100

The main functions and powers of the Remuneration Committee include the development and regular review of performance and compensation systems and standards for directors and managerial officers and regular assessments of director and managerial officer compensation. The main functions and powers of the Remuneration Committee include the development and regular review of performance and compensation systems and standards for directors and managerial officers and regular assessments of director and managerial officer compensation. The Remuneration Committee takes the following principles into account in its assessments: Compensation arrangements comply with applicable laws and regulations and are sufficient to recruit outstanding talent; director and managerial officer performance evaluations and compensation levels must be aligned with industry standards and take into account factors such as invested time, duties and responsibilities, the extent of personal goal achievement, performance in other positions, and the compensation paid to employees holding equivalent positions in recent years; the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of

short-term and long-term business goals and the financial position of the Company; no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation; for directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation must be decided with regard to the characteristics of the industry and the nature of the Company's business. According to the company's Articles of Incorporation, if LOTES generates profits in a fiscal year, it shall allocate no less than 2% as employee compensation and no more than 3% as director remuneration. However, in the event of accumulated losses, an amount should be reserved in advance for off-setting purposes, and then employee compensation and director remuneration shall be allocated in accordance with the aforementioned proportions. At the same time, LOTES has established performance assessment rules that directly link the remuneration of senior management to the company's sustainable development performance. This aims to effectively enhance senior management's involvement in sustainable business practices.

Target	Sustainable Development Performance Indicators	Performance Ratio
General Manager	Ethical Corporate Management	5%
	Occupational Health and Safety	5%
	Legal Compliance with Environmental Protection	5%
	Energy Conservation and Carbon Reduction	5%
Vice Presidents, Associate Vice Presidents	5% is set as the sustainable development topic-related indicator for both items according to job function, including but not limited to: • Selection of green materials, prohibition of conflict minerals. • No negative material information security impacts. • Neither complaints nor material corruption events occurred for ethical corporate management. • Production processes/Operational procedures/Facility improvements to achieve energy conservation and carbon reduction results. • No major work injuries for the unit. • No major environmental violations for the unit.	10%

Major board resolutions of the Remuneration Committee



Moreover, LOTES anticipates that the 2025 shareholders' meeting will pass the amendments to the Articles of Incorporation in line with the legal amendments by competent authority.

In its actual operations, the Committee exercises the due care of a good administrator and faithfully executes its functions, including the formulation, development, and regular review of policies, systems, standards, and structures governing director and managerial officer performance evaluations and compensations, regular assessment and determination of director and managerial officer compensations, and submission of recommendations to the Board of Directors.



3.1.3 Internal Audits

Internal audits are conducted to assist the Board of Directors and managerial officers in inspections and verification of internal control system deficiencies and determination of operational outcomes and efficiency. Recommendations for corrective action are provided as a reference for reviews and revisions of the internal control system in a timely manner to ensure the ongoing effectiveness of the system. We have established an effective internal control system in accordance with the Regulations Governing the Establishment of Internal Control Systems by Public Companies, taking into consideration the operating activities of the Company and its subsidiaries. This system is reviewed and improved on an ongoing basis in response to changes in the internal and external environments to ensure the continued effectiveness of the internal control system design and its operations. We have also duly established an Auditing Office as an independent unit under the Board of Directors to ensure that auditing operations are conducted in an impartial and detached manner. A total of six dedicated auditors (including the Internal Auditing Officer and subordinate auditors) have been appointed for the Company and its subsidiaries. The Rules of Procedure for Board Meetings clearly stipulate that the appointment or discharge of the Internal Auditing Officer is subject to approval by board resolution. In addition, appointment, dismissal, evaluation and review, salary and compensation of internal auditors must be reported by the Internal Auditing Officer to the chairperson for approval pursuant to the internal approval authority chart and the Salary Administration Guidelines.

In addition to self-assessments of the internal control system, the Auditing Office is responsible for reviews of self-inspections conducted by different units. The office aims to determine through document reviews whether relevant operations are carried out in a proper manner and relevant quality criteria have been met. The results of such self-inspections are reported to the CEO and the Board of Directors. In addition, the

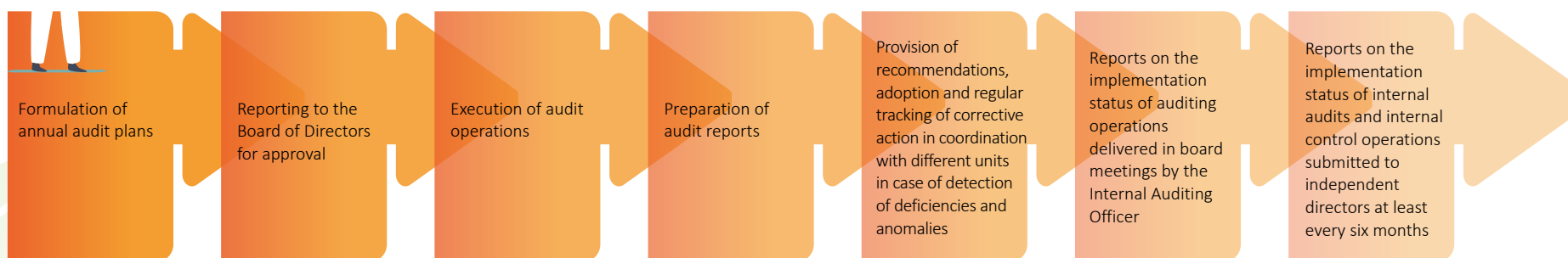
Internal Auditing Officer is required to attend board meetings to deliver reports on the implementation status of auditing operations. He/she must also report the latest state of auditing and internal control operations to the Company's independent directors in Audit Committee meetings at least once half a year.

Furthermore, the Auditing Office conducts annual reviews of reports on self-assessments of the internal control system carried out by different company units and LOTES subsidiaries. The results of these reviews are submitted to the Board of Directors and the President together with reports on the status of corrective actions adopted to address detected internal control deficiencies and anomalies as a reference for the assessment of internal control system effectiveness and issuance of Internal Control System Statements. Finally, we schedule ongoing OTJ training for our auditors and ensure their participation in internal auditing seminars organized by organizations designated by the competent authority to enhance their professional competence and maintain or improve the quality of auditing operations and implementation performance. Furthermore, to accommodate the inclusion of sustainability information in the amended internal control system, the Audit Office proposed an annual audit plan for the following year at the end of 2024. The audit of the sustainability information is expected to be completed by the end of 2025.

Ongoing monitoring by auditors enables us to implement different operating systems, establish a highly effective governance practice and risk control mechanism, and create a business environment conducive to sustainable development. In 2024, Taiwan HQ and the plants in China completed internal control audits in accordance with the audit plan. No major anomalies were detected in these audits and corrective action has been completed within the prescribed time limit for all detected non-conformities. The Internal Auditing Officer attended board meetings as required to deliver regular reports on auditing results.



Auditing Process



3.1.4 Ethics and Integrity



Due to LOTES's strong emphasis on moral character, new hires are educated on integrity-related internal rules by the Management Department during the onboarding process. They are also required to sign a Letter of Agreement Regarding Work Ethics, Confidentiality Obligations, and Intellectual Property, which contains provisions for ethics and integrity, and aims to raise employees' awareness of integrity. We also demand that the management lead by example and strictly adhere to principles of integrity,

with the ultimate goal of fostering an integrity-based culture in an unobtrusive manner.

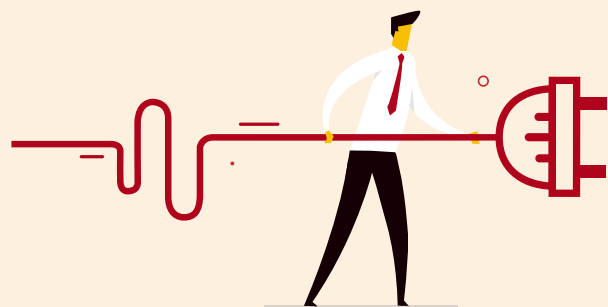
The Management Department is our dedicated unit for the promotion and implementation of ethical management policies. We have formulated integrity-related internal rules including Ethical Corporate Management Best-Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Ethical Conduct, and Guidelines for the Prevention of Insider Trading, which were put into effect upon ratification by board resolution. These internal rules are disclosed on our corporate website so they can be accessed by our stakeholders. A point of contact has been established for stakeholder feedback and suggestions. If employees have questions on integrity-related internal rules, they may conduct queries on the official website or inquire with the Management Department via diverse channels such as email and phone. In addition, we organized training courses on ethical management issues at the three plants in China in 2024. These courses (a total of 7,304 man-hours) were attended by 7,035 trainees.

We have also set up various whistleblowing channels. Stakeholders can submit reports via the stakeholder section on the website and the independent whistleblower mailbox. Whistleblowers must use their real names when submitting reports and provide basic information and evidence related to the reported incidents, including but not limited to the name of the accused, location and time of the incident, and relevant circumstances and details. If reported incidents involve rank-and-file staff members, the department head must be notified. If they involve directors or senior executives, a report must be submitted to the independent directors. The Management Department and the department head or independent director who has received the report must initiate investigations immediately to verify the veracity of reports. Other departments must provide assistance if required. Investigations must be conducted in an impartial manner. Since we are firmly committed to protecting the whistleblower from improper treatment, his/her identity and the report contents must be kept strictly confidential. If it is verified that the accused has indeed violated applicable laws or provisions set forth in the ethical management policy or other internal

rules of the company, the accused is ordered to stop such conduct immediately and adequate disciplinary measures are adopted. With a view to protecting the reputation and safeguarding the rights and interests of the company, incidents may be reported to the competent authority, referred to judicial authorities for investigation, or a claim for compensation may be filed in accordance with legal procedures as deemed necessary. Written documents pertaining to the handling of reported incidents, investigation procedures, and investigation results must be preserved in physical or electronic format for at least of five years. If litigation associated with report contents occurs prior to the end of the preservation period, relevant documents must be preserved until the conclusion of litigation. Upon verification of report contents, responsible units must be instructed to conduct reviews of the internal control system and relevant operating procedures. Corrective measures must be adopted to prevent recurrence of such conduct. Upon conclusion of the aforementioned procedures, the Management Department must submit a report on the report's contents, handling methods, and follow-up reviews and corrective action to the Board of Directors.

As for our commercial interactions, we explain our ethical management policy and applicable regulations to our transaction counterparties during the course of business dealings. We explicitly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in any form or under any name. The company also refrains from engaging in business transactions with agents, suppliers, customers, or other counterparties who are involved in unethical conduct. If it is determined that counterparties or cooperation partners have engaged in unethical conduct, it must be assessed whether blacklisting is necessary to ensure compliance with the ethical management policy. Before contracts are concluded with transaction counterparties, a clear understanding of their ethical management status must be obtained. Compliance with the ethical management policies of both parties must be clearly stipulated in the contract. Relevant provisions should include, but not be limited to, the following: When a party to the contract becomes aware that any personnel have violated the terms and conditions pertaining to the prohibition of acceptance of commissions, kickbacks, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and fully cooperate with the investigation. If there has been resultant damage to either party, that party may claim compensation from the other party and may also deduct the full amount of the damages from the contract price payable. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party reserves the right to terminate or rescind the contract unconditionally at any time.

The Management Department submits annual reports on the implementation status of ethical corporate management in the preceding year to the Board of Directors. In 2024, there was no record of a breach of ethics by LOTES employees reported through whistleblowing channels. There were also no instances of verified corruption involving the company, its employees, or business partners.



Ethical Corporate Management Best-Practice Principles

Applicable to directors, managers, employees

- Prohibition of unethical conduct.
- Conflict of Interest for directors and managers.
- Prohibition of offering and acceptance of bribes.
- Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property right.

Code of Ethical Conduct

Applicable to directors, managers

- Prevention of conflicts of interest.
- Prevention of pursuit of personal gain.
- Confidentiality obligations.
- Fair dealing.
- Protect and properly use company assets.
- Comply with laws and regulations.
- Encourage reporting of illegal activities.

Ethical Corporate Management Course Name	Number of Participants	Total Training Hours	Average Training Hours per Person
General ethical corporate management training for employees	6,930	7,259	1.05
Procurement ethics	105	45	0.43

Note: Disclosure is made for only the statistical data for the three plants in China (Guangzhou, Zhongshan, and Suzhou). Data for Vietnam plant is not disclosed due to incomplete data.

Statistics for Ethical Corporate Management Commitment Statement/Category	Employees (Note 1)	Suppliers (Note 2)
Total	8,709	589
Total signed	8,709	589
Percentage signed (Note 3)	100%	100%

Note 1: Disclosure is made for the employee statistical data for the three plants in China (Guangzhou, Zhongshan, and Suzhou).

Note 2: Disclosure is made for the supplier statistical data for the four plants (Guangzhou, Zhongshan, Suzhou, and Vietnam).

Note 3: The percentage is the Number of signed suppliers/Total number of suppliers*100%.

3.2 Risk Management

In the face of uncertain factors of drastic external changes, LOTES relies on a Risk Management Task Force, which is directly subordinate to the President, for the identification of various potential material risks of the Company's governance, environmental, and human rights aspects and for the initiation of subsequent countermeasures.

Risk Dimensions		Coping Strategies
Financial Dimension	Interest Rate Fluctuations	The Company relies on its sound financial structure, conservative use of capital, a firm grasp of financial information by dedicated personnel, and the adoption of a conservative approach in the utilization of financial instruments to minimize risks associated with interest rate fluctuations.
	Exchange Rate Fluctuations	· A reduction of net positions in USD and RMB to minimize exchange rate risks. · Financial personnel of the Company constantly collect information on exchange rate changes and consult financial and economic information provided by banks and investment institutions to maintain a real-time grasp of exchange rate developments. · A foreign currency deposit account has been set up to adjust foreign currency positions in line with actual funding needs and exchange rate trends.
	Credit	Dedicated personnel in charge of the setting of credit lines, loan approval, and other monitoring procedures with regard to trading counterparties have adopted appropriate measures to ensure the collection of overdue receivables. Collectible amounts are verified on a case-by-case basis to ensure that uncollectible receivables are listed as impairment losses in an adequate manner.
Product Responsibilities		LOTES has established rigorous and comprehensive Management Norms and Regulations for Environmentally Controlled Substances in accordance with product safety regulations of every country, industry standards, and customer requirements. It clearly defines the management and control requirements of every phase of the company procurement cycle, covering raw materials procurement, production manufacturing, product testing, packaging, transport, and others. It regulates the quality checklist that is allowed for use, use restrictions on the types of hazardous substances and the quantity standards, and respective testing methods and violation handling measures. Concurrently, the company has developed a regularly updated mechanism for close follow-up of the latest of various countries' laws and regulations, and for timely amendments and improvements to the management norms and regulations in ensuring that the hazardous substances management work for the company's products complies with the latest product safety regulation requirements.
Declined Revenue/Declined Customer Satisfaction Level		Remain in close contact with customers and understand and satisfy their newest demand at any time. Visit customers with R&D technical personnel to get a good grasp of future trends of the customers' products to develop new products in advance.
Information Security Risks		· New hires are required to sign a Letter of Agreement Regarding Work Ethics, Confidentiality Obligations, and Intellectual Property; the Procurement Department requires all major suppliers to sign a Letter of Commitment to Ethical Transactions; non-disclosure agreements are signed in accordance with customer requirements; LOTES plants in China restrict the transmission of sensitive data to external networks. · File and equipment security management is implemented through regular system backups and reorganization to save hard drive storage space and increase system performance. · Equipment security is ensured through the implementation of access controls and data center controls, equipment and data center maintenance management, and regular review of data center security measures. · Authority management and an internal control cycle for information security have been adopted. · A remote backup mechanism is in place. · Information security is audited regularly by external bodies.
Interruptions to Supply Chain		· In response to supply uncertainties, we develop new supply sources and switch to different countries of origin. These efforts are paired with hedging procurement to minimize the risk of disrupted supply sources. · We utilize a freight consolidation mechanism coupled with requests to suppliers and an increase of LCL shipments to decrease the risk of scattered shipments.
Environment	Unable to Reduce Energy Intensity/Unable to Reduce GHG Emissions Intensity	· Formulate energy conservation and carbon reduction plan, regular follow-up on the execution progress. · Formulate energy conservation improvement management rules and monitor all units using energy. · Search for the reasons that result in inability to reduce energy usage and propose subsequent improvement plan. · Formulate quarterly indicators to control quarterly emissions. · Conduct regular audits to ensure the effective implementation of energy conservation plan.
	Production Waste Intensity Continues to Increase/Unable to Recycle Production Waste	· Optimize production procedures by demanding the department with an increase in waste volume to propose a review plan to identify the reasons for the waste increase, make precise management of the raw material inputs, and reduce the scrap rate. · R&D in transforming waste into resources, using biodegradable materials or raw materials that can be reused multiple times to replace traditional materials that cannot be recycled. · Sign long-term agreements with professional waste handling companies to ensure that the final disposal of waste complies with legal requirements.
	Wastewater Discharge Continues to Increase	· Continue to promote water conservation concept and practices to various operating sites to avoid unnecessary wastage. · Note: Each operating site only discharges domestic wastewater. · On water resource recycling, promote reclaimed water system, use the reclaimed water for toilet flushing purpose. · Replace with water saving equipment, such as low-flow toilets, smart water meter, water saving taps, to effectively reduce water consumption.

Risk Dimensions		Coping Strategies
Environment	Water Shortage, Power Shortage	· Store tap water in advance for use during water interruptions. · Initiate the backup generator for use in production. · Expand the installation of photovoltaic power generation, invest in the energy storage system (ESS) for peak shaving and energy saving project to materialize partial self-supply of power.
	Typhoons, Floods	· Establish emergency response and control plan, conduct regular fire drills and prepare sufficient emergency supplies to fully cope with natural hazards. · Build a disaster pre-warning mechanism and establish instant messaging contact channels with competent authorities to effectively manage the actual situation of natural hazards. · Regular maintenance of the infrastructure.
Social (Including human rights)	Occupational Accident/Fire Incident	· Introduction of ISO 45001 Occupational Health and Safety Management System to implement hazard identification. An Occupational Health and Safety Committee convenes on a regular basis to offer recommendations for health and safety policies formulated by the employer. It also deliberates, coordinates, and suggests health and safety related items. The goal is to create a climate of mutual protection and carefree work and ensure a record of accident-free working hours. · Regularly conduct disaster rescue exercise ○Evacuate people and emergency rescue the injured. ○Based on the fire hazard recovery and business continuity plan management regulations, immediately carry out the post-disaster reconstruction work to resume production at the fastest time. ○Actively cooperate with the investigation by the competent authorities in finding the reason for the incident and propose an improvement plan to ensure that a similar incident does not occur again in the future.
	Employee Overwork	· Adjust work hours control plan by setting up overtime management and control alerts through the human resources system. · Increase recruitment capacity through various channels to fill up the manpower vacancies and subsequently reduce overtime hours. · Departments to cultivate workers to be able to handle multiple types of work so that every employee is capable of operating or completing at least two types of work.
	Relatively High Employee Turnover/Labor Shortage	· Better understanding of the opinions of employees through various channels, including online and offline interviews, staff meetings, and timely adjustment of company policies to increase the sense of belonging on the part of employees. · Regular organization of employee activities to achieve a perfect synthesis of labor and leisure. · Issuance of seniority bonuses for senior employees. · Proactive implementation of equipment automation: The Company forges ahead with production equipment automation to cope with its manpower shortage. An Automation Center has been established to integrate and share equipment automation resources of the group. Investments in equipment automation have been expanded, and machinery is utilized to reduce labor intensity and replace simple and repetitive manual tasks. · Stepped up efforts to retain employees: Enhancement of employee compensation and benefits packages, strong emphasis on employee care, and firm commitment to reducing turnover rates.
	Lack of Employee Training	· Shared educational resources through online platform to strengthen the company's training capabilities. · Utilization of government and customer training resources to enrich training content and stimulate colleagues' learning interest.



3.3 Legal Compliance

Significance for LOTES	Legal compliance is the cornerstone of corporate sustainability and a key prerequisite for prevention of legal violation risks and achievement of the goals of stable corporate growth and sustainable operations.
Management Approach	• Responsible department: Legal Affairs, Environmental Safety. • Grievance mechanism: Employee grievance hotline, physical suggestion box, email. • Policy/Commitment: Zero-record of operational violations. • Establishment of a mechanism identification and management of applicable laws and regulations. ○Regular inventories of national and international environmental, social, and economic laws. ○Creation of a list of identified laws and regulations and implementation of compliance reviews. ○Building of a legal compliance culture: Reinforcement of law-abiding concepts through employee training and education on applicable laws and regulations. • Implementation of internal control systems. ○Legal compliance is ensured through audits conducted by the Auditing Office and internal audits of the management system. ○Proactive responses and effective handling of submitted internal/ external grievances or recommendations provided by competent authorities with respect to detected deficiencies.
Assessment Mechanism	No violations of applicable corporate governance, business accounting, environmental protection, labor rights, occupational health and safety, product safety, product labeling, marketing, and customer privacy laws were reported in 2024. Note: "Significant violation records" refer to violations resulting in fines of NT\$100,000 or more for a single event.



In pursuit of sustainable development and stable business operations, the Company has adopted a comprehensive set of internal policies, procedures, and implementation plans that encompass an ex ante legal compliance system, concurrent risk management, and ex post internal audits and risk assessments to establish an effective internal control and corporate risk management mechanism.

Legal compliance is not solely the responsibility of directors and the management team. All employees must develop a clearly defined compliance awareness and mechanism regarding the laws applicable to relevant operations. We strive to ensure that all corporate governance and internal operational processes conform to the latest laws, and that the business organization and its employees abide by all applicable rules and regulations, with the goal of avoiding or minimizing legal risks associated with losses caused by crimes or violations committed internally or externally. The legality of business activities is determined in advance through internal legal compliance assessments to eliminate predictable legal risks and minimize potential non-compliance risks. In conclusion, effective legal compliance helps prevent malpractices, saves manpower, time, and expenses associated with judicial inquiries, fines, litigation, and negative news coverage, and enhances the corporate image, which in turn attracts topnotch independent directors, employees, and trading counterparties and creates win-win outcomes for the enterprise, its shareholders, and stakeholders.

LOTES has adopted "zero penalties" as one of its KPIs in the field of corporate governance. With a view to ensuring a goal achievement rate of 100%, environmental laws and related customer demands are identified regularly each year. Legal amendments are monitored on an irregular basis. We also determine the applicability of provisions set forth in laws and regulations and the necessity of adjustments. Where violations or shortcomings are detected in audits conducted by government units and customers, top priority is given to corrective action and countermeasures are taken to prevent the recurrence of similar incidents in the future.

There was no record of major legal violations in the ethical corporate governance, business accounting, environmental protection, labor rights, occupational health and safety, product safety, product labeling, marketing, and customer privacy dimensions in 2024.

Trade secrets represent the cornerstone of our product competitiveness and continued revenue growth. Transaction security, on the other hand, is a key prerequisite for earning the trust of our customers and supply chain partners.

We have therefore set up a Legal & Intellectual Property Office, which is responsible for the formulation and implementation of Management, Preservation, and Confidentiality Procedures for the Company's intellectual property including trade secrets, trademarks, patents, and copyrights. Implementation results are reviewed on a regular basis to ensure effective compliance with relevant operating procedures by employees in the discharge of their duties. Staff members are reminded to fully observe applicable regulations and refrain from the disclosure of trade secrets, trademarks, patents, and copyrights they are privy to due to their position in the Company to third parties through official announcements as required. They must further refrain from collecting information or inquiring about trade secrets, trademarks, patents, and copyrights unrelated to their duties in the Company.

To strengthen employees' competence in intellectual property (IP) matters, LOTES arranges two IP-related education and training sessions for R&D and legal IP personnel each year as planned. This aims to enhance LOTES awareness and capabilities in IP protection.

The company has also established an independent reporting channel and follow-up investigation procedures. Through periodic audits and spot checks on employees' job performance, LOTES ensures the protection of the company's trade secrets and customer information. There were no records of business confidential information or customer data leakage or loss in 2024.

3.4 Operational Performance

Significance for LOTES	Operational performance reflects the efficiency and results of the daily operations of the company and affects financial performance and stakeholder confidence in the company.
Management Approach	- Responsible Department: Sales Department - Complaint mechanism: Senior Vice President and Deputy Spokesperson - Telephone: +886-2-24331110 Ext.300 - Email: sales@lotestech.com - Policy/Commitment: - Optimize plant deployment. - R&D for new products. - Group resources integration to create greatest value. - Short-term business development targets - Sales strategy: Develop products in response to every customer demand. - Production strategy: Enforce production base efficiency, reduce cost, raise instrument calibration capacity, build measurement technology system and develop image measurement technology. - R&D strategy: Shift toward high frequency, high-speed transmission connector field development. - Financial planning: Establish close cooperative relationship with financial institutions and fully utilize the capital-raising channels of the capital market. - Mid and long-term business development targets - Marketing strategy: Strive for international markets and strengthen the LOTES brand. - Production strategy: Enforce production, and expand the installation of automated production facilities. - R&D strategy: Expand the development of connectors and related modules for product markets in the communications, consumer electronics, and automotive industries. - Financial planning: Multi-channel fund-raising and complete planning of funds for a sound financial structure.
Assessment Mechanism	22.9% growth in 2024 revenue compared to the previous year. - No records of receipts of internal stakeholder complaints on operations performance in 2024.



Economic performance which is a key task of the Company involves an ongoing pursuit of maximum profits. Since its inception, LOTES has embraced a corporate culture characterized by innovation, teamwork, efficiency, and devotion as it forges ahead toward sustainability. The Company is firmly committed to maintaining its technology leadership position, maximizing customer satisfaction, sharing the results of corporate growth with all staff members, increasing shareholder value, fulfilling its social responsibility, and thereby realizing ongoing achievements in the field of financial performance.

In the face of an ever-changing external environment, the Company has made an all-out commitment to raising its technological standards and capabilities in the fields of design, processes, quality control, and testing with the goal of realizing sustained high growth rates. We spare no effort in the field of new product R&D and make constant progress toward the development of small pitch, high density connectors. Recently, we have stepped up our efforts and honed our analysis and development capabilities in the field of high-current, high-frequency connectors in anticipation of future trends and market demands in the high-speed connector market. With a view to expanding our product lines and market scope, we have successfully developed connectors required for high-frequency servers, automobiles, high-speed transmission devices, and the latest transmission interface Type-C. LOTES is dedicated to satisfying customers' demands for international quality requirements for their products, and we have deployed a complete sales channel and engineering technical service team globally capable of solving customer problems instantly and locally. We aim to meet the demands of customers for new technical specifications and become the most important collaborative partner of global customers.

In 2024, as the global economy gradually recovers from the adverse effects of inflation, the consumer and server electronics industries that LOTES belongs to are also experiencing a gradual demand recovery. At the same time, the penetration rates of high-priced new products are also on the rise on a quarterly basis. This has resulted in steady growth in the company's operating revenue, and the company achieved a record high annual operating revenue since its inception, breaking through the NT\$30 billion threshold. The percentage of the server series products with higher gross profit relative to the company's overall revenue was 26% to 27% in 2023 and rose to 34% to 35% in 2024. This has resulted in the company's earnings per share increasing sharply to NT\$82.77. It has simultaneously achieved a record high for the company's annual profit.

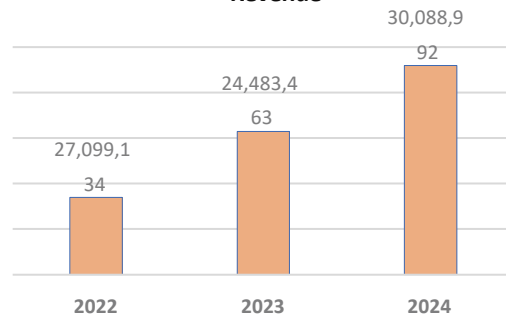
In addition, we rely on excellent corporate governance practices, ongoing enhancement of our business structure, and supply chain integration to reduce production costs and increase our competitiveness. In addition to boosting the trust of shareholders, employees, supply chain partners, and customers, we strive to create multi-win scenarios characterized by co-prosperity as we forge ahead toward sustainability. Looking ahead, we will persist in our efforts to intensify partnerships with our customers and implement R&D improvements for existing products in the face of a fiercely competitive market and a highly volatile economic environment. In recent years, we have been actively expanding our production scale to support a sustained and stable operation growth. In addition, we adopt multi-pronged strategies and rely on excellent cooperative relations with world-class professional manufacturers to sharpen our market acumen, gain a full grasp of the latest product development trends, and facilitate the development of niche products.

Past Operational Performance

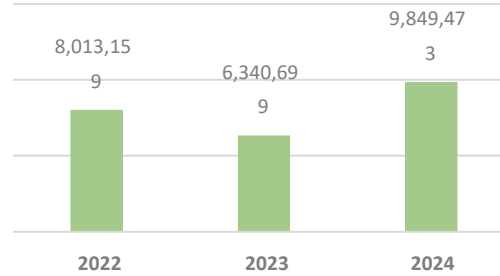
Unit: 1000 NTD

Item	2022	2023	2024
Revenue	27,099,134	24,483,463	30,088,992
Operating Costs	15,161,454	13,002,401	14,319,522
Employee Remuneration and Welfare	390,307	471,050	446,826
Payment to the Investors	1,750,755	2,874,693	2,984,635
Payment to the Government	1,780,487	1,793,447	2,487,448
Community Investment	2,972	1,173	1,088
Economic Value Retained	8,013,159	6,340,699	9,849,473

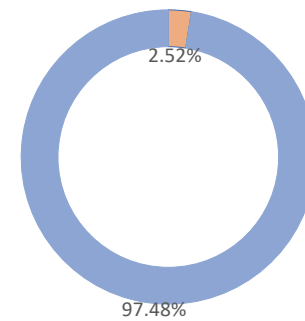
Revenue



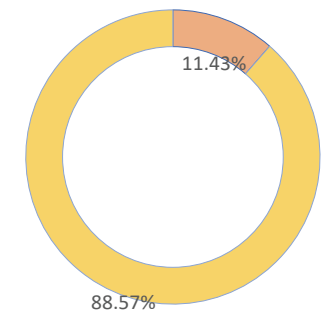
Economic Value Retained



Sales Percentage of Major Products in the Respective Year



Revenue Percentage of Various Locations in the Respective Year



Connectors Include Connecting Cables.

Other Electronic Parts and Components

Domestic Sales

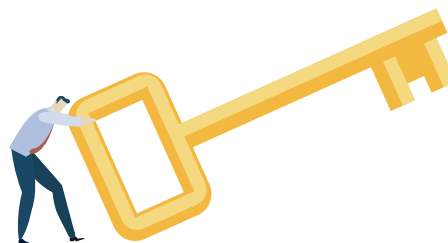
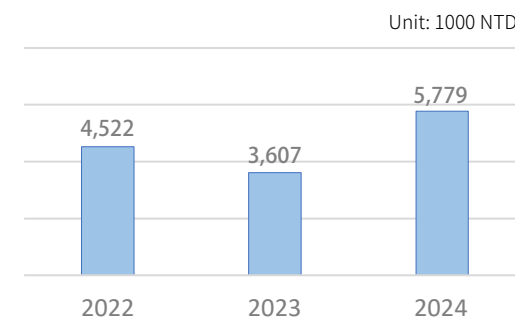
Export Sales

3.5 Information Security

Significance for LOTES	Safeguard corporate operations stability, protect core assets and intellectual property rights, maintain customer trust and brand reputation, drive digital transition and elevate company competitiveness.
Management Approach	- Policy: Ensure the effective operation of ISO 27001 Information Security Management System. - Implementation Results in Respective Year ☉The Company introduced the ISO 27001 Information Security Management System in May 2023 and obtained third-party certification in January 2024. ☉The Company has established the Information Security Management System Task Force, with the head of IT Department appointed as the management representative. Each year, the Task Force will convene internal meetings to review the information security management system. ☉There were 13 dedicated information security personnel appointed. Regular meetings were held to discuss information security risk assessments, network security, and software and hardware assessments for the enhanced management and control of the engine rooms, operation computers, mobile devices, access control, network control, and personnel access rights. Each day, a remote backup of system information was conducted. There were also encryptions for the transmission of confidential information, instant updates of antivirus software, vulnerability scanning, capacity testing, regular reviews of personnel systems and network login access, and regular information security audits. ☉Invested NT\$1.13 million in the procurement of information security hardware and maintenance, and NT\$110,000 in the procurement of information security software and maintenance. ☉Internal planning of information security training. Ten general information security training sessions were held each year, with 13,935 participants and an average of 0.6 training hour per person. - Responsible department: IT Department - Grievance mechanism: Telephone, email, instant communications tools.
Assessment Mechanism	- Filled out the "Annual Information Security Target Statistics Table" to keep track of the target achievement status. - There were no complaint cases from stakeholders involving information security issues in the respective year. - Obtained certification for ISO 27001 Information Security Management System. - There were no occurrence of material information security events that resulted in disruption of company operations in the respective year. - No material defects were found by internal audits and independent auditors.

Information Security Item	Information Security Target	Monitoring Frequency	Achievement Status
Significant Security Incidents	0 次	Annually	V
Targets for Major Security Incidents	(Target: ≤ 4 times)	Annually	V
General Security Incidents	(Target: ≤ 1 time)	Monthly	V
Incidents of Confidential Information Disclosure at Secret Level or Above	0	Annually	V

Information Security Investments in Recent Year



The advent of the exploding information age not only generates benefits such as increased convenience but is also accompanied by unpredictable security risks, which can result in IT network paralysis, disruption of operations, and material losses for the Company and its stakeholders. With the IT Department responsible for the information security of the entire company, LOTES has appointed a Chief Information Officer (CIO) and dedicated information security personnel. The IT Department is to lead in the development of the company information security policy, planning and execution of the information security operations and the promotion and materialization of the related policy and plans.

At the same time, the audit personnel responsible for monitoring company information security are dedicated to the audit and supervision of the internal execution status of information security. If a defect is found during the audit, the audit personnel shall demand the unit under audit to propose a related improvement plan and concrete actions. There shall also be regular follow-ups on the improvement outcomes to lower the risks of internal information security. No information security incidents had occurred in 2024 that resulted in infringement of privacy or major impacts to the company operations.

Information Risk Control	• Risk assessment criteria have been established to address information security risks. From an organizational perspective, risk management is conducted by evaluating the impact levels and likelihood of occurrence of risks to key information assets and core systems, based on their value, vulnerabilities, and threats. From a technical perspective, information security technical reviews are performed through system and software architecture assessments, vulnerability scanning and auditing, configuration, and maintenance operations management. By employing a process of risk management and continuous improvement, the company aims to mitigate cybersecurity threats, ensuring the protection of confidential information in compliance with legal regulations, customer requirements, and business operations. • Relevant regulations have been established for responding to major information security incidents, providing employees with guidelines on how to handle such events. To enhance employees' awareness of information security risks, the company regularly conducts cybersecurity risk audits to ensure the effectiveness of information security management measures.
Information Security Management Plan	• Information Security Technology: Our company has implemented various security protection systems to prevent external security threats and enhance the overall security of the information environment. Additionally, regular vulnerability scanning is conducted on the servers, and personnel information security management measures are implemented. • Network segmentation principles and standards are in place to prevent the spread of computer viruses and malicious attacks across different sites. • Continuous enhancement of situational awareness systems, next-generation firewalls, application firewalls, and internet behavior monitoring solutions is implemented to ensure the effective reporting and handling of anomalies. • Endpoint security: Operating systems of external devices, mobile devices, and other endpoints must be regularly updated with patches, and antivirus software scans should be installed. • Mandatory installation of updates of the antivirus software for internal computers, and implement enhanced monitoring of malicious software behavior. • Policies and Procedures: Compliance with the company's information security policy is required, along with necessary system updates, installation of antivirus software, non-disclosure of passwords to external parties, and regular updates to effectively prevent computer viruses, Trojan programs, and malicious software, providing frontline security protection. The establishment of a Single Sign-On (SSO) platform across the group is being implemented, with critical applications requiring Multi-Factor Authentication (MFA). • Increasing awareness of information security incident reporting: Enhancing monitoring of internal and external threat intelligence as well as software vulnerabilities within the group, and promptly conducting information security reporting and handling. • Regularly conducting education, training, and awareness programs to enhance employee awareness of information security. • Strengthening employee awareness of email social engineering attacks and phishing websites. • Data Backup Management: Diverse methods for backing up important data. • Data security and protection: Data is encrypted and appropriately controlled based on data labeling according to its confidentiality classification. Effective tracking is enabled through platform audit trails. • Flexible policies are adjusted based on external malicious email instances to enhance email antivirus and anti-spam controls. • Introducing encryption software systems to securely store important data in an encrypted format.



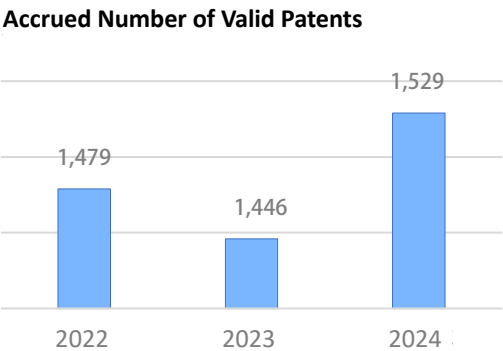
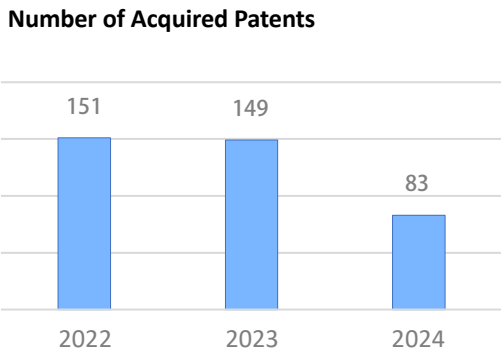
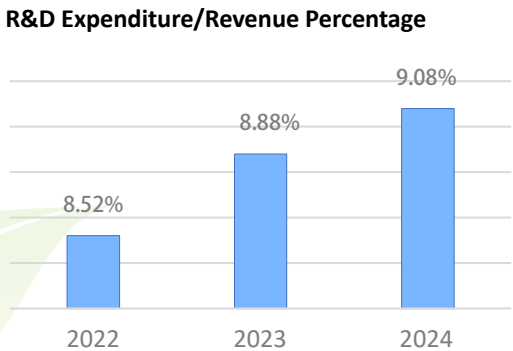
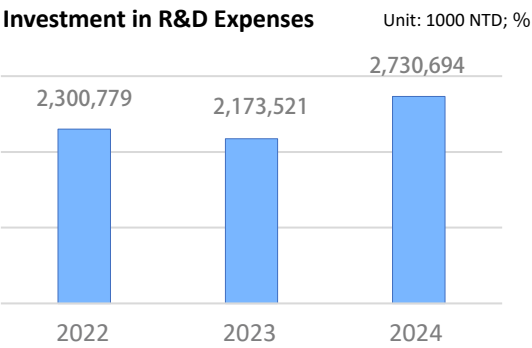
3.6 Innovative Research and Development

New product development, technological advances, and patent acquisition to protect intellectual property rights (IPR) are areas of vital importance to electronic connector manufacturers. We place strong emphasis on product development, which includes internal design and development, as well as products developed in cooperation with customers, relying on our outstanding R&D team. We apply for patents for these technologies to protect our product competitiveness and prevent plagiarism by competitors. As of the end of 2024, we have accrued over 1,500 valid patents. The number of granted patents is steadily increasing.

With a view to enhancing IPR-related competencies of our employees, we organize two IPR-related training courses per year for R&D personnel and members of the Legal & Intellectual Property Office. The goal is to raise IP protection awareness and strengthen relevant capabilities. The Company has also adopted Patent Incentive Guidelines to motivate all staff members to actively embrace innovation and apply for patents with the goal of raising the Company’s competitiveness. Incorporating company patents (including patent applications) into the relevant standards of connector industry associations is actively recommended. The ultimate goal is to reward employee innovation and recognize contributions to the Company’s intellectual property.

R&D Achievements

LOTES’ innovation-centered corporate culture involves a high emphasis on product development and real-time provision of innovative services to satisfy the demands of all customers. Total R&D expenses amounted to NT\$2,730,694 thousand in 2024, accounting for 9.08% of the Company’s revenues.



3.7 Product Responsibilities and Customer Relations

3.7.1 Product Responsibilities

Significance for LOTES	• Avoid risk of violations due to problems with products. • Establish an excellent brand image and strengthen brand competitiveness. • Increase customer satisfactory level and maintain customer trust. • Ensure the company for sustainable operations.
Management Approach	• Policy: Build a sound governance structure, elevate policy transparency, and enhance risk management, making sure that the company is operating legally and raising shareholder value, materializing a win-win state with stakeholders. • Commitment: Reduce GHG emissions, increase energy utilization efficiency, lower resource consumption, promote circular economy, protect ecological environment, and reduce negative impacts to the environment • Future goals • Short-term goals: Formulate actual carbon reduction strategies by mid-2025, reducing at least 4.2% carbon each year. • Long-term goals: Materialize carbon neutrality and net zero emission by 2050. • Resources invested in the respective year: The company conducts assessments at every stage of the product lifecycle regarding the negative impacts on the health and safety of customers to enhance product quality. • Responsible department: Quality Assurance Department. • Complaint mechanism: Customer service hotline, project meetings, email.
Assessment Mechanism	• Achievement rate of the annual HSF targets for the company. • Passed and obtained certifications for various management systems, such as ISO 9001, ISO 14001, ISO 45001, QC 080000, RBA VAP, IATF 16949, ISO 13485, and maintained their validity. • Number of stakeholder complaints on product safety reported to the competent authority in the respective year is 0. • There were no complaint cases from stakeholders involving product safety issues in the respective year. • No material defects were found by internal audits and customer auditors. • Won recognition by many customers.



Creative provision of high-quality, hazardous-substance-free products by relying on professional teams coupled with ongoing refinement of management processes and product quality, to achieve customer satisfaction and mitigate the risk of regulatory non-compliance.

OTES conducts assessments at every stage of the product lifecycle regarding the negative impacts on the health and safety of customers to facilitate improvements to products.

Lifecycle	Safety Item
Concept Development	• Conforming to legal requirements. • Using eco-friendly materials. • Adopting production techniques that are energy saving and consumption reduction.
R&D	• Research and develop products according to industry standards or customer requirements. • Use non-hazardous materials and auxiliary materials of production to replace traditional hazardous substances, reducing the production of hazardous substances from the source.
Certification	• Complete product certification or management system certification based on laws and regulations and customer specifications.
Manufacturing and Production	• Maximize the reduction of hazardous substances from production and use through reinforced production process control. • Actively develop clean production technology R&D and application for continuous improvement of production techniques.

LOTES has established rigorous and comprehensive Management Norms and Regulations for Environmentally Controlled Substances in accordance with product safety regulations of every country, industry standards, and customer requirements. It clearly defines the management and control requirements of every phase of the company procurement cycle, covering raw materials procurement, production manufacturing, product testing, packaging, transport, and others. It regulates the quality checklist that is allowed for use, use restrictions on the types of hazardous substances and the quantity standards, and respective testing methods and violation handling measures. Concurrently, the company has developed a regularly updated mechanism for close follow-up of the latest of various countries' laws and regulations, and for timely amendments and improvements to the management norms and regulations in ensuring that the hazardous substances management work for the company's products complies with the latest product safety regulation requirements.

Firstly, LOTES strictly controls the sources of procurement for raw materials. Raw materials are the foundation of a product; their quality directly affects the hazardous substances contained in the product. Hence, the company adopts rigorous management and control measures for the procurement of raw materials by establishing a comprehensive management system and conducting thorough evaluations and selections of suppliers and raw materials. We have built an IT management system for rigorous management of the qualified suppliers to ensure that they operate in accordance with the environmental protection management and control requirements of the company.

Secondly, in terms of raw materials inspection, LOTES has built an advanced testing laboratory equipped with professional testing equipment and engineers. Testing is made through rigorous sampling standard to ensure the hazardous substances contents in raw materials comply with legal requirements.

Furthermore, LOTES maximizes the reduction of hazardous substances in production and use through strengthened production process management and control measures. We also actively develop clean production technology R&D and applications for continuous improvements of the production techniques. We use non-hazardous materials and manufacturing auxiliaries to replace traditional hazardous substances, reducing the production of hazardous substances at the source.

In addition, in terms of product testing and traceability, the company has built a rigorous product testing system to ensure that the product quality conforms to the hazardous substances management requirements. We have a strong testing team backed with abundant product testing experience and professional technical knowledge. At the same time, we constantly increase testing equipment investments by introducing a series of internationally advanced testing instruments, such as High Performance Liquid Chromatography (HPLC), Gas Chromatography-Mass Spectrometry (GC-MS), Inductively Coupled Plasma Mass Spectrometry (ICP-MS), which can provide precise testing of the

hazardous substances in products.

Moreover, in terms of product testing procedures, LOTES has formulated detailed testing standards and operating regulations for rigorous testing of every key aspect of the production process and for the final product. There are clear testing items and qualification judgment standards for every aspect of the incoming raw materials testing, semi-finished product testing to outgoing finished product testing. Only products that have passed all test items can be shipped to customers.

LOTES products conform to the laws of the competent authority of the local operating sites and also conform to the EU RoHS and REACH regulations. Our products do not contain any hazardous substances. To ensure the quality of services provided to customers, the company regularly conducts customer satisfaction surveys. For items that received low customer scores, subsequent discussions and proposals for solutions are made. We remain active in winning customer recognition and strengthening customer relationships. The company transfers product liability risks, reduces property losses and enhances product safety, and has purchased related product liability insurances.

All of the processes are completed within the company's plants, including product design and development, mold design and manufacturing, product production and so on. The goal is to satisfy customer privacy requirements. The company strictly adheres to several international, national, and local laws and regulations, sets up customer service channels and contact windows, and establishes customer complaint procedures.

Lastly, LOTES has constructed a comprehensive product quality traceability system. The products are labeled with unique traceability codes. These codes allow customers to trace the entire product production process from raw materials procurement, production manufacturing, process testing to the end customer stage.

Year	Main Product Description	檢測標準
2022	Design, manufacturing and sales of connector and cable	EIA-364-1000 IEC-62321 SAE/USCAR-2 VW 75174
2023	Design, manufacturing and sales of connector and cable	
2024	Design, manufacturing and sales of connector and cable	

Green Design

LOTES digitized green product management assessment system is in place for all products and the whole design and development process is run by green, eco-friendly concepts. The design process sequence is as follows: Design and development planning (customer demands in the field of environmental protection) → Input → Output → Review → Validation → Confirmation → Modification. XRF, ICP, GC-MS and UV testing and experiments are conducted for every design process by internal or external qualified bodies to ensure conformity with national and international legal requirements in the field of environmental protection. We have adopted Management Norms and Regulations for Environmentally Controlled Substances. All products conform to these norms and standards and timely updates are implemented in accordance with applicable laws and customer demands.

Currently, various countries and regions are increasingly enforcing stricter regulations on halogen-containing products. To adapt to this halogen-free trend, LOTES is striving toward the goal of achieving halogen-free status for all its products.

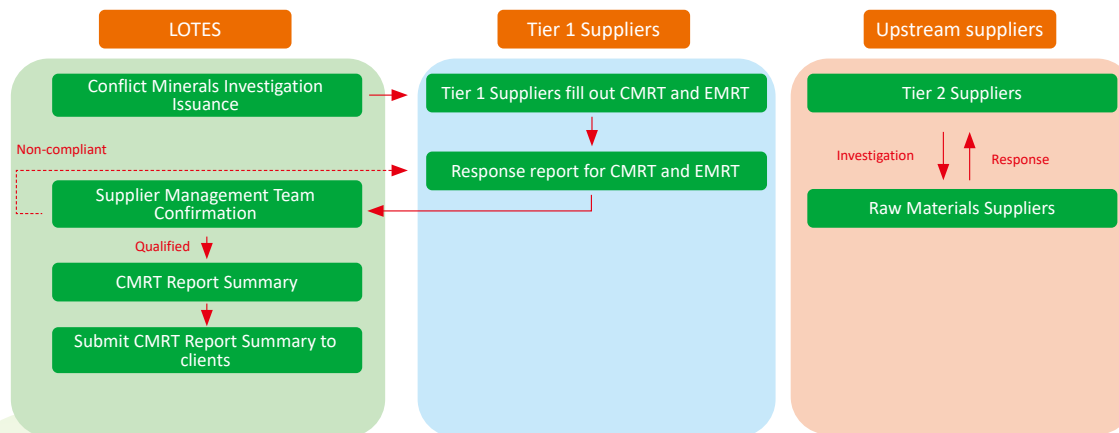


Halogen (Halogen-Free)	Control Value
Bromine (Br) from BFRs	$\leq 0.07 \%$ (700ppm)
Chlorine (Cl) from CFRs or PVC or PVC copolymer	$\leq 0.07 \%$ (700ppm)
Bromine (Br) and Chlorine (Cl) from above	$\leq 0.09 \%$ (900ppm)

Conflict Minerals Management

All products of the company comply with the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, or equivalent and recognized due diligence frameworks, as well as other legal regulations. To address this, the company has published a “Conflict Minerals Policy” on its official website and established a responsible mineral procurement management process for suppliers.

- All procured material suppliers must comply with environmental regulations.
- Suppliers must ensure that the materials and products provided to the company do not use minerals such as tantalum, tin, tungsten, gold, and cobalt, originating from conflict areas in the Democratic Republic of the Congo and its neighboring countries, as well as other high-risk regions.
- Suppliers must refer to the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, or equivalent and recognized due diligence frameworks, as well as other legal regulations. They are required to establish responsible mineral procurement management systems.
- Suppliers must trace the relevant minerals used in the supply chain, and regularly report the usage and sources of minerals such as tantalum, tin, tungsten, gold, and cobalt, to the company truthfully using methods like CMRT, EMRT, etc. They must also ensure that the smelters or refineries they use adhere to the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI).
- Suppliers must commit to adhering to the group’s responsible mineral procurement policy and submit qualified CMRT reports to be eligible as approved suppliers for the group.



In 2024, the company completed conflict minerals due diligence for 55 direct suppliers, achieving a 100% response rate. We compared the smelter or refiner information provided by suppliers with the certified smelter list published by the Responsible Minerals Initiative (RMI). If any smelters or refiners were found not to be certified under the Responsible Minerals Assurance Process (RMAP), suppliers were required to ensure that these entities either obtained RMAP certification within a specified time frame or were removed from the supply chain. As of the end of 2024, no products delivered by suppliers were found to contain tantalum, tin, tungsten, gold, cobalt, or other minerals originating from conflict areas in the Democratic Republic of the Congo, its neighboring countries, or other high-risk regions.

Green Supply and Production

While making strides toward environmental sustainability, LOTES also closely monitors the progress of its suppliers in the environmental and social dimensions of corporate social responsibility. We strive to join hands with our supply chain partners in the gradual formation of a socially responsible, green supply chain system through supplier management.

After passing the IECQ HSPM QC 080000 – System Certification in 2008, LOTES started to press ahead with green procurement requirements for its suppliers in line with international environmental requirements. Our management procedures for environmentally controlled substances are full compliance with RoHS, REACH, Identification and differentiation management of all materials, SCM supplier raw material management system, monitoring of raw materials/processes and finished products, etc.



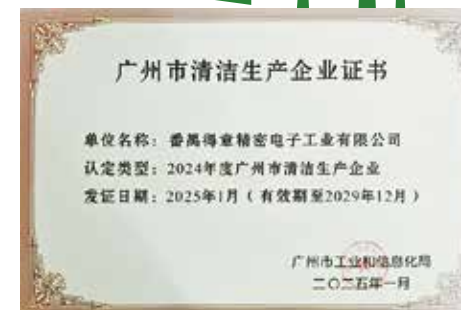
- During the product evaluation phase, all involved materials are assessed according to operational procedures, including environmental control substance requirements. Only materials that pass the evaluation can enter the procurement resource pool.
- Establishment of a process HSF identification and management system encompassing process auxiliary material and jig management.
- Sample testing is carried out internally prior to warehousing of raw materials during production processes, and during the OQC and shipping stage.
- Implement a traceability management mechanism for materials, allowing for traceability management when needed.
- An HSF management system has been adopted for material suppliers to implement source management.

In 2024, our company's products did not experience any HSF (Hazardous Substance Free) anomalies, nor were there any HSF-related complaints from customers.

Clean Production



Clean production is the comprehensive use of resources to reduce production and emissions of wastes and pollutants. At the same time, it can enhance corporate competitiveness, eco-friendly image, and social responsibilities, which in turn helps the company to achieve economic, social, and environmental benefits materializing sustainable development. LOTES actively drives clean production projects. In 2020, clean production was promoted in Suzhou Plant and it has passed the certification for clean production and is expected for another certification in 2025. In 2024, Guangzhou Plant started to adopt clean production and has passed the certification in January 2025.



3.7.2 Customer Relations

Significance for LOTES	Customers are crucial for LOTES's sustained profitability. LOTES maintains long-term stable relationships with its customers, and good customer service positively enhances the company's product market revenue.
Management Approach	- Responsible Department: Sales Department - Complaint mechanism: Senior Vice President and Deputy Spokesperson ☎Telephone: +886-2-24331110 Ext.300 ✉Email: sales@lotestech.com - Policy: Meet customer needs and maintain long-term cooperation. - Short-term goals: Customer orientation and proximity to market-leading manufacturers with the goal of providing customer with diversified product services. - Long-term goals: Strengthening of customer relationship management (CRM) to enhance competitive efficiency coupled with large international manufacturers. - Specific Actions: ☞Manage customer relationships through customer satisfaction surveys and handling of customer complaints, and continuously improve based on customer feedback.
Assessment Mechanism	- No breaches or leaks of customer privacy in 2024. - No customer complaints related to violations of customer contracts or product regulations in 2024. - Customer satisfaction survey scores have consistently been above 93 points for the past 3 years. Scored 94.7 points in 2024.



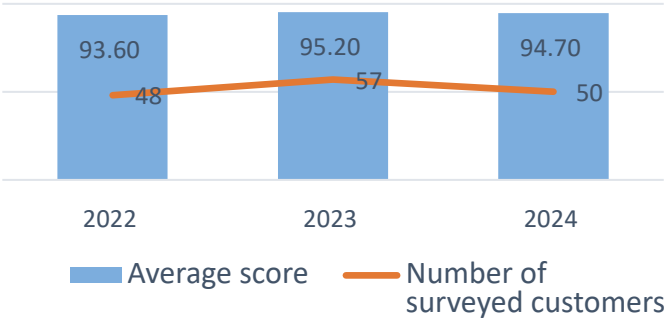
The quality of connector products has a decisive impact on signal transmission between electronic devices. Customers, therefore, have clearly defined standards and quality requirements in place for suppliers. Our customer base includes renowned international manufacturers of information and communication electronics, which enhances the international competitiveness of our products and serves as a catalyst for the consolidation of our position in the industry. In addition to maintaining our deep commitment to existing customers, we strive to establish a more diversified customer base which includes a wide range of application product providers and thereby stabilize our operating revenue sources. The ultimate goal is to give our products a more international and cross-industry character and thereby increase our market development capabilities.

We have set up a dedicated project team which is in charge of the formulation of customer communication, order processing, technical support, customer complaint processing, and after-sale service procedures in accordance with the requirements of the ISO 9001 Quality Management System with the goal of enhancing the quality of professional services in all dimensions and thereby winning customer trust and realizing permanent profitability.

In order to objectively collect customer feedback, we have established a customer satisfaction survey management mechanism. Every year, we use questionnaires to conduct satisfaction surveys among our existing customers. After the survey is conducted, LOTES compiles the customer satisfaction survey scores and feedback suggestions, and communicates them to relevant departments and senior executives. Based on the results of the customer satisfaction survey, we review the customer feedback to identify

opportunities for improvement. We respond to customers by phone or in-person visits, demonstrating a responsible attitude by providing improvement strategies. We strive to continuously enhance the quality of our products and services, ensuring that customer needs are understood and met. In addition, the Sales Department will assign the cases to the sales personnel for handling based on the corresponding customer category that they are responsible for after receiving the information. For customers with business dealings made, there are dedicated sales personnel who will continue to follow up with them to understand customer needs and questions. There were no occurrences of infringement of customer privacy in 2024 for the Company.

Customer Satisfaction Levels



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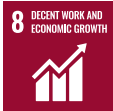
Environmental Sustainability

- 4.1 Energy Conservation and Carbon Reduction
- 4.2 Waste Management
- 4.3 Supply Chain Management
- 4.4 Climate Change Management

04 Environmental Sustainability



Sustainable Performance

SDGs	Corporate Objectives	Performance
 13.2 Incorporating climate change measures into operational plans 13.b Implementing effective climate change planning and management	- Achieving net-zero emissions by 2050. - Important operating locations of the Group have completed ISO 14064:1 greenhouse gas inventories and undergone third-party verifications. - Important operating locations of the Group response to Science Based Targets initiative (SBTi) completing GHG inventory following GHG Protocol and third-party verifications. - Disclosing climate risks and opportunities governance in accordance with Task Force on Climate-Related Financial Disclosures (TCFD) guidelines.	- The Headquarters and operational sites of Suzhou, Guangzhou, Zhongshan, and Vietnam plants have completed ISO 14064-1 greenhouse gas inventories and GHG Protocol inventories and have been verified by SGS - Completion of TCFD climate risk and opportunity identification and risk response.
 7.3 Improving energy efficiency 7.a Increasing access to clean energy and technology	- Renewable energy accounts for more than 10%. - The annual energy-saving project reduces CO₂ emissions by 4,000 metric tons. - Establishment of energy management system at the Guangzhou plant. - Guangzhou, Zhongshan and Suzhou plants have obtained certifications for ISO 50001 Information Security Management System. - Improving energy efficiency.	- The total amount of renewable energy is 33,566.4500 GJ, accounting for 8.2600% of the total energy ratio. - The total energy-saving scheme saves 27,262.2200 GJ, resulting in a reduction of 4,318.7800 metric tons of CO₂ emissions. - Guangzhou, Zhongshan and Suzhou plants have obtained certifications for ISO 50001 Information Security Management System. - An investment of RMB 88,487.33 has been made for the installation and maintenance of photovoltaic power generation at the Guangzhou plant, RMB 1,410,651.34 for the Zhongshan plant, and RMB 671,862.71 for the Suzhou plant. - An investment of RMB 4 million has been made to complete the construction of the energy storage system at the Guangzhou plant.
 6.3 Improving water quality and reducing pollution.	Domestic sewage is tested in accordance with regulations and complies with legal standards.	The water quality monitoring results of domestic sewage meet regulatory requirements.
 12.5 Reducing waste generation through prevention, reduction, recycling, and reuse.	The Zhongshan plant has a waste recycling and reuse rate of over 85%.	The largest operational site, the Zhongshan plant, has a waste recycling and reuse rate of 91.6600%.
 8.9 Developing and implementing policies to promote local culture and products	Local procurement ratio accounts for over 85%.	The Zhongshan and Guangzhou plants have a local procurement ratio of 96.05%. Local procurement ratio accounts for over 92.50%.
 17.17 Assisting in enhancing industry cooperation in sustainable development through multilateral collaboration	Annual supplier Responsible Business Alliance (RBA) audit pass rate of over 95%.	Annual supplier RBA audit pass rate of 100%.

Significance of GHG Emissions and Energy Resource Management for LOTES	Extreme climate caused by greenhouse gases represents a serious environmental challenge facing the globe. LOTES is not a major energy user, but we view GHG reductions as a joint global objective. In addition, in response to the goal of achieving net-zero emissions by 2050, LOTES headquarters and key operating locations of the Group adopt ISO 14064-1 and the GHG Protocol for GHG inventories, and independent third-party audits by SGS are conducted on an annual basis. We aim to gain a better understanding of current conditions and trends and to facilitate early response through inventories and external verification. Ongoing estimates of greenhouse gases generated by the company's energy consumption serve as a key reference for follow-up efforts in the field of energy conservation and carbon reduction.
Management Approach	• Responsible department: ESG Department. • Grievance mechanism: Physical suggestion box, e-mail. • Adoption of ISO 14064-1 and GHG Protocol for GHG Inventories by headquarters and key operating locations and confirmation of the validity of inventories through a third party. • Increase renewable energy percentage, adoption of solar power, and implementation of clean energy. • Set carbon reduction goals and achieve the goals through energy monitoring systems and energy conservation initiatives.
Assessment Mechanism	• Annual meetings of the Environment Committee for the review of GHG inventory results and results of reduction goals and initiatives. • Annual third-party verification of GHG inventories.
Performance in the Respective Year	• Energy conservation initiatives implemented by the Guangzhou plant resulted in power savings of 6,608,242 kWh and carbon reduction of 3,768.6800 tCO₂e. • Power savings and carbon reduction of the Zhongshan plant amount to 600,096 kWh and 342.2300 tCO₂e, respectively. • Power savings and carbon reduction of the Suzhou plant amount to 364,500 kWh and 207.8700 tCO₂e, respectively. • Solar power generation of the Suzhou plant reached 918,092 kWh. • Solar power generation of the Zhongshan plant reached 2,206,026 kWh. • Solar power generation of the Guangzhou plant reached 120,899 kWh.

In line with the Company's pursuit of balanced development and sustainability, the President has signed a safety, health, and environmental protection policy as a formal declaration of its determination to protect the environment and safeguard community safety. LOTES requires its employees to hone their professionalism and has made an ongoing commitment to creating eco-friendly products that are beneficial to society, with a firm foundation of safety, health, and environmental protection as the guiding principle for its continued pursuit of sustainability. LOTES (Suzhou plant, Guangzhou plant, Zhongshan plant, and Vietnam plant) maintains effective operations of its ISO 14001 Environmental Management System in all its plants and undergoes regular annual audits by accreditation bodies and the EHS Committee. Deficiencies detected in EHS audits are listed as top priorities for corrective action. Ongoing improvements are implemented through the PDCA cycle to uphold the spirit of legal conformity and continuous enhancement of the EHS management system. In the year 2024, in addition to following ISO 14064-1 for the greenhouse gas inventory, LOTES has also added the GHG Protocol for adoption for the greenhouse gas inventory aligning with the Science Based Targets initiative (SBTi). LOTES is determined and active in taking actions moving toward net-zero emissions.



Our EHS Policies



Our approaches

Aspects	Specific Measures
Carbon Reduction	✓Establish carbon reduction goals in alignment with the Science Based Targets initiative (SBTi). ✓Process improvements to manufacturing processes incorporating management goals for gradual carbon emissions reduction year by year. ✓Adoption of ISO 14064-1 and GHG Protocol for greenhouse gas inventories at headquarters and key operating locations. ✓Setting office temperature to 26°C. ✓Renewable energy usage and energy-saving projects.
Resource Circulation	✓Promotion of waste sorting and set up resource recycling bins. ✓Promotion of complete elimination of disposable tableware. ✓Implementing water resource recycling and reuse.
Industrial Waste	✓Industrial waste is managed in accordance with the Company's management guidelines; sorting and storage are carried out based on the chemical properties of the generated waste before qualified waste disposal businesses are commissioned to handle waste clearance. ✓Recycling waste.

Aspects	Specific Measures
Green Procurement	✓Raw materials procurement abides by REACH Substances of Very High Concern (SVHC) announced by ECHA (European Chemicals Agency). ✓Strict compliance with the EU RoHS (Restriction of Hazardous Substances) regulations and promotion of green procurement management. ✓Priority procurement of products with Grade 1 energy efficiency or environmental protection labels.
Green Products	✓Full compliance with RoHS, Halogen Free (HF), the SCM supplier management system. ✓During the product evaluation stage, request suppliers to submit a third-party environmental testing report. ✓Sample testing for environmental impacts is carried out internally prior to warehousing of raw materials, during production processes, and during the shipping stage. ✓An HSF (hazardous substance free) management system has been adopted. No complaints on HSF anomalies have been filed in 2024.
Chemical Management	✓Establish a chemical management inventory to effectively track categories, quantities, and storage areas. ✓Manage according to GHS labeling and storage requirements. ✓Implement SDS control and provide appropriate personal protective equipment. ✓Conduct regular chemical drills.

Chemical Drills



4.1 Energy Resource Management

LOTES places a high emphasis on energy resource management to prevent unnecessary waste and contribute to the preservation of limited global energy resources. The major operating locations – Guangzhou, Zhongshan, and Suzhou plants – completed the ISO 50001 energy management system installation in 2024, which has been verified by a third party. Natural gas, electricity, diesel, gasoline, and liquefied petroleum gas (LPG) are the Company's main energy sources. Each year, we continue to improve energy efficiency through the implementation of energy target plans. In 2024, the non-renewable energy consumption was 372,995.1000 GJ, the renewable energy consumption was 33,566.4500 GJ, the total energy consumption was 406,561.5500 GJ, and the energy intensity was 13.5100 GJ per million in revenue.



LOTES Group Major Operating Locations Non-Renewable Energy Statistics

Unit: GJ

Operating Sites Categories	Guangzhou Plant			Zhongshan Plant			Suzhou Plant			Plants in Vietnam		Headquarters
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2023	2024	2024
Electricity	121,876.0000	86,868.0000	122,459.4100	26,514.2100	135,596.0500	152,380.7300	31,111.6100	37,581.3300	41,938.3100	15,033.0600	26,154.5500	1,167.9700
Gasoline	1,255.6800	979.8000	1,361.0500	191.3600	572.0600	197.0700	224.9400	397.6400	343.3500	26.1200	43.6300	70.1200
Diesel	9,108.3700	5,389.6200	6,934.1600	507.5500	2,309.8400	3,766.4800	252.1900	155.7500	163.1400	158.2300	373.1800	395.6900
Natural gas	4,262.9100	3,241.7700	3,320.7700	252.6300	2,886.5300	2,956.2900	1,959.3200	7,937.2900	6,768.1900	--	--	--
LPG	319.7000	11.7600	0	--	--	--	--	--	--	74.9900	167.0100	--
Total Non-Renewable Energy	136,822.6600	96,490.9500	134,075.3900	27,465.7400	141,364.4800	159,300.5700	33,548.0500	46,072.0200	49,212.9900	15,292.4000	26,748.3700	3,657.7800

Note 1: In 2023, energy consumption at the Zhongshan plant increased significantly compared to the previous year due to the transfer of production capacity from the Wuzhou plant. Due to the 2024 operational growth, the overall energy consumption increased compared to 2023.

Note 2: The heating values referenced in this report are based on the Environmental Protection Administration of Taiwan's Greenhouse Gas Emission Coefficient Management Table 6.0.4. The heating value for diesel is 8,400 kcal per liter, for LPG is 6,635 kcal per liter, for gasoline is 7,800 kcal per liter, and for natural gas is 8,000 kcal per cubic meter. One kcal is equivalent to 4,186 J (joules), and one kilowatt-hour (kWh) is equivalent to 3,600 kJ. 1 GJ (gigajoule) equals 1×10^9 joules.

Note 3: The Vietnam plant commenced production in the year 2023. The Headquarters was included in the scope in 2024.

Note 4: The “—” sign in the table represents absence of such energy consumption.

2024 Non-Renewable Energy Consumption and Intensity

Plant	Total Non-Renewable Energy Consumption (Unit: GJ)	Energy Intensity (Unit: GJ per million revenue)
Guangzhou	134,075.3900	4.4600
Zhongshan	159,300.5700	5.2900
Suzhou	49,212.9900	1.6400
Vietnam	26,748.3700	0.8900
Headquarters	3,657.7800	0.1200
Total	372,995.1000	12.4000

Note: LOTES' consolidated revenue for the year 2024 was 30,089 million NT dollars.

Renewable Energy

In pursuit of sustainable development, the Company actively drives renewable energy with a commitment to increasing our green energy proportion year by year, determined to reduce our carbon footprint. Specific measures:

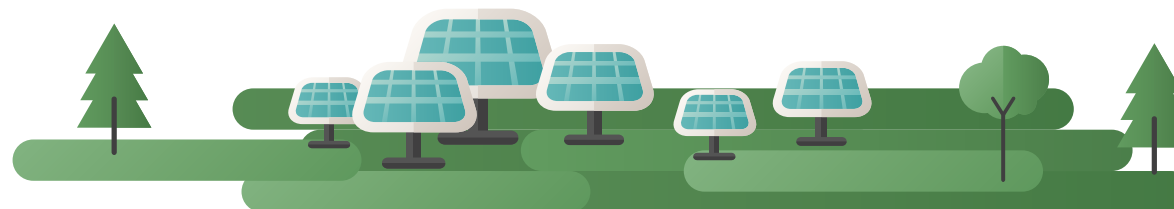
Procure Green Energy	Prioritize the procurement of International Renewable Energy Certificates (I-RECs) or enter into direct agreements for green energy. The goal is to achieve 50% renewable energy usage by 2030.
Self-Built Solar Power	Install solar panels on the rooftops of the plants to supply energy for partial operations in combination with an energy storage system to raise energy efficiency.
Energy Conservation and Energy Management	Introduce smart grid monitoring of electricity consumption, replace high energy consumption equipment, and optimize processes to reduce energy wastage.
Supply Chain Collaboration	Demand suppliers to gradually adopt renewable energy working together toward low-carbon transition.

Sources of Renewable Energy

Plant	Sources of Renewable Energy	kWh	GJ
Guangzhou	REC	6,079,000	21,884.4000
Guangzhou	Photovoltaic power generation	120,899	435.2300
Zhongshan	Photovoltaic power generation	2,206,026	7,941.6900
Suzhou	Photovoltaic power generation	918,092	3,305.1300
Total		9,324,017	33,566.4500

In 2024, the Guangzhou plant purchased 6,079 green certificates and generated 120,899 kWh of solar power, with a renewable energy electricity consumption of 22,319.6300 GJ. Zhongshan plant generated 7,941.6900 GJ of solar power. Suzhou plant generated 3,305.1300 GJ of solar power. The total renewable energy consumption amounted to 33,566.4500 GJ, accounting for 8.2600% of the total energy ratio.

Item	Energy Consumption (GJ)	Percentage (%)
Non-Renewable Energy	372,995.1000	91.7400%
Renewable Energy	33,566.4500	8.2600%
Total Energy	406,561.5500	100%



4.1.1 GHG Management

In recent years, as the world is affected by greenhouse gas effects resulting in the depleting of the ozone layer and extreme climate, LOTES is fully dedicated to accommodating global issues and responding to government policies. We recognize the environmental impacts of corporations and take an active approach in minimizing them.

This year, we continue to follow ISO 14064:2018 greenhouse gas inventory standard and also the GHG Protocol to complete the inventories. This helps us to have a complete picture of all the possible sources of emissions of the company, which is crucial to our planning for net-zero emissions and for developing improvement plans.

Policy goal	Energy Conservation and Carbon Reduction, Sustainable Earth	
Inventory Standard	ISO 14064-1 and GHG Protocol	
Scope 1 (Direct Emissions)	Emission sources that the Company owns or controls: Natural gas, diesel oil and gasoline consumption.	
Scope 2 (Indirect Emissions)	Indirect emissions from externally purchased electricity: Electricity consumption of manufacturing equipment, offices and public areas.	
	ISO 14064-1	GHG Protocol
Scope 3 (Other Indirect Emissions)	Category 3: Indirect emissions from transportation Category 4: Indirect emissions from products used by organization Category 5: Indirect emissions associated with the use of products from the organization	Category 1: Purchased goods and services Category 2: Capital goods Category 3: Fuel and energy related activities Category 4: Upstream transportation and distribution Category 5: Waste generated in operations Category 6: Business travel Category 7: Employee commuting Category 9: Downstream transportation and distribution Category 13: Downstream leased assets



Statistics for the Inventory of Greenhouse Gases of the Significant Operating Locations of Lotes Group Adhering to Iso 14064-1 Standard

 Emission equivalent unit: tCO₂e Intensity unit: tCO₂e per million revenue

Operating Sites	Guangzhou Plant			Zhongshan Plant			Suzhou Plant			Plants in Vietnam		Headquarters
Year Categories	2022	2023	2024	2022	2023	2024	2022	2023	2024	2023	2024	2024
Scope 1 Emission Equivalent	1,747.1700	1,228.7200	1,338.5700	695.4500	809.8500	826.5100	991.1000	1298.6700	506.8200	43.9000	98.1500	141.1500
Scope 2 Emission Equivalent	19,307.2100	13,761.2600	16,360.2000	15,106.9700	21,480.6700	22,713.1900	5,021.0700	5953.5100	6,251.1400	964.3000	4,789.1900	1,640.9900
Scope 3 Emission Equivalent	44,133.3100	36,922.5800	23,046.0800	42,493.5400	72,949.0900	115,883.8700	839.0200	982.4000	15,176.8400	--	6,409.7400	9,397.8900
Total Emissions	65,187.6900	51,912.5600	40,744.8400	58,295.9600	95,239.6100	139,423.5800	6,851.1900	8,234.5800	21,934.8000	1,008.2000	11,297.0800	11,180.0300
Scope 1+2 Emission Equivalent	21,054.3800	14,989.9800	17,698.7700	15,802.4200	22,290.5200	23,539.7000	6,012.1700	7,252.1800	6,757.9600	1,008.2000	4,887.3400	1,782.1400
Scope 1+2 Emission Intensity	0.7769	0.6123	0.5882	0.5831	0.9104	0.7823	0.2219	0.2962	0.2246	0.0412	0.1624	0.0592
Scope 3 Emission Intensity	1.6286	1.5081	0.6955	0.7659	2.9795	3.8514	0.0310	0.0401	0.5044	--	0.2130	0.3123
Total Emission Intensity	2.4055	2.1204	1.2837	1.3541	3.8900	4.6337	0.2528	0.3363	0.7290	0.0412	0.3755	0.3716
Reporting Method	Market-based	Market-based	Market-based	Location-based	Location-based	Location-based	Location-based	Location-based	Location-based	Location-based	Location-based	Location-based

Note 1: The 2024 greenhouse gas inventory has been verified by a third-party SGS with the issuance of a Greenhouse Gas Verification Statement in April 2025. Disclosure based on the verification outcome is made on the Company's official website <https://www.lotes.cc/zh-tw/responsibility.php#surroundings>

Note 2: 2024 is the baseline year. The emission intensity disclosure is based on the emissions per million consolidated revenue. Consolidated revenue for the years 2024, 2023, and 2022 was 30,089 million NT dollars, 24,483 million NT dollars, and 27,099 million NT dollars, respectively.

Note 3: Vietnam plant implements inventory since 2023, and since 2024 for the Headquarters. The 2024 GWP value adopts the AR6 version.



Inventory of Greenhouse Gases Emissions of the Significant Operating Locations of LOTES Group Adheres to the GHG Protocol Standard

(Unit: tCO₂)

Scope	Guangzhou Plant	Zhongshan Plant	Suzhou Plant	Plants in Vietnam	Taiwan HQ
Scope 1 Direct Emissions	1,338.5700	826.5100	506.8200	98.1500	141.1500
Scope 2 Indirect Emissions	18,253.2600	22,713.1900	6251.1400	4789.1900	1,640.9900
Scope 3 Other Indirect Emissions	Category 1: Purchased goods and services	14,827.1200	104,397.1800	11740.7000	2129.2700
	Category 2: Capital goods	571.9600	624.3900	329.2440	8.7000
	Category 3: Fuel and energy related activities	5,293.2200	7,607.6600	2166.1500	1267.9800
	Category 4: Upstream transportation and distribution	588.3200	1,777.5800	383.4720	201.4100
	Category 5: Waste generated in operations	220.4800	82.6400	276.1860	17.2300
	Category 6: Business travel	221.3300	117.5400	25.6929	254.8600
	Category 7: Employee commuting	354.3300	384.4800	148.2440	2530.2800
	Category 9: Downstream transportation and distribution	954.3300	892.3900	107.1420	Not quantified
	Category 13: Downstream leased assets	14.9900	Not applicable	Not applicable	Not applicable

Inventory of Greenhouse Gases Emissions Intensity of the Significant Operating Locations of LOTES Group Adheres to the GHG Protocol Standard

plant	Scope 1+ Scope 2 Emission Equivalent (tCO ₂ e)	Scope 1+ Scope 2 Emission Intensity (tCO ₂ e Per Million Revenue)	Scope 3 Emission Equivalent (tCO ₂ e)	Scope 3 Emission Intensity (tCO ₂ e Per Million Revenue)
Guangzhou	19,591.8300	0.6500	23,046.0800	0.7700
Zhongshan	23,539.7000	0.7800	115,883.8600	3.8500
Suzhou	6,757.9600	0.2200	15,176.8300	0.5000
Vietnam	4,887.3400	0.1600	6,409.7300	0.2100
Headquarters	1,782.1400	0.0600	9,397.8800	0.3100
Total	56,558.9700	1.8800	169,914.3800	5.6500

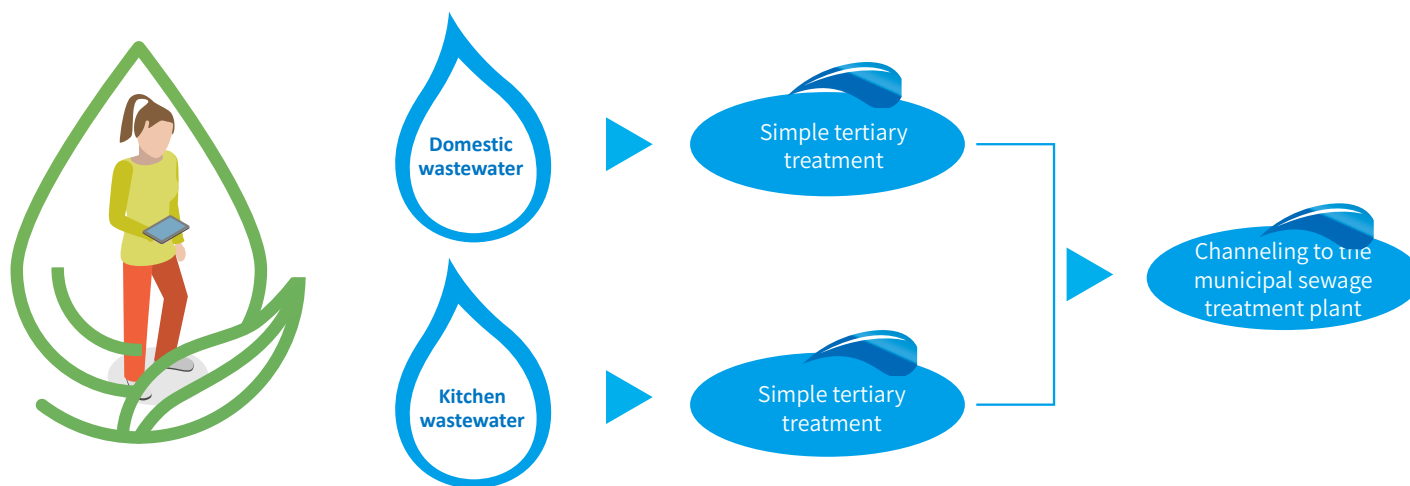
Note: The year 2024 is the first year that the inventory adheres to the GHG Protocol standard. The greenhouse gas inventory has been verified by a third party, SGS, with the issuance of the Greenhouse Gas Verification Statement in April 2025. Disclosure based on the verification outcome is made on the Company's official website <https://www.lotes.cc/zh-tw/responsibility.php#surroundings>



4.1.2 Energy Conservation and Carbon Reduction, and Pollution Prevention

4.1.2.1 Sewage Treatment

Running water is the only water source of the Company and its plants and we are not located in a water-stressed area. Production processes of the Company Headquarters and major operating locations do not require any water. The plant therefore does not discharge any industrial wastewater. The main wastewater source is domestic and kitchen sewage which has very little impact on the environment. After oil-water separation treatment, kitchen sewage is pre-treated together with domestic sewage to ensure conformity to local effluent standards. Regular monitoring of discharged sewage is implemented to guarantee that the water quality requirements of sewage treatment plants are met.



No wastewater discharge is generated in production processes of the Suzhou plant. The main wastewater source is domestic and kitchen sewage which has very little impact on the environment. With a view to meeting the environmental standards of the Taihu Lake Basin, the plant has installed domestic sewage pre-treatment facilities and utilizes AAO technology to ensure conformity of the treated domestic sewage to the effluent standards

Water Resource Consumption Status

Item	Year	2022	2023	2024
Water Extraction Volume (Million Liters)		584.1200	516.3400	668.1900
Discharge Volume (Million Liters)		584.1200	516.3400	651.2500
Water Consumption Volume (Million Liters)		0	0	16.9400

Note 1: The 2022 and 2023 water resource consumption data are disclosed for the Guangzhou and Zhongshan plants, and data for Suzhou and Vietnam plants are added for disclosure in 2024. No wastewater discharge is generated in production processes of the Suzhou plant, and the water consumption for the Suzhou plant process is 16.94 million liters. Water consumption for all other locations of the Company are for domestic use.

Note 2: 1 cubic meter of water equals 1 metric ton, which is equivalent to 0.001 million liters.

of the local sewage treatment plants before it is discharged into municipal sewage conduits. Final treatment is carried out by local sewage treatment plants. Domestic sewage of the Suzhou plant is channeled to the Caohu Sewage plant (a sewage discharge agreement has been signed).

Note: AAO technology, which is utilized for the treatment of secondary and tertiary sewage and the receipt and use of reclaimed water, has excellent nitrogen and phosphorus removal effects.

4.1.2.2 Waste Gas Pollution Control

The main air pollutants produced by the Guangzhou plant, Zhongshan plant and Vietnam plant are cooking oil fumes, non-methane hydrocarbons generated in injection molding processes, and dust generated in processed metal grinding processes. The aforementioned polluting waste gases are treated before being released into the atmosphere. Qualified units are commissioned regularly to monitor waste gas processing by the plant, thereby ensuring conformity with national and local emission standards.

4.1.2.3 Noise Control

The plants comply with local environmental standards. With reference to the GB 12348-2008 Emission Standards for Environmental Noise at Industrial Enterprise Site Boundaries, it has been determined that no significant noise pollution exists at the plant site boundaries. This noise is mainly generated by stamping presses in workshops and by

4.1.2.4 Energy Conservation Effects

LOTES actively promotes energy conservation and emission reduction to make a contribution to the sustainable development of the global ecological environment. We aim to increase the utilization of renewable energy to achieve energy-saving and carbon reduction benefits. Since 2017, the Suzhou plant has been generating solar power. The Zhongshan plant has also installed solar panels and started generating electricity in 2022.

LOTES-Guangzhou Plant Solar Power Generation Statistics
 Unit: kWh

Year	Total Power Generation
2024	120,899

Note: Invested in photovoltaic power generation in November 2024.



The main air pollutants produced by the Suzhou plant are cooking oil fumes, non-methane hydrocarbons generated in injection molding processes, acid and alkali waste gas generated by electroplating, dust generated during the laser engraving assembly process, and boiler waste gas. The aforementioned polluting waste gases are treated before being released into the atmosphere. Qualified units are commissioned regularly to monitor the plant’s waste gas processing and ensure conformity to national and local emission standards.

assembly line equipment. However, due to the early adoption of relevant measures such as the installation of soundproof rooms, reasonable deployment of workshops, and the maintenance of vacant areas surrounding plants, noise impacts on the local environment are minimal and do not result in complaints from local citizens.

The Guangzhou plant commenced the solar power generation project in 2024. In 2024, the Suzhou, Guangzhou, and Zhongshan plants achieved a total energy saving of 26,827.51 GJ through energy-saving initiatives, resulting in a reduction of 4,249.92 metric tons of CO₂ emissions.

LOTES-Zhongshan Plant Solar Power Generation Statistics
 Unit: kWh

Year	Total Power Generation
2022	403,256
2023	1,498,483
2024	2,206,026

Note: The 2023 expansion of the second phase of solar power generation has resulted in a significant increase in electricity production.



LOTES-Suzhou Plant Solar Power Generation Statistics

Unit: kWh

Year	Total Power Generation (Phase I)	Total Power Generation (Phase II)	Total Power Generation
2022	564,670	402,336	967,006
2023	564,962	399,528	964,490
2024	537,236	380,856	918,092

Note: The 2023 expansion of the second phase of solar power generation has resulted in a significant increase in electricity production.



LOTES has integrated energy conservation and carbon reduction into its daily operations across all its plants. Each year, the company promotes related projects aimed at achieving energy savings and emission reductions. The outcomes of these energy-saving efforts are as follows:

- The Guangzhou plant saved 6,608,242 kWh of energy, reducing CO₂e emissions by 3,768.6800 tCO₂e.
- The Zhongshan plant saved 600,096kWh of energy, reducing CO₂e emissions by 342.2300 tCO₂e.
- The Suzhou plant saved 364,500 kWh of energy, reducing CO₂e emissions by 207.8700 tCO₂e.

Energy Conservation Performance of the Guangzhou Plant in 2024

Concrete Initiatives	Categories	Brief Description of Energy Conservation Measures	Energy Conservation Effects (Kwh)
Remove suction fan from stamping press	Power-saving	Optimize molds to remove the internal suction fan of the stamping press.	44,028
Use new energy-saving air compressor model to replace old air compressors.	Power-saving	Use 160 W air compressor to replace the old and energy consuming 2#6# air compressors.	148,188
The dust vacuum device automatically stops when in standby mode.	Power-saving	The machine is connected to control the dust vacuum device of the peripheral equipment, and automatically stops when the machine stops.	91,260
Series cooling tower	Power-saving	Based on current production capacity, one water tower shared by two factory floors is still considered sufficient to meet production needs. This arrangement will continue and the starting and stopping of the water tower will be made according to actual needs.	123,552
Injection molding machine motor stops automatically	Power-saving	Install the controller and set the machine to enter into standby mode when left idle for 5 minutes automatically shut down the motor.	93,912
Lead winter monsoon into the factory floor.	Power-saving	The temperature on the factory floors in winter time is higher than the exterior. Use suction device to draw in wind.	28,302
Externally purchased REC	-	Direct purchase of 6,079 green certificates, 1 MW for each certificate.	6,079,000
Total energy-saving efficiency			6,608,242kWh
			23,789.6700GJ
GHG emission reduction			3,768.6800tCO ₂ e

Note: The factor for 2024 provided by the China State Grid is 0.5703 tCO₂/MWh.

Energy Conservation Performance of the Zhongshan Plant in 2024

Concrete Initiatives	Categories	Brief Description of Energy Conservation Measures	Energy Conservation Effects (Kwh)
Stamping press motor automatically stops	Power-saving	Add a time relay to control the stamping press to automatically shut down the motor when it is not in production for 10 minutes. Remodeling a total of 36 stamping presses.	74,880
Stop using suction fan for the stamping presses	Power-saving	Remodeling the technology and stop using suction fan. · 52 stamping presses use 28 suction fans. · Improvements are expected to be made for 16 stamping presses to stop using suction fans.	219,648
Add insulation sleeves for injection molding machine	Power-saving	Insulation sleeves are added to the injection molding machine to reduce heat loss.	82,368
Recycling of the excess heat from the air compressors of the Zhongshan plant.	Power-saving	Utilize the excess heat of air compressors to provide hot water.	223,200
Total energy-saving efficiency			600,096kWh
			2,160.3500GJ
GHG emission reduction			342.2300tCO ₂ e

Note: The factor for 2024 provided by the China State Grid is 0.5703 tCO₂/MWh.

Energy conservation performance of the Suzhou plant in 2024

Concrete Initiatives	Brief Description of Energy Conservation Measures	Energy Conservation Effects (kWh)
Energy saving of the circulating pump of waste gas tower	Energy saving of the circulating pump for the waste gas tower: The circulating pump frequency was adjusted to 50 when the supplier delivered the pump. During usage, it was gradually discovered that the water delivery volume exceeded the usage volume, resulting in wastage. The frequency was gradually adjusted to 30, and it can satisfy production use.	Pump power 22.4 kW, utilize electricity for 24 hours each day, daily total: $22.4 \times 24 = 537.6$ kWh; after improvements, energy-saving volume of 40%, an annual savings of $537.6 \times 0.4 \times 300 = 64500$ kWh.
Replacement of plastic extruder heater band	The energy consumption of the ordinary heater band of the injection molding machine is higher. Using infrared energy-saving heater band to replace the ordinary heater band, the original heating power changes from 6.9 kWh to 4.9 kWh; energy saving for each machine per hour is 2 kWh, a total of 50 machines. Each day, it saves $2 \times 50 \times 24 = 2400$ kWh; actual machine construction rate is 50%; actual daily energy saving: $2400 / 2 = 1200$ kWh.	The energy saving for each machine per hour is 2 kWh, for a total of 50 machines. Each day, the machines are in use for 20 hours, daily saving of $2 \times 50 \times 20 = 2000$ kWh, actual machine construction rate is 50%, actual annual energy saving: $2000 / 2 \times 300 = 300000$ kWh.
Total energy-saving efficiency		364,500kWh
GHG emission reduction		1,312.2000GJ
		207.8700tCO ₂ e

Smart Energy Management System

LOTES is determined to demonstrate its commitment to energy conservation and carbon reduction. In 2023, the company prioritized the implementation of a Smart Energy Management System (SEMS) at its Zhongshan plant, focusing on high energy consumption electrical equipment. The system features modules such as real-time monitoring, energy consumption management, energy efficiency analysis, and carbon emissions management. SEMS enables the linkage of production and energy consumption data to analyze and compare unit product energy efficiency and unit output value efficiency. It also facilitates real-time electricity price calculation in coordination with the power market, automates meter reading, and flexibly

configures reports to enhance management efficiency and unleash the value of human resources. In 2025, LOTES plans to expand SEMS to its Guangzhou plant and is gradually planning for implementation in other facilities. The system will eventually incorporate management of water, gas, and other energy resources to further support carbon reduction initiatives.



CDU Energy-Saving Remodeling Project

Background description:



To cool the molds or spindles to ensure production quality, every stamping, mold injection, or processing machine is equipped with auxiliary equipment, the water cooling system or oil cooling system, with a general power of 3 kWh/unit. The water cooling system or oil cooling system consumes electricity and also generates a large volume of gas heat on the factory floors and counteracts the air conditioning, resulting in energy wastage. The Company resolves this energy consumption problem by setting up a project team to research energy-saving methods and to make improvements.

Remodeling thoughts:



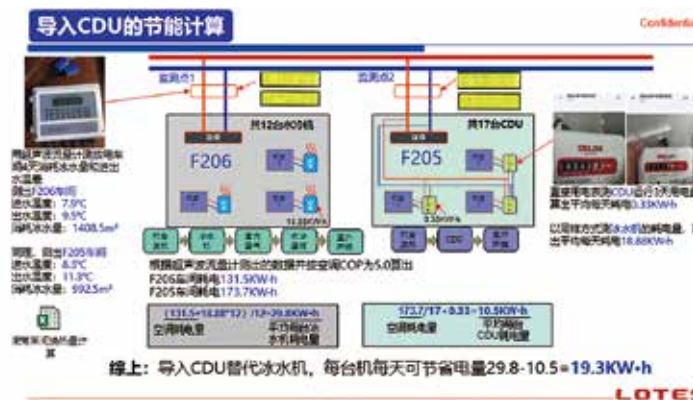
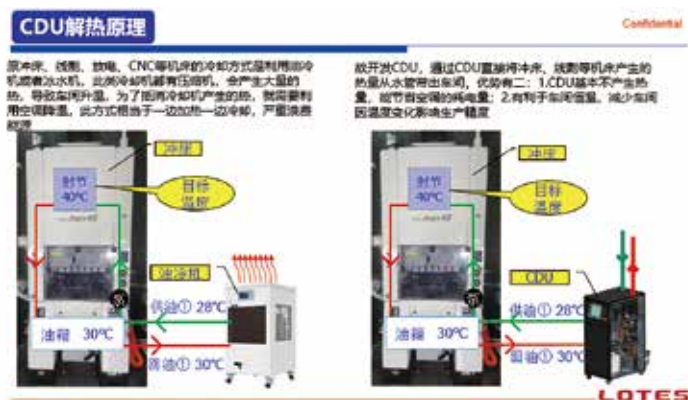
After analyzing and sorting the temperature-reducing models of the water cooling system and oil cooling system, and research and verifications of several cooling models, the LOTES project team has devoted much effort to self-research and development of a set of CDU liquid-cooling heat exchanger, and by connecting the ice water of the central air-conditioner or the centralized ice water machine to the cooling mode, high efficiency and quick heat dissipation can be achieved, and the hot air will not counteract the air conditioning cooling effect. It will directly replace the original water cooling system and oil cooling system. Through calculation and electric meter monitoring, the energy consumption of a single machine can be reduced by as much as 50% and up to 70% (energy saving of machine + heating and air conditioning part that does not counteract the energy-saving effects) for the entire factory floor.

Energy-saving effects:



Through verification of the process machine with CDU liquid-cooling heat exchanger cooling mode, there is no additional hot air generated indoors. The air temperature fluctuates only slightly, and it is easier to achieve the state of constant temperature. It has improved the precision machining accuracy of equipment parts and stability. LOTES will gradually introduce the CDU liquid-cooling heat exchanger to its 350 machines in wire cutting, discharge, CNC equipment, and all stamping workshops according to the plan. After the completion of the introduction, it is expected that the annual energy saving will reach over 2 million kWh. This plan will greatly enhance LOTES' efforts in greening and low-carbon progress and our determination to jointly build sustainable development.

Showcase of examples:



Energy Storage Project

Guangzhou plant, the major operating location of LOTES Group has completed its energy storage system installation, adopting a “two charge and two discharge” storage method with a capacity of 2.5 MW/5 MWh. The system utilizes “charge during off-peak hours and discharge during peak hours” to absorb surplus electricity. To effectively increase energy turnover efficiency, it is planned to expand the system installation to Suzhou plant in 2025. The overall advantages of such system include:

- ✓ Improving energy efficiency: The energy storage system can store electricity during periods of low demand, thereby reducing energy losses and enhancing overall energy efficiency.
- ✓ Balancing renewable energy: It helps integrate renewable sources such as solar and wind energy by smoothing out their intermittent fluctuations.
- ✓ Improving grid reliability: It provides reliable electricity during periods of high demand or when traditional energy sources are unavailable, thereby reducing the likelihood of power outages.
- ✓ Economic benefits: It lowers electricity costs and saves on operational expenses.
- ✓ Optimizing frequency modulation capability: It enhances the speed and accuracy of units, effectively extending the lifespan of the power system.
- ✓ Environmental benefits: It reduces reliance on traditional energy sources and lowers carbon dioxide emissions.



Other Emission Reduction Measures

In consideration of the worsening impact of climate change, the Suzhou plant went a step further by launching a tree-planting project in addition to the energy conservation and carbon reduction initiatives listed above to achieve its carbon reduction goals, promote a green virtuous cycle, and implement environmental sustainability concepts. To ensure continuous growth, several species, including camphor trees, pomegranate trees, Chinese roses, loquat trees, and fig trees, are maintained by dedicated personnel responsible for tree care. This ensures the trees’ healthy growth, contributing to carbon emission reduction.



4.2 Waste Management

The Impact of Waste Management on LOTES	The generation of waste leads to environmental impact and resource depletion. To mitigate these effects, it is crucial to focus on reducing waste production from the source, promoting material reuse and recycling, and minimizing the overall volume of waste generated. By adopting these practices, we can minimize the ecological impact on the Earth's environment.
Management Approach	- Responsible department: EHS. - Grievance mechanism: Physical suggestion box, e-mail. - The factory has implemented the ISO 14001 Environmental Management System, ensuring effective waste management and reduction, enhancing the recycling and reuse rates of waste materials, and strengthening overall waste management practices. - Complying with the requirements of waste management regulations, strengthening the supervision and management of waste transportation operators.
Assessment Mechanism	- Annual meetings of the Environmental Committee for the review of waste management results and results of reduction goals and initiatives. - A third party is annually commissioned to conduct ISO 14001 certification audits to ensure the effectiveness of the operations.
Performance in the Respective Year	- The waste recycling rates in Guangzhou plant reached 76.1500% in 2024. - The waste recycling rates in Zhongshan Plant reached 91.6600% in 2024. - The waste recycling rates in Suzhou plant reached 70.4500% in 2024. - The waste recycling rates in Vietnam plant reached 42.3600% in 2024. - There were no violations of waste management regulations in 2024.



LOTES implements separate storage, collection, and treatment of hazardous and non-hazardous waste generated in its workshops. Waste generated during its manufacturing processes (including waste electronic components/parts, waste plastic and copper materials, and cardboard) is treated and recycled by recycling businesses approved by the competent authority. Domestic waste is treated in a unified manner by municipal environmental health departments. Hazardous waste generated in production processes is treated rigorously by local businesses approved by the competent authority to ensure lawful waste disposal. Dangerous waste is collected in a centralized manner and treated by EPA-approved units.

Dangerous Waste Treatment Process

Transportation of dangerous waste of the Company



Inspection prior to collection and disposal (departure from company premises)



Weighing



Warehousing list



Unloading preparations



Unloading process



Guangzhou Plant Waste Management Statistics

Unit: metric tons

Item	2023	2024	Treatment Method
Domestic Waste	260.7700	147.4500	Incineration
Kitchen Waste	276.7900	238.8400	Composting
Hazardous Waste	23.0100	25.4000	Incineration / landfilling
General Industrial Waste	1,242.6900	1,314.6200	Reuse
Recycling Rates (%)	68.9100	76.1500	-

Zhongshan Plant Waste Management Statistics

Unit: metric tons

Waste Categories	2023	2024	Treatment Method
Domestic Waste	302.0200	281.6100	Incineration
Kitchen Waste	319.8700	348.1900	Composting
Hazardous Waste	24.3700	29.2400	Incineration / landfilling
General Industrial Waste	6,491.5300	7,247.1500	Reuse
Recycling Rates (%)	90.9500	91.6600	--

Suzhou Plant Waste Management Statistics

Unit: metric tons

Waste Categories	2023	2024	Treatment Method
Domestic Waste	3.6000	79.2000	Environmental protection institute
Hazardous Waste	250.3500	49.1140 (Other hazardous waste)	Commissioned incineration
		90.9640 (Sludge from wastewater treatment)	Reuse
		278.6520 (Residue on evaporation)	Commissioned incineration
General Industrial Waste	1,057.3000	1,187.0500	Purchase by other manufacturers
Recycling Rates (%)	80.6300	70.4500	--

Vietnam Plant Waste Management Statistics

Unit: metric tons

Waste Categories	2023	2024	Treatment Method
Domestic Waste	24.0000	4.6300	Incineration
Hazardous Waste	1.3000	30.3200	Incineration / landfilling
General Industrial Waste	15.0000	23.4750	Reuse
Recycling Rates (%)	37.2200	42.3600	-

General Industrial Waste	2023	2024	Treatment Method
Scrap Stainless Steel	138.8500	211.2500	Reuse
Waste Plastic	427.6600	266.0300	Reuse
Scrap Copper	583.3600	745.9000	Reuse
Scrap Iron	54.1800	46.1400	Reuse
Waste Cardboard	38.6400	45.3000	Reuse

General Industrial Waste	2023	2024	Treatment Method
Cardboard	63.3300	101.7700	Reuse
Plastic	823.3400	46.7100	Reuse
Scrap Iron	1,181.4600	1,674.0500	Reuse
Scrap Copper	1,970.0600	1,459.9900	Reuse
Scrap Steel	2,453.3400	3,964.6400	Reuse

General Industrial Waste	2023	2024	Treatment Method
Stainless Steel	144.0000	169.9400	Reuse
Stainless Iron	74.3000	79.4300	Reuse
Iron Materials	-	-	Reuse
Slag	77.2000	72.5700	Reuse
Copper	761.8000	865.1100	Reuse

General Industrial Waste	2023	2024	Treatment Method
Cardboard	5.0590	15.7200	Reuse
Plastic	3.4930	3.9400	Reuse
Scrap Iron	4.7870	1.7200	Reuse
Scrap Wood	1.5520	0.5000	Reuse
Scrap Aluminum	0.1180	0	Reuse

4.3 Supply Chain Management



Quality first, customer satisfaction, punctual delivery, ongoing improvements, compliance with environmental laws and regulations, and the non-use of prohibited substances represent the key objectives of the Company's quality, safety, and green product management policies, forming the foundation of its



The LOTES management level is firmly committed to providing its customers with high-quality and safe products and services that conform to relevant laws, regulations, and standards, while also fulfilling its corporate social responsibility by performing its duties in the fields of occupational accident prevention, environmental protection, and pollution control. Procurement of raw materials and consumables conforms to relevant laws and regulations and environmental and safety requirements. With a view to achieving these goals, ongoing improvements are implemented through the adoption of international management system standards and requirements such as ISO 9001, ISO 14001, ISO 45001, QC 080000, and RBA.

As of 2010, LOTES requires the management level or top executives of all new suppliers to sign a Social & Environmental Responsibility Letter of Commitment and manage their businesses in compliance with the Responsible Business Alliance (RBA) Code of Conduct outline and standards.

The supplier conference, which is convened on an annual basis, provides CSR-related education and training for the management level and top executives

efforts in the field of supplier management. LOTES actively urges its suppliers to prioritize quality, environmental, and safety management issues. It also emphasizes the thorough implementation of risk management and business continuity plans to create a green supply chain with sustainable values.

of suppliers.

LOTES has adopted a supply chain management model based on the RBA Code of Conduct. Guidance and auditing services in the fields of human rights, environmental protection, safety, health, and management systems aim to provide a comprehensive understanding of EHS management practices and the implementation levels of suppliers. We continue to encourage our suppliers to prioritize business ethics, labor rights protection, work environments, and labor health and safety. All suppliers are urged to place high emphasis on the development of materials and processes with reduced environmental impacts. To collaborate with suppliers in implementing sustainable development in 2024, we have promoted LOTES sustainable development strategy and requirements through daily awareness and supplier training, aiming to achieve industry sustainability. In 2024, human rights general training was provided to suppliers of Guangzhou, Zhongshan, and Suzhou plants. A total of 234 suppliers participated, accounting for 44.5% of the overall suppliers.

Note: For supplier policies, please refer to our official website under Important Company Regulations in the Corporate Governance section | LOTES (lotes.cc)

2024 Suppliers Human Rights General Training



4.3.1 Supply Chain Integration and Risk Diversification

LOTES views its suppliers as strategic partners and firmly embraces mutual support and joint growth as the guiding principles for its supplier relations. Its main production and operation sites are located in China and Taiwan. With a view to fostering local industry clusters and boosting regional economic development, preference is given to local suppliers. Due to the fact that copper materials, plastic pellets, and steel materials represent the main raw materials, the top-ranked suppliers of the Company are providers

of such materials. Due to long-term cooperative relationships with these suppliers, the supply of required materials is stable. Supplier changes are based on key considerations in the fields of material quality, price, and cooperation conditions. As a result, concentration and raw material disruption risks caused by excessive reliance on a small number of suppliers can be ruled out.

The following suppliers accounted for a total of 10% of the total procurement amount in the last two years

Year	2023			
Item	Name	Amount	Percentage of Annual Net Procurement (%)	Relationship With the Issuer
1	Company A	196,615	3.49%	None
2	Company B	194,264	3.45%	None
3	Company D	174,029	3.09%	None
Other		5,069,134	89.97%	-
Total		5,634,042	100%	-

Year	2024			
Item	Name	Amount	Percentage of Annual Net Procurement (%)	Relationship With the Issuer
1	Company A	330,946	4.15%	None
2	Company B	307,425	3.86%	None
3	Company D	214,711	2.07%	None
Other		7,113,584	89.30%	-
Total		7,966,666	100%	-

4.3.2 Reduction of the Impact of Raw Material Transportation on the Environment

Constant technological advances and rising industrial output value have resulted in worsening environmental hazards, which in turn have raised the public awareness of environmental issues. The 2015 United Nations Climate Change Conference (COP21) focused on the conclusion of a legally binding agreement to tackle climate change issues and contain temperature rise. The pledge which is regarded as “the last and best opportunity to save the world” aims to reverse climate change and limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. This conference produced the most representative agreement in the field of global warming in the history of climate change initiatives. LOTES embraces the same principles when

selecting suppliers, while also taking into account the suppliers’ geographical location. In addition to lead time, timeliness, and transportation cost considerations, the ultimate goal is to reduce potential environmental impacts and damage caused by long-distance transportation of raw materials.

In addition to supplier localization considerations, the risk of excessive concentration of suppliers in the same area must also be considered. LOTES strives to ensure fully loaded trucks and containers and gives priority to sea shipment over transportation by air. This results in a significant reduction of generated CO₂ since the CO₂ emissions of ships are far lower than those of airplanes.

4.3.3 Procurement Policy

LOTES has established a procurement and supplier management system based on the ISO 9001 Quality Management System and RBA requirements to ensure the effective management of the quality of delivered goods. Suppliers are required to abide by relevant rules and make pledges to ensure that all their operations conform to environmental and labor-related laws, regulations, and international CSR norms.

To maintain the quality, safety, green products, delivery schedules, service, and price requirements for materials and to assist in improving supplier management for mutual benefit, LOTES selects suppliers based on relevant material approval procedures and supplier selection mechanisms. This process involves evaluating materials and professional team assessments and guidance.

2024 Local Procurements Statistics of Every Plant

Item	Guangzhou and Zhongshan plants	Suzhou Plant	Plants in Vietnam
Number of Local Suppliers (Domestic)	462	61	22
Total Number of Suppliers (Domestic + International)	481	61	85
Local Supplier Ratio (%)	96.05	100	25.88
Local Procurement Ratio (%)	92.50	100	13.71

Note: The term "local procurement" refers to local currency value transactions.



4.3.4 Supplier Selection Mechanism

Price is not the sole consideration for the selection of suppliers. The final selection of suppliers is based on competitiveness versus risk considerations. The maintenance of excellent supplier relations is of paramount importance to ensure that the Company's procurement requirements in the fields of quality, cost, delivery, service, management, and environmental protection are satisfied.

In 2024, the Suzhou, Vietnam, and Guangzhou and Zhongshan plants added 21, 8, and 54 suppliers, respectively. Upon evaluation of these new suppliers, they have been listed as qualified suppliers.

In addition to placing equal emphasis on product quality, delivery times, and costs, we urge our suppliers to prioritize social responsibility. The adoption of sound risk management and business continuity plans.

2024 Local Procurements Statistics of Every Plant

Item	Guangzhou and Zhongshan plants	Suzhou Plant	Plants in Vietnam
Number of New Suppliers Added Annually	54	21	8
Number of Qualified New Suppliers	54	21	8
Percentage of New Suppliers Screened for Environmental/Social Standards (%)	100	100	100
Total Number of Suppliers Annually	481	61	20
Number of Suppliers Audited Annually	117	27	13
Annual Supplier Audit Ratio (%)	24.32	44.26	65.00
Number of Suppliers Surveyed for RBA Compliance Annually	84	3	8
Number of Suppliers Responding to RBA Survey Annually	84	3	8
Percentage of Environmental/Social Standards Screening	100	100	100
Number of Suppliers Audited for RBA Compliance Annually	30	24	5
Number of Suppliers Improving RBA Compliance Annually	0	24	5
Percentage of Improvement in Environmental/Social Standards Screening	No deficiencies found	100	100
Percentage of Conflict Minerals Reporting Template (CMRT) Survey	100	100	100
Percentage of Conflict Minerals Reporting Template (EMRT) Survey	100	100	100

In 2024, none of our operational locations had suppliers disqualified due to issues related to social responsibility such as environmental concerns, human rights, and occupational safety.

4.4 Climate Change Management

The rising frequency of extreme climate events in recent years is a harbinger of an imminent crisis caused by global warming. National governments around the world are therefore placing increasing emphasis on climate change issues and striving to encourage enterprises to incorporate these issues into their operational management strategies through legal amendments at the national and regional levels. In addition to identifying operational risks brought about by climate change, we have incorporated the four core

disclosure categories of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets” into our operational management in line with the Task Force on Climate-Related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB). Relevant governance performance is disclosed in Sustainability Reports to provide stakeholders with a clear understanding of climate change-related risks, opportunities, and impacts, as well as the contingency measures adopted by LOTES.

Aspects

LOTES’s responses

Governance

- The Board of Directors will supervise the execution outcomes of the climate risks and opportunities governance situation, and its execution status, along with the annual sustainable risk management topics, are to be reported to the Board each year. Report has been made to the Board of Directors in November, 2024.
- The General Manager acts as the Committee Chairman organizing members to implement risk identification, assessment, and handling.

Strategies

- Table of Short-, Medium-, and Long-Term Climate Risks and Opportunities for 2024

No.	Climate Change Risk Issues	Risk Level	Time Horizon	No.	Climate Change Opportunities Issues	Opportunities Level	Time Horizon
R1	Increase in greenhouse gas pricing	High	Short term, Medium term	O1	Reducing water consumption and usage	Medium	Short term, Medium term
R2	Enhancement of emission reporting obligations	Medium	Short-term	O2	Utilizing more efficient production and distribution	Medium	Short term, Medium term
R3	Requirements and regulations for existing products and services	Medium	Short-term	O3	Recycling and reuse	Medium	Short term, Medium term
R4	Substitution of existing products and services with low-carbon alternatives	Medium	Short term, Medium term	O4	Transition to more efficient buildings	Medium	Short term, Medium term
R5	Costs associated with low-carbon technology transition	Medium	Short term, Medium-term	O5	Adoption of more efficient transportation methods	Medium	Short term, Medium term, Long term
R6	Changes in customer behavior	Medium	Short term, Medium-term	O6	Use of low-carbon energy	Medium	Short term, Medium term
R7	Changes in rainfall (water) patterns and extreme climate changes	Medium	Short term, Medium term	O7	Develop or increase low-carbon products and services	Medium	Short term, Medium term, Long term
R8	Increased severity of typhoons, floods, and other extreme weather events	High	Short term, Medium term	O8	Use of new technologies	Medium	Short term, Medium term
R9	Rising costs of raw materials	High	Short term, Medium term	O9	Participation in carbon trading markets	Medium	Short term, Medium term
R10	Increase in average temperature	Medium	Short term, Medium term	O10	Transition to decentralized energy	Low	Short term, Medium term
R11	Sea level rise	Medium	Short term, Medium term				

Note 1: Short-term refers to 1–3 years, medium-term refers to 3–5 years, and long-term refers to 6–10 years.

Aspect	Item	Significance and Impacts for LOTES	Strategies	Management Measures/Countermeasures
Transition risk – Policy and regulations	Increasing greenhouse gas pricing	The European Union carbon tariffs will be implemented in 2027 and Taiwan will implement a carbon fee in 2026. The potential financial impact of this risk on the company is increased operating costs. However, at the current stage, the company does not belong to the high-carbon emitting industry, so the overall financial impact is not significant. Considering the future, the company plans to complete a comprehensive greenhouse gas inventory for the entire group and its subsidiaries. Assessments and target-setting will also be conducted for the purchase of green energy, renewable energy certificates, bioenergy, and carbon credits to establish carbon reduction goals.	Establish several policy on greenhouse gas, water resources, waste, and energy and ensure their implementation aligning with the Science Based Targets initiative (SBTi).	1. Keep monthly record of the water use volume, wastewater volume, waste volume, and energy consumption volume. 2. Conduct annual carbon inventory for disclosure on the company website, sustainability report and CDP. 3. Increase renewable energy proportion through solar power generation and purchasing renewable energy certificate (REC).
Transition risk – increasing raw material cost	Increasing raw material cost	Climate change leads to shortages of raw materials and increases demand for those with low environmental impacts, along with subsequent requirements for carbon tariffs in various countries. This results in increased operating costs for companies, leading to a medium level financial impact.	1. Implement supplier evaluation driving supplier low-carbon transition. 2. Prioritize selection of suppliers for those with low-carbon products or services.	1. Continue to monitor carbon tariffs regulations requirements of various countries. 2. Identify competitive low-carbon suppliers through the supplier ESG evaluation.
Acute physical risk	Increased severity of typhoons, floods, and other extreme weather events	Natural disasters will result in disaster damages or operating losses. The current office belongs to the low financial impact category. Based on the typhoon occurrences from 2020 to 2023, there would be an approximate financial impact of NT\$2 million for each day of work and school closure.	Estimation of possible risks based on past typhoon information and lowering the damage level	1. Securing valuable items to the ground. 2. Check that the ceiling mounting hardware are secure each year. 3. Natural disaster insurance. 4. Purchase water-absorbent sandbags (as water-retaining wall) 5. Monthly maintenance of drainage pump system. 6. Establish climate events record list for management. No new investment expenses are added to maintain cost.

Climate-Related Risks and Opportunities and Financial Impacts Scenario Analysis

Reference for the Company

Through discussions on the 1.5°C (1.5DS) scenario and with reference to the climate change physical risk scenarios provided on the Taiwan Climate Change Projection Information Platform (TCCIP), the Risk Committee has decided on the adoption of the 1.5DS / RCP8.5 scenario as the Company's climate change physical risk scenario. The Committee then develops the climate change risks and opportunities issues description of the physical, legal transition, and so on risks under this scenario.

Risk Management

· Risk Identification, Assessment and Management Procedures



The Company has already included climate risks and opportunities in every unit operation according to risk management policy and program. The General Manager will supervise the implementation.

Indicators and Goals

- Completed greenhouse gas inventory and third-party verification in 2024 and the information was disclosed on the company website and CDP website.
- The 2024 greenhouse gas scope 1, 2, and 3 emissions for the major operating locations (Guangzhou, Zhongshan, Suzhou, Vietnam, and Headquarters) of the Group were 2,911.2000 metric tons, 51,754.7100 metric tons, and 169,914.4100 metric tons, respectively.
- Carbon reduction goals and schedule

Carbon reduction goals	Strategic actions	Project timeline
Compared to the baseline year of 2024 A 20% reduction in Scope 1 + Scope 2 greenhouse gas emissions by 2030 Achieving 25% renewable energy (RE25) by 2030 A 30% reduction in Scope 1 + Scope 2 greenhouse gas emissions by 2040	1. Implement green procurement by purchasing infrastructure equipment with environmental labels. Complete replacement of HVAC systems with Energy Efficiency Grade 1 models. 2. Implementation of Facility Equipment Energy Efficiency projects. 3. Installation of solar energy for self-use and purchase of green energy certificates. 4. Ongoing monitoring of carbon trading markets, acquiring carbon credits through carbon trading.	1. Implementation period: 2025–2030 2. Implementation period: 2025–2030 3. Implementation period: 2025–2040 4. Implementation period: 2025–2040



Social Care

5.1 Employee Overview

5.1.1 Human Rights Policies

5.1.2 Employee Statistics

5.2 Right Person for the Right Position

5.2.1 Compensation and Benefits

5.2.2 Talent Cultivation

5.2.3 Labor-Management Communication

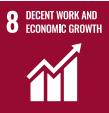
5.3 Occupational Health and Safety

5.4 Social Engagement



05 Social Care

Sustainable Performance

SDGs		Corporate Objectives	Current Year Performance
 5 GENDER EQUALITY	 10 REDUCED INEQUALITIES	5.1 Eliminating All Forms of Discrimination Against Women 8.7 Prohibiting Child Labor and Eliminating Exploited Labor 10.2 Promoting Socioeconomic and Political Inclusion 10.3 Ensuring Equal Opportunities and Reducing Inequality	• Passed the RBA Silver Label certification for Guangzhou, Zhongshan, Suzhou and Vietnam plants. • 100% of new employees attended the human rights training for Guangzhou, Zhongshan, Suzhou and Vietnam plants. • Human Rights-related Training Courses for New Employees and Current Employees with a Total Training Time of 11,615 Hours. • No complaints of human rights violations recorded. • Female employees constitute 39% of the total workforce.
	 8 DECENT WORK AND ECONOMIC GROWTH	8.1 Maintaining Economic Growth According to National Conditions	• The Average Minimum Wage at Operational Sites Must Exceed Local Legal Minimum Wage.
 4 QUALITY EDUCATION		4.3 Ensuring Equal Educational Opportunities for Both Genders	• Average Training Hours for Male and Female Employees for all operational sites: 10 Hours.
 10 REDUCED INEQUALITIES		10.3 Ensuring Equal Opportunities and Reducing Inequality	• Enhancing Labor-Management Communication; Encouraging the Three Plants in China and Vietnam plant to Establish Unions.
 3 GOOD HEALTH AND WELL-BEING	 8 DECENT WORK AND ECONOMIC GROWTH	3.7 Ensuring Healthcare is Integrated into Operational Plans 3.8 Accessing High-Quality Basic Services 8.8 Protecting labor's rights and workplace safety	• The Zhongshan and Guangzhou plants completed health checks as scheduled. • Implementation of the ISO 45001 Occupational Health and Safety System at the operational sites in the plant area. • Zero major occupational injuries and diseases at the operational sites in the plant area.
			• Annual occupational diseases health checkups for employees in Guangzhou and Zhongshan plants for 1,882 people and 4,499 people, respectively. • Annual occupational disease health checkups and general health checkups for employees in the Suzhou plant for 291 people and 135 people, respectively. Annual occupational disease health checkups and general health checkups for employees in the Vietnam plant for 734 people and 247 people, respectively. • All operational sites in the plant area achieved 100% compliance with the Occupational Health and Safety Management System and passed the annual verification. • Zero major occupational injuries and diseases at the operational sites in the plant area.

Sustainable Performance

SDGs	Corporate Objectives	Current Year Performance
 1.3 Implement social protection measures for the underprivileged	Annually participate in three donations related to underprivileged and elderly care.	- The headquarters responded to the initiative launched by the Baptist Revival Church, donating NT\$100,000 to a Hope School in India. - The Headquarters donated NT\$160,000 to Keelung City Social Assistance Fund. - The headquarters sponsored NT\$20,000 to the Zhonglun Volunteer Service Association in Keelung City for elderly meal services. - Guangzhou and Zhongshan plants donated NT\$458,000 for Senior Citizens' Day. - The Suzhou plant donated NT\$178,000 to the Charity Society in Xiangcheng District. - The Vietnam plant donated 60 gifts during the Lunar New Year period, celebrating the New Year with the local underprivileged groups.

LOTES places strong emphasis on labor rights and is firmly committed to creating a blissful and safe workplace environment. The Company provides friendly and equal work opportunities, implements gender equality policies, creates a corporate climate of mutual respect, and offers competitive compensation levels to increase the emotional attachment of employees to the Company and thereby ensure thriving development. In addition, LOTES has a comprehensive training and career development system in place. Training courses are organized on a regular basis to hone the professional competencies and enhance the

workplace competitiveness of employees. The ISO 45001 Occupational Health and Safety Management System has been adopted to strengthen the management performance in this area and safeguard the mental and physical well-being of all employees. With a view to mitigating the impact of rapid social changes including the widening divide between rich and poor, LOTES has made an ongoing commitment to welfare and charity events and support for underprivileged groups. The Company spares no effort to give back to society and fulfill its social responsibility.

5.1 Employee Overview

LOTES has created a blissful and safe workplace environment based on diversity and equality principles. The Company strives to attract and enlist talent to partake in its sturdy growth through the adoption of various equality measures and the provision of competitive compensation and benefits.



5.1.1 Human Rights Policies

LOTES places utmost priority on the fundamental rights of its employees and strives to form a friendly environment conducive to human rights protection. The Company strictly abides by relevant labor laws and regulations including the principles disclosed in human rights conventions such as the Universal Declaration of Human Rights, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It highly respects internationally recognized human rights such as freedom of association, care for underprivileged groups, prohibition of child labor, eradication of any form of forced labor or discrimination in employment, elimination of any conduct that infringes or violates human rights, protection of gender equality, and fair treatment of all employees. LOTES' salary assessment policy ensures that salary discrepancies based on gender, age, religion, ethnicity, and political belief.

LOTES also strictly complies with applicable labor and human rights laws at its business locations as well as the RBA (Responsible Business Alliance) Code of Conduct and customer requirements. The Company has formulated human rights policies and relevant guidelines based on these regulations and requirements. In addition to explaining these policies through various means such as public announcements, promotional materials, and

meetings, LOTES constantly educates its employees on the importance of human rights protection and labor rights in the context of orientation and on-the-job training channels. In 2024, the company continues to organize human rights general training for new employees and current employees. A total of 5,439 new employees of the four overseas plants (Guangzhou, Zhongshan, Suzhou and Vietnam) participated in the training for a total of 3,801.5 hours. A total of 7,602 current employees participated in the training for a total of 7,813.5 hours. The total number of training hours on human rights for all of the plants throughout the year was 11,615 hours.

In recent years, LOTES continues to steer efforts for all of its plants to pass the Responsible Business Alliance (RBA) certification. The Guangzhou, Zhongshan, Suzhou, and Vietnam plants have acquired the RBA Silver Label certification. The company has established a dedicated channel for complaints and reports, which is handled by designated personnel who conduct thorough investigations while ensuring the confidentiality of the complainant's information. If a complaint is verified to be true, the company commits to not subjecting the complainant to any adverse treatment. There were no records of violations of the human rights policy by LOTES in the same year.

Human Rights Policy

Prohibition of Child Labor

The Company refrains from employing child labor under 16 years of age in compliance with relevant laws. Employees between 16 and 18 years of age are not allowed to engage in work tasks that endanger their physical health and safety.

Free Choice of Occupation

- The Company refrains from using forced, bonded, contracted, or involuntary prison labor and enslaving or trafficking of employees.
- Employees have the right to freely resign provided that they observe a reasonable notice period; the Company does not retain valid identity documents of its employees.

Working Time

Close monitoring of working and overtime hours, constant reminders to pay attention to personal workloads and rest conditions, and implementation of ongoing tracking.

Salaries and Benefits

- Employee salaries must equal or exceed the local minimum salary standards at the plant locations.
- Salary deductions as disciplinary measures are prohibited.
- Wages for extended working hours must exceed normal wage standards.
- Employees are entitled to statutory holidays/vacations.

Humane Treatment

Any form of sexual harassment, sexual assault, corporal punishment, physical or mental pressure, verbal abuse, or threats of such behavior shall be strictly forbidden.

Non-Discrimination

The Company does not discriminate against any employee or job applicant on the grounds of race, skin color, age, gender, sexual orientation, disability, marital status, pregnancy, religious beliefs, political orientation, or membership in associations.

Freedom of Association

Employees are encouraged to actively participate in Company, social, and community events and activities and contribute to welfare activities sponsored by local governments.



RBA Silver Recognition for Guangzhou Plant



RBA Silver Recognition for Suzhou plant



RBA Silver Recognition for Zhongshan Plant



RBA Silver Recognition for Vietnam plant



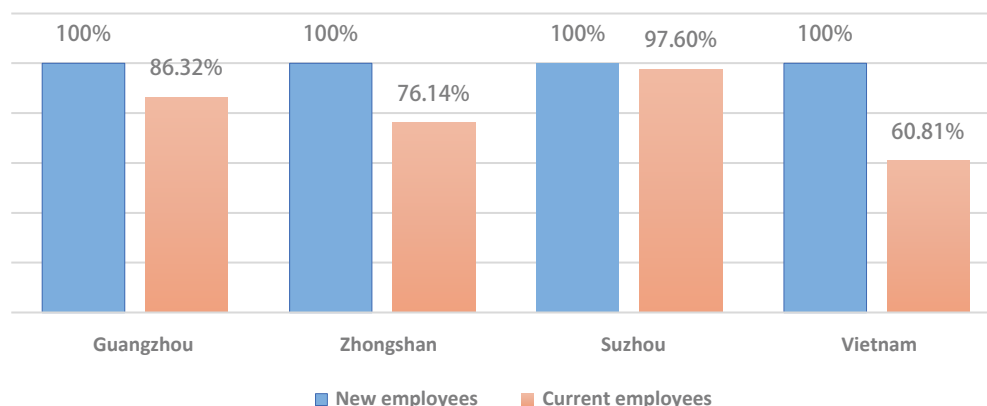
	Guangzhou Plant	Zhongshan Plant	Suzhou Plant	Plants in Vietnam
Human Rights Training Courses	- Personnel recruitment and selection skills and considerations training. - RBA knowledge training. - Anti-harassment and anti-discrimination training for security responsibilities.	- RBA knowledge training. - Personnel recruitment and selection skills and considerations training. - Anti-harassment and anti-discrimination training for security responsibilities.	- RBA knowledge training. - Anti-harassment and anti-discrimination training. - Employee representative responsibilities and rights training.	- RBA knowledge training. - Personnel recruitment and selection skills and considerations training. - Anti-harassment and anti-discrimination training for security responsibilities.
New Employees				
Number of Participants	1,347	2,949	292	851
Total Training Hours	875	1,917	584	425.5
Percentage of Participation (%)	100%	100%	100%	100%
Current Employees				
Number of Participants	2,803	3,303	733	763
Total Training Hours	2,969	3,445	935.5	464
Percentage of Participation (%)	86.32%	76.14%	97.60%	60.81%
Suppliers/Vendors				
Number of Participating Companies	198		36	22
Total Training Hours	2		18	11
Percentage of Participation (%)	42.58%		100%	86.32%

Note: The total number of participants includes the number of employees who were employed during the year.

Percentage of participating employees = (Total number of participants / Total number of employees at the end of the year) *100%

Percentage of participating companies = (Total number of participating companies / Total number of companies at the end of the year) *100%

Percentage of Employees for Human Rights Training of Each Plant



5.1.2 Employee Statistics

LOTES has been deeply involved in the electronic components industry. In recent years, to enhance production efficiency, the company has gradually strengthened its automation capabilities, reducing manual labor on the production lines; accompanied by competitive salary levels, LOTES attracts talent to join the company and contribute to its growth. Overall, the majority of LOTES employees are engaged through non-fixed-term labor contracts, and all employees are under full-time employment contracts. The company is committed to providing long-term and full-time employment, allowing employees to fully dedicate themselves to their work without concerns about job stability. This approach helps ensure employment stability for employees and increases their sense of identification with the company.

Furthermore, due to being positioned within the electronic components industry, the employee categories are primarily divided into two groups: direct and indirect personnel. Among direct personnel, females slightly outnumber males, while indirect personnel are predominantly engaged in research and business-related roles, which are predominantly male. In recent years, female employees have accounted for approximately 40% of the

workforce. Regarding age distribution, both direct and indirect personnel under the age of 50 have comprised around 97% of the total workforce over the past three years. This suggests that LOTES will rely on these middle-aged employees as the main driving force for company development over the next decade, with a low risk of a shortage of younger talent in the short term.

From the perspective of local hiring policies, the ratio of locally hired top executives is significantly lower in the Guangzhou, Zhongshan, and Suzhou plants than at Taiwan HQ and the Vietnam plant. This can mainly be attributed to the fact that the main considerations of the Company's recruitment policies are talent, professional skills, and academic and career background. Regional affiliation is not the sole criterion for employment. Nevertheless, the Company is fully aware of the importance of locally hired talent for communities and will therefore carefully deliberate the inclusion of this criterion in its hiring considerations, which is expected to be conducive to attracting local talent and offering nearby employment with the ultimate goal of earning the approval of local communities.

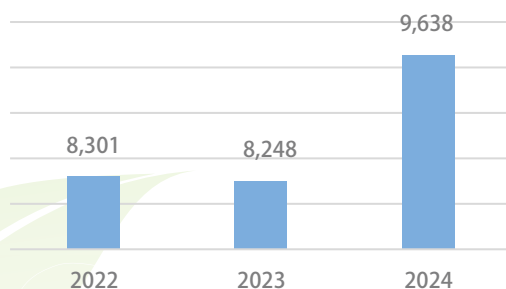
Diversity Statistics			2022		2023		2024		
			Number	Percentage	Number	Percentage	Number	Percentage	
Employees	Direct	Gender	Male	1,222	14.72%	1,083	13.13%	1,482	15.38%
			Female	1,758	21.18%	1,511	18.32%	1,826	18.95%
		Age	Under 30	1,125	13.55%	946	11.47%	1,386	14.38%
			30–49	1,846	22.24%	1,638	19.86%	1,914	19.86%
			50 and above	9	0.11%	10	0.12%	8	0.08%
		Educational Background	College/University Undergraduate	63	0.76%	51	0.62%	276	2.86%
			High School or below	2,917	35.14%	1,703	20.65%	3,032	31.46%
	Indirect	Gender	Male	3,651	43.98%	3,655	44.31%	4,397	45.62%
			Female	1,670	20.12%	1,558	18.89%	1,933	20.06%
		Age	Under 30	1,577	19.00%	1,477	17.91%	2,039	21.16%
			30–49	3,586	43.20%	3,541	42.93%	4,041	41.93%
			50 and above	158	1.90%	195	2.36%	250	2.59%
		Educational Background	Graduate school	87	1.05%	106	1.29%	121	1.26%
			College/University Undergraduate	2,045	24.64%	2,133	25.86%	2,953	30.64%
			High School or below	3,189	38.42%	2,974	36.06%	3,256	33.78%

Note: Direct and indirect staff represents the two main employee categories. Calculations are based on the total number of employees on December 31.

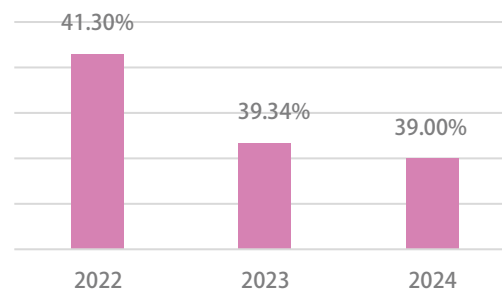
The following formula are used:

1. Percentage of direct employees below 30 (Number of direct employees below 30 at the end of the respective year / total number of employees at the end of the respective year) *100%.
2. Percentage of indirect employees who are Master's degree holders (Number of indirect employees who are Master's degree holders at the end of the respective year / total number of employees at the end of the respective year) *100%.

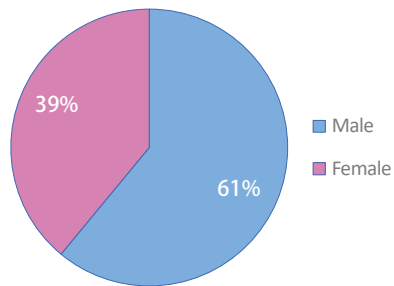
Total Workforce From 2022–2024



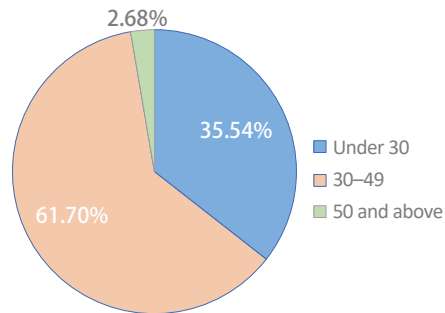
Percentage of Female Employees From 2022–2024



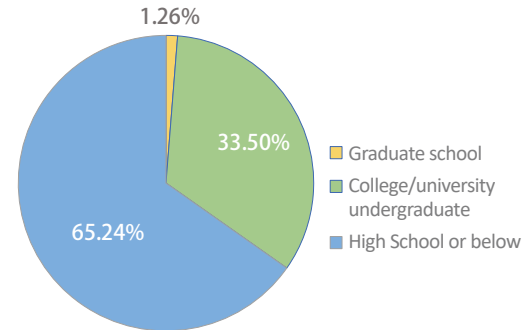
Employee Gender Ratio in 2024



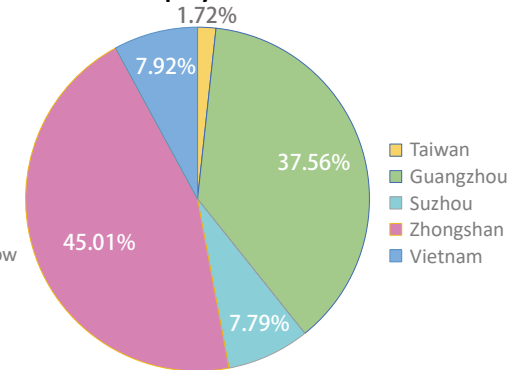
Employee Age Ratio in 2024



Educational Attainment Distribution of Employees in 2024



Regional Distribution of Employees in 2024



Employee Statistics		2022		2023		2024	
Total workforce (Note 1)		8,301		8,248		9,638	
Employment Contracts (Note 2)		Non-Fixed Term	Fixed Term	Non-Fixed Term	Fixed Term	Non-Fixed Term	Fixed Term
Gender	Male	4,869	4	5,001	2	5,877	2
	Female	3,401	27	3,217	28	3,729	30
Region	Taiwan	157	0	163	0	166	0
	Suzhou	678	16	693	14	737	14
	Guangzhou	3,634	4	3,309	3	3,614	6
	Zhongshan	3,794	11	3,744	13	4,326	12
	Vietnam (Note 4)	-	-	375	0	763	0
Employment Type (Note 3)		Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	4,873	0	5,003	0	5,879	0
	Female	3,428	0	3,245	0	3,759	0

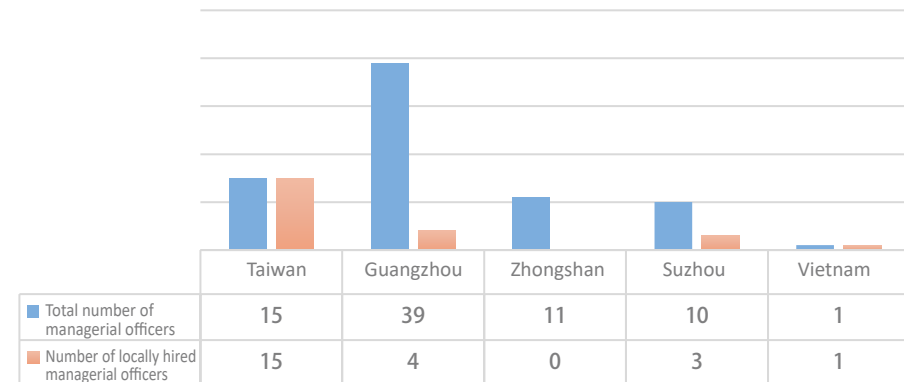
Note 1: The figures are based on the total number of employees on December 31.

Note 2: Employment contracts are divided into the following two categories: non-periodic labor contracts (non-fixed-term, permanent employees) and periodic labor contracts (fixed-term employees, including rehired retired employees).

Note 3: Full-time (working hours per week as defined according to national legislation) and part-time (working hours per week are less than 'full-time' as defined above) represent the two types of employment.

Note 4: The Vietnam plant commenced operations in 2023, therefore there is no data available for the period before 2022.

Percentage of Locally Hired Managerial Officers in 2024



Note:

1. Senior executives are defined as employees at or above manager level.

2. Local hires are defined as residents of Taiwan for Taiwan HQ, Jiangsu Province for Suzhou plant, Guangdong Province for Guangzhou and Zhongshan plants, and Vietnam for Vietnam plant.

3. For Taiwanese employees who are appointed overseas to Guangzhou, Suzhou, and Vietnam plants, their headcounts are counted under the respective plants and their headcounts are not repeated under Taiwan HQ.

2024 Sasb Standard (Technology and Communications Sector – Hardware) – Statistics of Employee Gender for All Staff Levels

Item	Taiwan Plant		Guangzhou Plant		Zhongshan Plant		Suzhou Plant		Plants in Vietnam	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Management Level	48	11	72	15	43	7	22	8	1	2
Operator	0	0	262	623	753	952	72	49	95	126
Non-Operator	64	43	1757	891	1920	663	421	179	349	190

Note: Management refers to supervisors at the level of section chief and above. There are no operators (direct personnel) for Taiwan HQ.

Due to unique industry characteristics, the majority of new hires and resignees in recent years are female, under 30 years old, and have an education level of high school or below. This can mainly be attributed to unique attributes of the job market. New hires frequently tender their resignation after realizing, after a certain period of employment, that work patterns do not conform to their expectations. LOTES aims to constantly infuse new blood and inject vitality into the organization through adequate adjustments of its manpower

structure in preparation for future challenges in the operational dimension. In addition, LOTES places a strong emphasis on gender equality, hence, the gender ratio is narrowing. The Company conducts rolling reviews of its employee compensation system to retain outstanding talent. The ultimate goal is to boost human resource renewal, while minimizing the impact on Company operations.

New Employee Statistics		2022		2023		2024	
		Total	Percentage	Total	Percentage	Total	Percentage
Age	Under 30	2,359	87.31%	2,024	83.53%	3,424	99.97%
	30–49	1,858	34.20%	1,347	26.01%	2,047	34.37%
	50 and above	6	3.59%	6	2.93%	15	5.81%
Gender	Male	2,416	49.58%	1,856	39.17%	3,170	53.92%
	Female	1,807	52.71%	1,521	49.56%	2,316	61.61%
Educational Background	Graduate School	23	26.44%	29	27.36%	33	27.27%
	College/University Undergraduate	720	34.16%	793	36.31%	1,505	46.61%
	High School or below	3,480	56.99%	2,555	54.63%	3,948	62.79%
Region	Taiwan	19	12.10%	13	8.18%	28	16.87%
	Guangzhou	1,369	37.63%	792	23.91%	1,349	37.27%
	Suzhou	199	28.67%	213	30.30%	289	38.48%
	Zhongshan	2,636	69.28%	1,947	51.82%	2,949	67.98%
	Vietnam	-	-	412	109.87%	871	114.15%

Note: The number of employees is based on the total number of employees on December 31.

Employment rate: (Number of new hires in said category in the respective year / number of employees in said category at the end of the respective year) * 100%

Female employment rate: (Number of new female hires in said category in the respective year / number of female employees in said category at the end of the respective year) * 100%

Resignee statistics		2022		2023		2024	
		Total	Percentage	Total	Percentage	Total	Percentage
Age	Under 30	2,253	83.38%	1,861	76.81%	2,410	70.36%
	30–49	982	18.08%	1,618	31.24%	1,712	28.75%
	50 and above	12	7.19%	35	17.07%	52	20.16%
Gender	Male	1,924	39.48%	1,815	38.31%	2,328	39.60%
	Female	1,323	38.59%	1,699	55.36%	1,846	49.11%
Educational Background	Graduate School	4	4.60%	8	7.55%	22	18.18%
	College/University Undergraduate	389	18.45%	625	28.62%	839	25.98%
	High School or below	2,854	46.74%	2,881	61.60%	3,313	52.69%
Region	Taiwan	11	7.01%	11	6.92%	18	10.84%
	Guangzhou	892	24.52%	1,091	32.94%	990	27.35%
	Suzhou	248	35.73%	204	29.02%	243	32.36%
	Zhongshan	2,096	55.09%	1,982	52.75%	2,434	56.11%
	Vietnam	-	-	226	60.27%	489	64.09%

Note: The number of employees is based on the total number of employees on December 31.

Resignee statistics exclude resignees who have reported for duty for less than seven days.

Turnover rate: (Number of resignees in said category in the respective year / number of employees in said category at the end of the respective year) * 100%.

Turnover rate for below 30: (Number of below 30 resignees in said category in the respective year / number of below 30 employees in said category at the end of the respective year) * 100%.

5.2 Right Person for the Right Position

An outstanding pool of human resources is the key to sustainable operations. With a view to attracting outstanding talent, LOTES offers sound and transparent promotion channels to reward employees who excel at their jobs and make long-term contributions. At the same time, the Company also schedules and arranges advanced training for its employees to facilitate constant professional growth in their respective fields and realize

personal value. The Company has also set up diversified channels to initiate communication with its employees and thereby allow them to voice their opinions in a timely manner and ensure that labor rights are better protected. In conclusion, labor and management maintain harmonious and friendly relations and interactions.

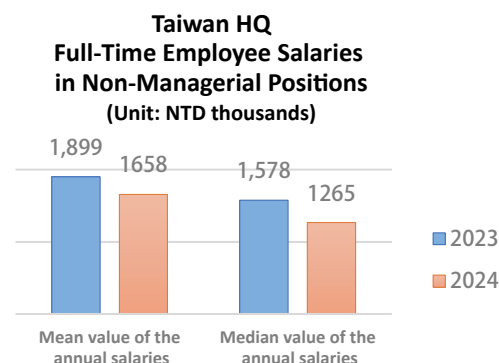
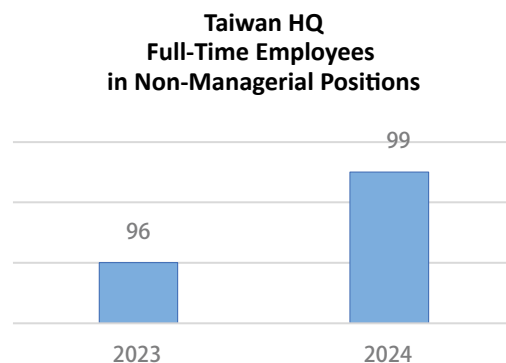
5.2.1 Compensation and Benefits

Significance for LOTES	By increasing employee remuneration and welfare, it can enhance employees' sense of identification and loyalty to the company and attract and retain talented individuals. This can maintain ongoing company revenue growth and improve employees' economic life.
Management Approach	- Responsible department: HR Department. - Grievance mechanism: Employee grievance hotline, physical suggestion box, email, labor union representative. ◆HR Manager Telephone: +886-2-24331110 Ext.105 ◆HR Manager Email: jerrylee@lotestech.com - Policy Commitment: The Company has established a salary system based on employee ability and performance adopting the employment philosophy of "from each according to one's ability, to each according to one's work." We will also participate in salary surveys and review the salary payment standards of industry peers to make timely salary adjustments for our employees. - Short-term goals ◆Obtained 8 points and above for the employee satisfaction surveys. ◆Make timely adjustments to the salary structure each year based on the individual employee performance and contribution. - Mid and long-term goals ◆Obtained 8.5 points and above for the employee satisfaction surveys. ◆Make timely adjustments to the salary structure each year based on the individual employee performance and contribution. - Results in Respective Year: ◆Recruitment and appointment: Effective provision or utilization of manpower based on the annual manpower plan goals to satisfy the high-quality manpower demands of every unit. ◆Salaries and benefits: Establish salaries and benefits system that is market competitive based on market salary trends and job appraisals. The Company shares its profits with the employees in the form of employee compensation, end-of-year bonuses, and will make salary adjustments taking into consideration the operating status, with reference to domestic economic growth, price index, and industry salary adjustments.
Assessment Mechanism	- The mean and median values of the 2023 annual salaries of full-time employees in non-managerial positions at Taiwan HQ are ranked at the top of the industry. - Employee Satisfaction Surveys ◆Guangzhou and Zhongshan plants: Obtained 7.96 points for the 2024 employee satisfaction surveys. ◆Suzhou Plant: Obtained 8.2 points for the 2024 employee satisfaction surveys. ◆Vietnam Plant: Obtained 8.3 points for the 2024 employee satisfaction surveys.

Employee compensation is determined based on the achievement status of annual operational goals and the profitability of the Company. The Company provides highly competitive salaries and benefits in excess of local legal requirements. With a view to ensuring that work performance is accurately reflected in compensation packages, the Company appraises individual work performance on a regular basis for both new and current employees. Appraisal results are incorporated into promotion and career development considerations and the Company has adopted bidirectional promotion channels in conformity with job demands. The goal is to enable employees who are highly versed in certain technologies and have special skills in certain fields to successfully transform themselves into experts in these fields through their own efforts and ensure that employees with management abilities and potential successfully advance to the

management level and thereby create a broader space for career development.

Overall, length of service, educational background, and professional competence represent the main considerations for salary assessment. Physiological or psychological differences do not factor into this process. Professional expertise and experience are gradually accumulated as length of service increases. The Company is willing to share its profits with its employees, which is concretely reflected in the gradually increasing mean and median values of the 2023 annual salaries of full-time employees in non-managerial positions at Taiwan HQ. Competitive salaries ranked at the top of the industry ensure the financial well-being and security of highly talented employees who contribute their talent and expertise to the Company and help strengthen their emotional attachment and sense of belonging to the Company.



Note: In 2023, LOTES implemented the employee stock options at cash capital increase. The price difference was accounted for under income. Hence, the mean and median values of the 2023 annual salaries of full-time employees in non-managerial positions were higher than in 2024.

A comparison of base salaries and overall compensations of male and female employees reveals that the base salaries of female and male employees in non-managerial positions at Taiwan HQ are identical, while overall compensations earned by male employees are slightly higher than those of their female counterparts. This can mainly be attributed to the fact that female employees are mostly engaged in administrative tasks, while their male counterparts tend to be responsible for R&D and sales operations. As for the salary levels of male and female employees in supervisor positions at Taiwan HQ, base salaries and compensation paid to male supervisors exceed those of their female counterparts, which is a direct result of differences in seniority. However, this gender pay gap has been shrinking over the past three years. The differences in the male and female employee ratio

for the overseas plants in Guangzhou, Zhongshan, Suzhou and Vietnam were due to the differences in the types of positions engaged.

In addition, the salary levels of both employees in non-managerial positions at Taiwan HQ and direct staff at operating sites in Mainland China consistently exceed the local minimum wage standards, which clearly demonstrates that LOTES is firmly committed to the concrete implementation of employee care.

Finally, LOTES provides a comfortable office environment for its employees to alleviate stress levels and build a positive rapport between co-workers. Cultural, recreational, travel, and welfare activities are organized on a regular basis to share Company benefits with employees and their families and boost their physical and mental well-being.

Base Salaries (Note 1) and Overall Compensations (Note 2) of Male and Female Employees			Percentage					
			2022		2023		2024	
Major Operating Sites	Employee Categories (Note 3)	Item	Male	Female	Male	Female	Male	Female
Taiwan	Non-Managerial Positions	Base salary	1.07	1	1.02	1	1.02	1
		Compensation	1.05	1	1.04	1	1.06	1
	Management Positions	Base salary	1.18	1	1.14	1	1.14	1
		Compensation	1.20	1	1.32	1	1.23	1
Guangzhou	Direct	Base salary	1.00	1	1.01	1	1.01	1
		Compensation	0.99	1	0.99	1	0.99	1
	Indirect	Base salary	1.24	1	1.22	1	1.19	1
		Compensation	1.55	1	1.48	1	1.46	1
Suzhou	Direct	Base salary	0.99	1	1.00	1	1.00	1
		Compensation	1.08	1	1.08	1	1.07	1
	Indirect	Base salary	0.99	1	1.04	1	1.04	1
		Compensation	1.26	1	1.29	1	1.25	1
Zhongshan	Direct	Base salary	1.01	1	1.00	1	1.02	1
		Compensation	0.97	1	0.98	1	1.00	1
	Indirect	Base salary	1.17	1	1.15	1	1.14	1
		Compensation	1.64	1	1.53	1	1.54	1
Vietnam	Direct	Base salary	-	-	1.06	1	1.08	1
		Compensation	-	-	1.22	1	1.24	1
	Indirect	Base salary	-	-	1.01	1	1.01	1
		Compensation	-	-	1.15	1	1.19	1

Note: 1. Statistics are based on employees with at least one year of service.

2. In Taiwan, non-supervisory personnel refer to individuals below the level of section manager (inclusive).

3. Base salary refers to the minimum fixed amount paid to employees for the performance of duties and does not include any form of extra compensation such as overtime pay, bonuses, or allowances.

4. Compensations are extra amounts paid to workers in addition to their base salary including seniority allowances, bonuses (incl. cash and equity), benefits, overtime pay, leave in lieu, and any other subsidies (e.g. transportation, living expenses, and childcare subsidies).

5. Ratio: Male salaries/Female salaries.

6. The difference between the male and female salaries is due to the differences in seniority and the job duties.

7. The Vietnam plant commenced operations in 2023, therefore there is no data available for the period before 2022.



Ratio of Rank-And-File Personnel Standard Salaries to the Local Minimum Salaries for Each Plant



Note: 1. Definition of rank-and-file personnel:

- (1) Taiwan: Refers to individuals below the level of section manager (inclusive).
- (2) Overseas plants: Direct staff.

2. The rank-and-file personnel standard salaries include base salaries for rank-and-file permanent staff, duty allowances, meal allowances, accommodation allowances, attendance bonuses, and performance bonuses; the term "direct staff" exclusively refers to permanent employees excluding interns or temp workers.

3. Calculations are made based on the exchange rates for CNY at 4.45:1 and VND at 750:1.

4. The calculation formula is rank-and-file personnel standard salaries/local statutory minimum wage.

5. Differences in rank-and-file personnel standard salaries of male/female employees in Taiwan can mainly be attributed to job function differences: male employees are mostly engaged in R&D and sales operations, while their female counterparts tend to be responsible for administrative tasks. The differences in salaries are due to their different job contents.

Talent is of paramount importance for the competitiveness of the Company. With a view to motivating employees to join hands with the Company to realize joint goals and ensuring that they get deserved recognition for their contributions, LOTES has developed an attractive benefits and incentive system for talent retention.



Incentive-Based Rewards

- Employee Bonuses
- Year-End Bonus
- Patent Bonus
- Spring Festival Startup Bonus

Reasonable Leave

- Two Days off per Week
- Statutory Annual Leave
- Maternity, Paternity, Family, and Menstrual Leaves as Prescribed by Law

Diversified Recreational Activities

- Overseas Staff Travel
- Domestic Staff Travel
- Year-End Banquet Staff Dinner and Birthday Celebrations
- Employee Gatherings and Birthday Celebrations

Diversified Subsidies and Allowance

- Birthday Cash Gift
- New Year's Gift Certificate / Presents
- Patent Bonus
- Meal Vouchers for Famous Restaurants
- Wedding and Childbirth Cash Gift
- Hospitalization Allowance
- Funeral Subsidies (Deceased Family Members)

Sound Insurance System

- Labor and Health Insurance as Prescribed by Law
- Employee Group Insurance

Employee Care

- Employee Health Checks
- Breastfeeding (Lactation) Rooms



Employee Benefits	Permanent (Full-Time) Employees				
	Taiwan	Guangzhou	Zhongshan	Suzhou	Vietnam
Group Accident Insurance, Labor/Health Insurance	V	V	V	V	V
Annual Leave	V	V	V	V	V
Maternity Leave	V	V	V	V	V
Parental Leave	V				
Wedding/Funeral Subsidies	V	V	V	V	V
Labor Pension	V	V	V	V	V
Benefits for the Three Major Festivals (Bonuses/ Gift Certificate/Presents)	V	V	V	V	V
Year-End Bonus	V	V	V	V	V
Regular Health Checks	V	V	V	V	V
Staff Trips	V	V	V	V	V
Staff Dinners	V	V	V	V	V
Year-End Banquets/Annual Parties	V	V	V	V	V
Home or Car Purchase Subsidies		V	V	V	V
Scholarships for Children of Staff Members		V	V		V
Family Planning Incentive Leaves		V	V	V	V

LOTES takes care of pregnant employees and complies with gender equality regulations at its Taiwan headquarters. It ensures the protection of the rights and benefits of pregnant employees by providing lactation rooms in the workplace and encouraging new parents to apply for parental leave. The company also makes appropriate adjustments to the work types and responsibilities of pregnant or postpartum female colleagues to reduce their workload. In the past three years, there have been no colleagues at LOTES who have applied for childcare leave.

Since the announcement of the Labor Pension Act on July 4, 2007, the Taiwan headquarters has provided the option for in-service colleagues who were already subject to the Labor Standards Act to choose between continuing with the Labor Standards Act pension or switching to the Labor Pension Act. Under the old system, in accordance with Article 56 of the Labor Standards Act, a regular contribution was made to the Labor Retirement Reserve Fund deposited in a designated account at the Taiwan Bank, which was managed and utilized by the Labor Pension Supervisory Committee. Under the new system, for colleagues covered by the new pension scheme, a monthly contribution of 6% of the colleague's salary is made to their individual retirement account in accordance with Article 14 of the Labor Pension Act. When the colleague meets the retirement conditions stipulated by the Labor Standards Act, they can withdraw the accumulated retirement pension from that account in a lump sum or in monthly installments.



Zhongshan Plant – Plant Exterior



Zhongshan Plant – Plant Exterior



Zhongshan Plant – Office Environment



Zhongshan Plant – Production Line Environment



Zhongshan Plant – Employee Rest Area



Zhongshan Plant – Staff Canteen



Zhongshan Plant – Employee Dormitory

Guangzhou Plant – Spring Festival Gala



Guangzhou and Zhongshan Plants – Dependents Scholarship



Guangzhou and Zhongshan Plants –
Participate in External Basketball Competition



Zhongshan Plant – Badminton Activity



Zhongshan Plant – Fishing Activity



Guangzhou Plant – Internal Sports Competition



Vietnam Plant – External Soccer Game



5.2.2 Talent Cultivation

Significance for LOTES	The sustainable operations and growth of the company greatly rely on the employees to demonstrate their professionalism and management of talents. Through training and development mechanisms for different job levels, we constantly enhance the competitiveness of employees and managers.
Management Approach	· Responsible department: HR Department · Grievance mechanism: Employee grievance hotline, physical suggestion box, email. ◆Policy/Commitment: The company provides training and learning resources for employees and managers of different job levels assisting them in their job functions and career developments. · Short-term goals ◆New hires job function training reaches 100%. ◆The average training hours per employee each year are 26.83 hours. ◆Define the various job function requirements to respond to future company challenges and growth. ◆We assess the abilities of our current employees to develop them into management and technical talents capable of addressing future challenges and supporting the company's growth. ◆Provide employees management and professional training courses to assist them in career development. · Mid and long-term goals ◆New hires job function training reaches 100%. ◆The average training hours per employee each year remain at 26.83 hours. ◆Through competency-based training programs, we develop learning platforms and learning maps to guide employees' promotion development satisfying job requirements. ◆Continue to launch various types of professional training to help strengthen employees' weaknesses and promote employees' innovative thinking and competitiveness. ◆Refine the abilities of all management levels to promote company talents succession planning. · Investment Results in Respective Year: ◆The launch of the learning platform, strengthening user experiences and convenience. ◆Talent reserve: Establish a training system for management trainees at college and undergraduate levels, expanding the QE management trainees training classes and RD training classes on specific topics. In 2024, we trained 71 persons as assistant engineers and 15 engineers; launched the management trainee team leader training classes, having trained 21 persons as production leaders in 2024. In 2024, there were internal training and promotions for 85% of the technicians, engineers, and production leaders positions. ◆Management personnel leadership training: In 2024, we have launched the "Management role transition" training classes. 61 section managers and above level participated in the training. 97% of the manager participants provided feedback that the classes are of substantive support to management work at a later stage. ◆Lean improvement for all: Established the IE college to enhance the lean improvement ability of all employees. 708 persons were trained in 2024 with proposals reaching 2,894 cases, with a total of 5.732 million in improvement benefits, and 210 people obtained IE certification. ◆Technical refinement: The company has formed the Technical Committee to pass on technological knowledge and skills, expanding technical promotion and personnel skills assessment. In 2024, 4,817 technological cases were promoted, 990 persons participated in the Technical Committee assessment, with 951 persons passing the assessment, a passing rate of 96%.
Assessment Mechanism	· Training achievement rate (based on annual training plan). · Training outcome evaluation. · Training appraisal (paper test/actual operation/review). · Annual Technical Committee appraisal. · Promotion appraisal or review.

As far as LOTES is concerned, constant personal growth of its employees is the key to corporate sustainability and training is one of the best methods to ensure a constantly rising value of human capital. The Company therefore places a high priority on employee training. LOTES' learning development strategy is based on on-the-job training which is paired with the four major dimensions of orientation training, functional training, hierarchical training, and personal development. A sound training system has been built by taking into consideration annual objectives, product development needs, and department objective management cards.

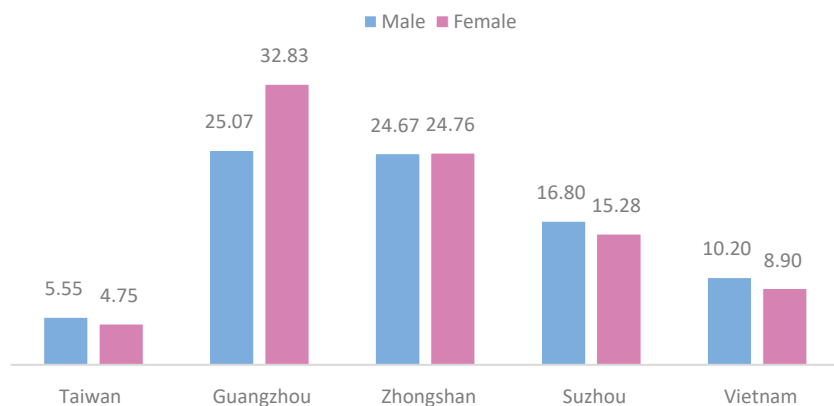
With a view to enhancing the professional skills of employees, Training Implementation Guidelines have been formulated in the context of internal personnel rules and regulations. Annual training plans are adopted, and training objectives are implemented in accordance with the development needs of the Company. The goal is to prolong employee careers and enable the Company to reap the fruit of employee growth and progress. LOTES relies on internal training to pass on technologies and experiences to related departments and assist employees in determining their learning development direction and providing a reference for personal career planning.

Dedicated personnel instruct new hires on different internal rules and regulations and occupational safety concepts. Specialized training is provided by their respective department. LOTES actively encourages its employees to attend professional training courses within their scope of operations and with a focus on ongoing personal growth. The Company provides diversified learning channels to enable employees to demonstrate their professionalism and realize their potential. Relevant departments devise training plans and implement training on an annual basis in accordance with their individual needs. Internal and external training represent the two main training categories. On-site internal training is delivered by instructors assigned by departments in accordance with their actual business needs. External training requires the submission of applications by departments based on their business needs. Upon approval, designated personnel may be dispatched to attend training courses organized by external institutions. Training participants are required to share their gained insights with their departments to enable related personnel to put acquired knowledge into practice.

LOTES employee training courses included both in-person and virtual classes, internal and external training. Each plant's training programs have focused on specific departmental categories without targeting specific genders. Overall, the average training hours per employee in 2024 are similar to that of the previous year, reflecting LOTES' commitment to employee career development.

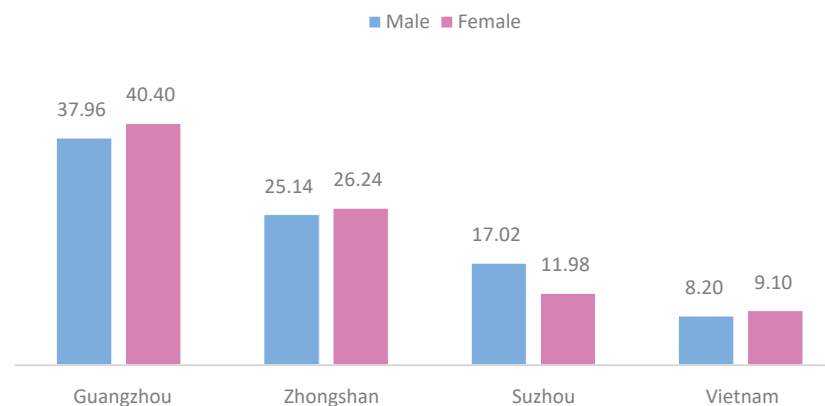
Average Training Hours Statistics		2022		2023		2024	
Every Employee	Taiwan	Male	6.34	Male	5.44	Male	5.55
		Female	10.29	Female	8.38	Female	4.75
	Guangzhou	Male	17.07	Male	21.85	Male	25.07
		Female	14.42	Female	32.31	Female	32.83
	Zhongshan	Male	17.54	Male	19.20	Male	24.67
		Female	15.86	Female	23.94	Female	24.76
	Suzhou	Male	10.17	Male	15.88	Male	16.80
		Female	7.46	Female	16.25	Female	15.28
	Vietnam	Male	-	Male	8.20	Male	10.20
		Female	-	Female	7.80	Female	8.90
	Taiwan	Male	0	Male	0	Male	0.00
		Female	0	Female	0	Female	0.00
Direct Staff	Guangzhou	Male	16.69	Male	35.91	Male	37.96
		Female	13.53	Female	44.34	Female	40.40
	Zhongshan	Male	16.16	Male	21.97	Male	25.14
		Female	14.74	Female	28.10	Female	26.24
	Suzhou	Male	9.76	Male	16.37	Male	17.02
		Female	6.25	Female	13.27	Female	11.98
	Vietnam	Male	-	Male	6.80	Male	8.20
		Female	-	Female	5.30	Female	9.10
	Taiwan	Male	6.34	Male	5.44	Male	5.55
		Female	10.29	Female	8.38	Female	4.75
	Guangzhou	Male	17.12	Male	18.63	Male	23.23
		Female	15.62	Female	18.33	Female	27.62
Indirect Staff	Zhongshan	Male	18.92	Male	17.33	Male	24.50
		Female	18.33	Female	14.93	Female	22.66
	Suzhou	Male	10.25	Male	15.78	Male	16.76
		Female	8.58	Female	18.88	Female	18.29
	Vietnam	Male	-	Male	7.90	Male	12.50
			-	Female	6.10	Female	9.80

Average Training Hours of per Employee for Each Plant in the Respective Year



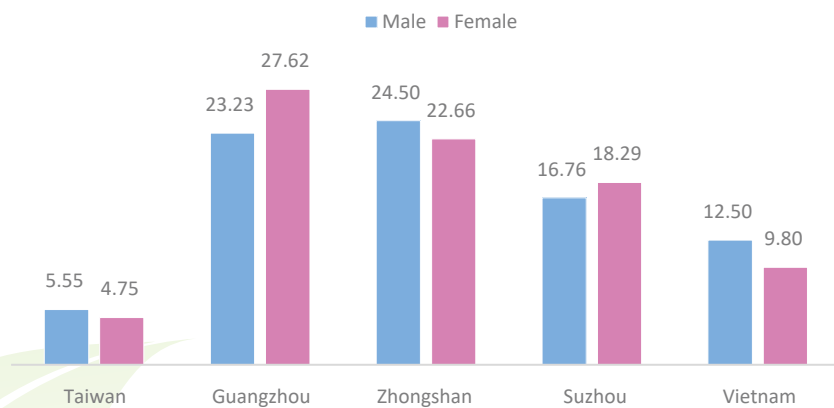
Note: Average employee training hours in each category: (Total training hours in said category / number of employees in said category) * 100%.

Average Training Hours of Direct Staff for Each Plant in the Respective Year



Note: Taiwan HQ employs no direct staff.

Average Training Hours of Indirect Staff for Each Plant in the Respective Year



Guangzhou Plant – Employee Training



Zhongshan Plant – Employee Training



Suzhou Plant – Employee Training

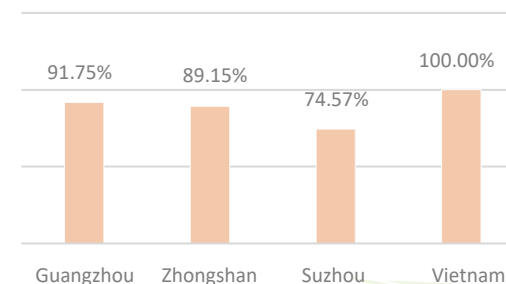


5.2.3 Labor-Management Communication

Two-way communication between labor and management gives employees a better understanding of the Company's operational goals, vision, and challenges and provides the management level with a timely grasp of employee work conditions. It is also conducive to creating a friendly work environment oriented toward the needs of employees. LOTES strictly abides by all applicable laws. Human resource management conforms to local labor laws at the Company's operating sites. In addition, Taiwan HQ regularly convenes labor-management meetings to coordinate labor-management relations and boost cooperation through regular communication and dialog. All LOTES plants overseas encourage their employees to form trade unions to safeguard their rights and interests. Trade union membership in the Guangzhou, Zhongshan, and Suzhou plants has reached 91.75%, 89.15%, and 74.57%, respectively, while all of the employees in the Vietnam plant joined the trade union. Union representatives hold regular meetings with the Company to communicate employee opinions, secure better salaries and working conditions, and raise the status of workers.

LOTES has also set up diversified communication channels to enable employees to fully express their opinions in two-way communication settings. These channels also facilitate timely responses by the Company and conversion of suggestions into actually implemented policies. No labor-management disputes have occurred in recent years. The Taiwan headquarters did not experience any significant layoffs that would require reporting to local regulatory authorities within 60 days during that year.

Employee Union Membership Ratio



Note: There is no labor union established at the Taiwan headquarters.

Location	Labor-Management Communication Method
Taiwan HQ	- Provision of diversified labor management communication channels such as a dedicated HR mailbox, which serves as a channel for the filing of grievances on violations of equality at the workplace or infringement of employee rights and interests, as well as phone numbers and email addresses of immediate supervisors, and scheduling of meetings to facilitate interactions and communication of opinions. - Active participation by department heads in staff dinners and organized by the company and the Employee Welfare Committee; smooth and effective communication is further ensured through interactions outside working hours.
Guangzhou and Zhongshan Plants	- The plant espouses a spirit of respect for the dignity of work of its employees paired with the enhancement of overall competitiveness. It has multifaceted labor-management communication channels in place to ensure that its employees can make their voices heard and receive responses in a prompt manner. Feedback or suggestions can be provided at any time through various channels such as direct communication with supervisors and the trade union, a dedicated grievance hotline, phone calls, emails, and interviews. - The monthly issued plant newsletter covers issues of concern to employees. Over 1000 submissions by employees include reports on important matters, poems, and articles. This newsletter provides a platform for the plant's employees to unleash their talent and freely express their emotions. - Creation of an employee grievance hotline: A total of 37 cases were communicated and coordinated through the Guangzhou and Zhongshan Plant grievance hotlines in 2024. Board and lodging, benefits and other reasons accounted for 45%, 32% and 23% of all submitted grievances. Case closure rates reached 100%. - The employee satisfaction survey for the year 2024 recorded a score of 7.96, which is similar to the score of 7.95 of the previous year.
Suzhou Plant	- The plant has diversified and convenient two-way communication channels in place and has initiated planning for a general office. The management level has adopted management by wandering around (MBWA) to ensure obstacle-free communication between management and employees. In addition, the company highly values the opinions of its employees and conducts annual employee satisfaction surveys to solicit their suggestions and opinions. Finally, employee representative forums serve as another avenue for the collection of a wide range of rank-and-file opinions. - In addition to regular employee satisfaction surveys and employee representative forums, employees can make their voices heard by lodging complaints and submitting suggestions on life, work, or management related matters via phone, email, physical opinion mailbox, employee complaint hotline and so on methods. - The employee satisfaction survey for the year 2024 recorded a score of 8.2, which is similar to the score of 8.1 of the previous year.
Plants in Vietnam	- The company has established multiple channels for labor-management communication. Employees can provide feedback or suggestions at any time through direct discussions with supervisors, communication via the labor union, and a dedicated grievance hotline. These channels include telephone, email, suggestion boxes, and face-to-face meetings. In the Vietnam plant, a total of 16 cases were communicated and coordinated through the company hotline throughout 2024, with a resolution rate of 100%. - The employee satisfaction survey for the year 2024 resulted in a score of 8.3.

Suzhou Plant – Labor-Management Communication Meeting



5.3 Occupational Health and Safety

Occupational Health and Safety Impacts to LOTES	A healthy workplace culture and health & safety management are of vital importance. Management system operations and propagation of relevant concepts serve the purpose of effectively reducing potential risks and hazards, preventing accidents, safeguarding the mental and physical health of workers, and protecting company assets and operations.
Management Approach	- Responsible department: Environmental Safety. - Grievance mechanism: occupation safety hotline, staff mailbox. - Implementation of the ISO 45001 Occupational Health and Safety Management System. - Raising of employee safety awareness through training and education - Implementation of employee health checks and health promotion programs to maintain the physical and mental well-being employees. - Implementation of risk management and launch of target initiatives to ensure ongoing improvement. - Ongoing reviews of legal conformity to ensure compliance with applicable laws and regulations.
Assessment Mechanism	- Tracking and review of OHS performance by the Occupational Health and Safety Committee on a quarterly basis. - Implementation of internal audits and management reviews within ISO 45001 Occupational Health and Safety Management System framework to ensure that OHS operations meet relevant requirements. - Annual ISO 45001 certification audits are conducted by independent third-party bodies to ensure the continued effectiveness of the system.
Performance in the Respective Year	- In 2024, there was no significant occupational accidents reported in Taiwan, Vietnam, Guangzhou, Zhongshan, and Suzhou plants. - In 2024, 1,882 employees at the Guangzhou Plant and 4,499 employees at the Zhongshan Plant, a total of 6,381 of them underwent health examinations. No cases of occupational diseases or suspected occupational diseases were found. - Completion of OSH target initiatives as scheduled in line with relevant quality criteria in 2024.

Occupational Health & Safety Policy and Commitment

“Safety assurance, Risk management, Legal compliance, Ongoing improvements”

LOTES has implemented and adhered to the ISO 45001 Occupational Health and Safety Management System. We are committed to providing our customers with high-quality and safe products and services that comply with relevant laws, regulations, and standards. Additionally, we are dedicated to preventing occupational accidents, promoting health, creating a friendly workplace, and fulfilling our corporate social responsibility.

LOTES has made a strong commitment to implementing labor health and safety and health promotion with a view to reducing the incidence of occupational accidents. This

includes ongoing improvements of working environment safety and health, prevention of occupational injuries and diseases, and mitigation of hazards present in work environments in compliance with international norms and standards in the fields of OHS and social responsibility. We strive to create high-quality, safe, and healthy workplaces in conformity to labor health and safety laws and regulations.

We have made an unwavering pledge to realize employee care, health, and safety, fulfill our corporate social responsibility, and pursue corporate sustainability grounded in a steadfast belief that employee health and safety is a priceless asset.

Legal Compliance	Risk Management	Safety Assurance	Ongoing Improvements
Adherence to national laws and regulations and customer requirements related to OHS.	Implementation of hazard identification and risk & opportunity management and realization of the goals of accident prevention and minimization of risks and hazards.	High emphasis on employee participation, provision of training and education, consultation and communication, and other methods to raise the EHS awareness of employees, suppliers, and contractors and guarantee of the safety of workers through safety installations in work environments.	Creation of high-quality, healthy workplaces with the aid of rolling risk management and autonomous health management by workers.

Fire Safety Measures

- All LOTES plants have emergency response plans and Emergency Response Command Centers in place. The formation of Emergency Response Task Forces in charge of emergency response and handling procedures is planned to ensure optimal handling of emergencies. Emergency response training and fire safety drills are organized on a semi-annual basis. New hires are required to familiarize themselves with fire extinguisher operations. Emergency response and safety self-management skills are enhanced through participation in simulated exercises conducted by the drill task force. The goal is to ensure the immediate adoption of adequate response measures prior to the spreading of disasters and thereby minimize impacts and casualties caused by such crises.
- Fire safety, evacuation, and first aid training is provided in cooperation with the fire brigade.

In 2024, according to the emergency response plan, a total of two emergency drills were conducted at the operational sites of each plant. Task forces were organized with on-site commanders for each plant, coordinating with the rescue team, security communications, evacuation guides, and safety officers to carry out the drills. This ensures

that employees can respond quickly in the event of an emergency, reducing personnel injuries and environmental impacts. In 2024, there were no occurrences of fire hazards or false alarm events, and there were no employees injured due to fire hazards.

Summary of Safety and Health Activities



Fire Drill



Monthly Fire Drill Activities



Enterprise Safety Training



Occupational Diseases Prevention and Labor Protection Supplies Training



5.3.1 Worker Participation, Consultation, and Communication

LOTES has set up an Occupational Health and Safety Committee (hereinafter referred to as “OHS Committee”) as required by law with the CEO serving as the chairperson. An Executive Secretary has also been appointed. The OHS Committee is composed of the department heads, OHS personnel, engineering technology personnel, plant nursing personnel, and labor representatives. Labor representatives which are selected from each unit exceed the legally prescribed quota of 1/3.

The committee convenes every three months and is responsible for the deliberation

and coordination of OHS-related matters and the provision of recommendations. It also adopts resolutions on occupational accident investigation results, deliberates operating environment monitoring results, puts forward proposals on health management and health promotion, and appraises on-site health and safety management performance with the ultimate goal of preventing occupational accidents and guaranteeing the safety and health of work environments. Other concrete achievements in the field of worker participation, consultation, and communication can be summarized as follows:

Convening of routine monthly safety meetings and execution of alternating audits and inspections of potential safety hazards on a monthly basis. The OHS Committee develops relevant systems and formulates corrective action strategies pursuant to relevant laws and regulations.

All employees are required to undergo Class III safety training and sign a safety responsibility statement to ensure participation and joint preventive measures by all staff members.

Work Safety Training



5.3.2 OHS Management System

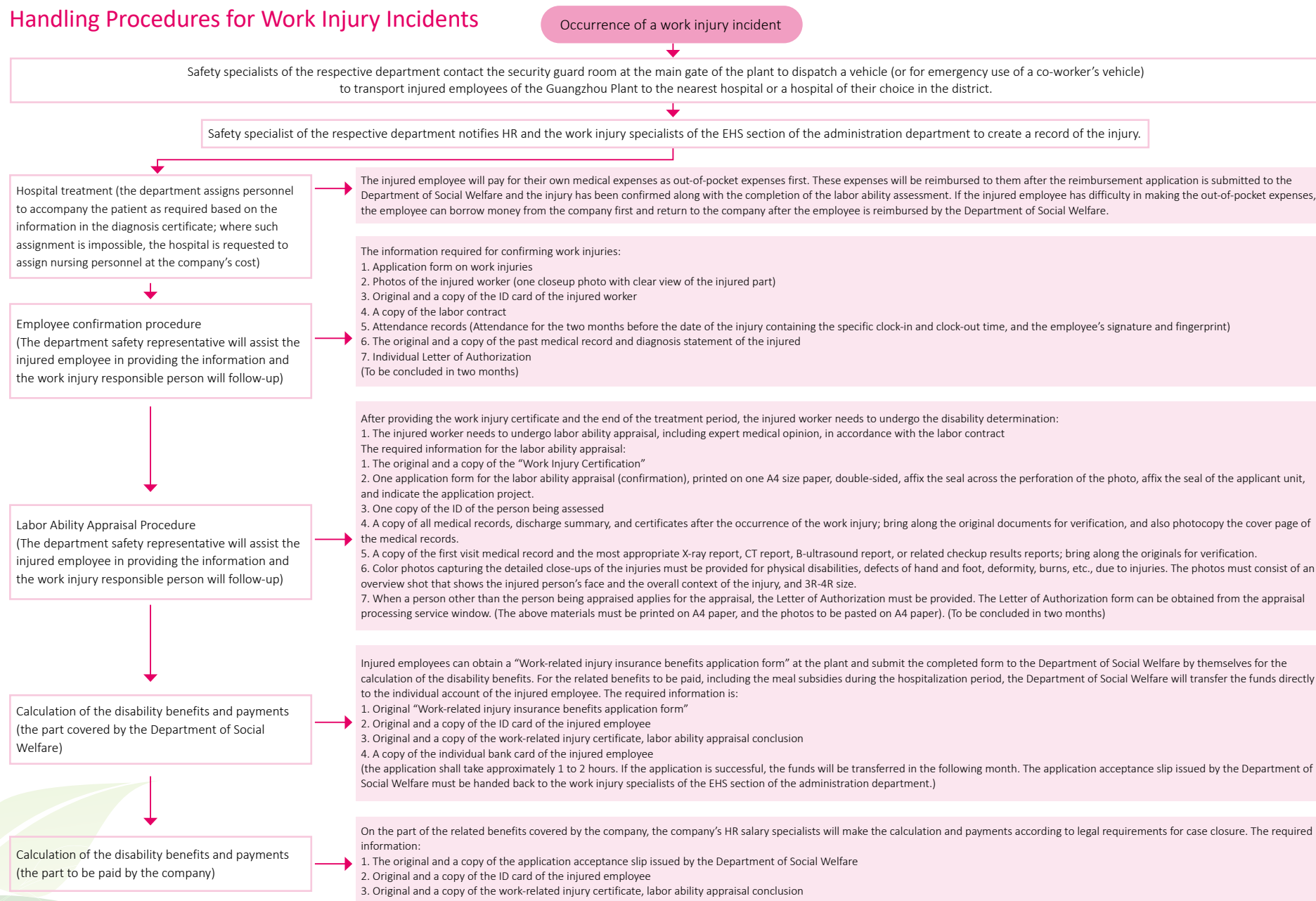
LOTES abides by local legal requirements and takes the initiative in enhancing the health and safety of its workers. Every plant has autonomously adopted an OHS management system. Both the Suzhou, Guangzhou, and Vietnam Plants have passed the ISO 45001:2018 third-party certification. The OHS Management System encompasses all workers of the

Company including regular and contract employees. Activities and scope of the OHS Management System are set out in relevant certificates (please refer to 2.2 ISO-related Certificates in this report).

5.3.3 Hazard Identification, Risk Assessment, and Accident Investigation

Restricted Items	Implementation Guidelines
Hazard Identification and Risk Assessment	LOTES has adopted Hazard Identification and Control Procedures to ensure highly effective hazard identification and risk assessment operations. Hazard identification involves operational safety risks and arising safety risks affecting daily operations. Upon approval by the OSH Committee, adopted target plans for identified high risks are implemented accordingly by responsible units upon approval by the OHS Committee. Implementation effects are tracked in quarterly OHS Committee Meetings.
Accident Investigation	The Company has further adopted Work Injury Management Guidelines and Employee Health and Safety Management Guidelines to implement accident investigation and management. Relevant operations include the recording of near misses and policies/ requirements governing workers removing themselves autonomously from work situations that are deemed to pose a significant risk of injury or disease. The reporting and handling procedures for work injury incidents are shown below. Work injury incident investigation results are reported in monthly safety meetings and posted on the internal website for educational purposes. The results of corrective actions adopted in the wake of such incidents are reviewed in quarterly OSH Committee meetings.

Handling Procedures for Work Injury Incidents



5.3.4 Occupational Injury and Disease Statistics

According to the statistics and analysis of employee occupational injuries and occupational diseases, there were no cases of occupational injuries resulting in death, severe occupational injuries or occupational diseases (including recordable occupational diseases) among all employees in 2024. The types of work injuries at the Guangzhou and Zhongshan plants mainly included machine injuries, mold injuries, material cuts, and forklift

injuries, while the types of work injuries at the Suzhou plant mainly included cuts, crush injuries, and impact injuries. It is hoped that through hazard identification, improvement of the on-site environment, and continuous implementation of safety training, future occupational injuries can be reduced.

Employees Occupational Injury and Disease Statistics		Guangzhou Plant			Zhongshan Plant			Suzhou Plant			Plants in Vietnam	
Statistics / Year		2022	2023	2024	2022	2023	2024	2022	2023	2024	2023	2024
Total man-hours		13,141,590	9,834,183	8,316,282	7,135,588	9,258,275	10,318,824	1,677,752	1,671,154	1,790,140	526,730	846,120
Fatal Occupational Injuries (Note 1)	Number	0	0	0	0	0	0	0	0	0	0	0
	Percentage	0	0	0	0	0	0	0	0	0	0	0
Severe Occupational Injuries (Note 2)	Number	0	0	0	0	0	0	0	0	0	0	0
	Percentage	0	0	0	0	0	0	0	0	0	0	0
Recordable Occupational Injuries (Note 3)	Number	14	6	2	2	3	1	12	5	2	0	0
	Percentage	0.21	0.12	0.05	0.06	0.06	0.019	1.43	0.60	0.22	0	0
Occupational Diseases	Number	0	0	0	0	0	0	0	0	0	0	0
	Percentage	0	0	0	0	0	0	0	0	0	0	0
Recordable Occupational Diseases (Note 3)	Number	0	0	0	0	0	0	0	0	0	0	0
	Percentage	0	0	0	0	0	0	0	0	0	0	0

Note 1: Ratios are calculated based on units of 200,000 working hours. There were no material occupational injuries, recordable occupational injuries or occupational diseases in the non-employee section for the year 2024.

Note 2: Severe occupational injuries: Occupational injuries resulting in death or disabling injuries that make restoration of pre-injury health status within six months difficult or impossible (fatalities should be eliminated from statistical data).

Note 3: Recordable occupational injuries or diseases include any injuries or diseases associated with one of the following conditions: death, leaving of workstations, restricted work or transfer to other workstations, medical care beyond first aid, loss of consciousness, major injuries or diseases diagnosed by physicians or licensed medical care personnel (statistical data should include fatalities but exclude minor injuries treated on-site without professional assistance).

Note 4: The ratio of recordable occupational injuries is calculated as follows: (Number of employees who have sustained recordable occupational injuries x 200,000) / Total man-hours worked.

Suzhou Plant – Occupational Injury Categories

Statistics / Year		2022	2023	2024
Occupational Injury Categories and Number	Scratches	4	1	0
	Crush and pinch injuries	4	2	2
	Collision injuries	0	0	0
	Others	4	2	0

Guangzhou Plant – Occupational Injury Categories

Statistics / Year		2022	2023	2024
Occupational Injury Categories and Number	Machine injuries	9	3	1
	Mold injuries	2	1	0
	Scratches caused by materials	3	2	1
	Forklift injuries	0	0	0

Zhongshan Plant – Occupational Injury Categories

Statistics / Year		2022	2023	2024
Occupational Injury Categories and Number	Machine injuries	1	2	0
	Mold injuries	0	0	1
	Scratches caused by materials	0	0	0
	Forklift injuries	1	1	0

5.3.5 Healthy Workplace Promotion

In line with social and economic changes, the International Labour Organization (ILO) and World Health Organization (WHO) advocate workplace safety and labor health services as a fundamental right. LOTES is actively committed to planning, promoting, and implementing operations in the field of health issues in accordance with the intentions of the ILO and WHO and applicable laws and regulations. Relevant contents encompass the following three major dimensions: health services, health education, and healthy work environments. We provide education on disease prevention and health care and organize special health-related lectures, preventive healthcare counseling sessions, and employee health checks. Based on our unwavering commitment to safeguarding the well-being of our employees, we persist in our efforts to provide highly effective services in the field of health risk assessment, health management, health promotion, and assessments and

recommendations regarding detected hazards in work environments. In addition, we strive to reinforce health education concepts with the ultimate goal of preventing the impacts of health issues on work performance and implementing health care at workplaces.

With a view to putting a labor health service system into effect, implementing measures to safeguard the mental and physical well-being of employees, and imparting workplace health-related knowledge to our workers, we have adopted a care-oriented approach characterized by active planning, dissemination, and promotion of accurate health knowledge with the ultimate goal of building healthy, friendly, and LOHAS workplace environments. We strive to imbue our employees with positive health concepts, maintain their physical, mental, and spiritual well-being, and integrate workplace health into their daily lives to realize well-balanced family and work lives characterized by LOHAS.

Healthy Workplace Activities in 2024

Activity Item	Activity Purpose	Number of Participants
Cycling Around the Island Event	All employees are encouraged and advised to actively engage in physical exercise to enrich and perfect their leisure lives, strengthen their physique, advocate low-carbon, eco-friendly lifestyles, and shape a health- and culture-oriented corporate climate. Another goal is to provide all staff members with an excellent platform that facilitates interactions, exchanges, and the building of relationships. In line with this spirit, LOTES organized this spring cycling eco-tour centered around the theme of unbridled cycling joy for all staff members.	32
Table Tennis Competition	This competition was launched to enrich and perfect the leisure lives of all employees, enhance their physical fitness, encourage and motivate them to actively engage in physical exercise, and shape a health- and culture oriented corporate climate. Another goal was to provide all staff members with an excellent platform that facilitates interactions, exchanges, and building of relationships.	198
Badminton Competition	This badminton competition was hosted against the backdrop of a rising emphasis on nationwide fitness to create a platform for healthy, relaxed, and joyful exchanges and interactions, enhance staff cohesion, and provide a competitive arena for badminton lovers with entertainment and friendly competition as the two top priorities.	245
Fishing Competition	To enrich the leisure lives of employees, we have created a platform for mutual communication and support for fishing enthusiasts of the company so that they can make friends through fishing and improve their skills through friends. We want to create an atmosphere for experiencing life, exchanges, and collaborations, and for exploring fishing techniques, meeting the purpose of improving fishing techniques and enhancing friendships.	214
Basketball Tournament	This tournament was held to enrich the free-time activities of all staff members, create a climate conducive to physical activities, strengthen intra-departmental cohesion, demonstrate vigor, vitality, and passion for competition, and promote a harmonious and energetic atmosphere at the workplace.	208
International Women's Day Activities	Enrich the leisure lives of our female employees, so that they are motivated to devote their passions at work and to maintain their work enthusiasm.	210
Safety Competition	Promote safety knowledge, and enhance employees' safety awareness and ability.	50
Soccer Game	Promote the physical health and nurture a strong body and team spirit, relieving work stress.	400
Summer Parent-Child Activity	With the arrival of summer, to enhance the closeness and relationship between employees and their children, and to increase their happiness, the company organizes one summer parent-child activity. Through a series of games, parent-child interactions, it gives them a memorable time spent together.	300

Highlight Activities in 2024



Parent-Child Activity



Safety Knowledge Competition

Occupational Health and Safety Training Highlight



Health Management

The company conducts annual occupational health examinations, arranging specific health checks as needed. Based on the examination results, abnormal findings are classified and managed accordingly. The company provides individual health guidance to employees, enhances disease-related health education and awareness, follows up with re-examinations, and implements other health management measures to continuously manage employee health. In 2024, a total of 3,087 employees from the Guangzhou and Zhongshan plants underwent occupational health examinations, with no occupational diseases or suspected cases detected.



Occupational Health Checkups Highlights in 2024



5.4 Social Engagement

LOTES and all its operating sites have excellent interactions with local social groups. Through engagement in various public welfare activities, the Company increases its approval rating in local communities. In addition to creating brand value, the Company is committed to fulfilling its corporate social responsibility.

Importance of Social Engagement for LOTES	As a corporate citizen, LOTES has mutual relations and interactions and different degrees of mutual dependence with employees, local community residents, and other stakeholders. LOTES embraces participation in local community and welfare activities as one of its core missions. In addition to increasing our brand value and creating an excellent corporate image, we are firmly committed to maintaining close interactions with local social groups to increase our approval rating.
Operation Mode	- Department in charge of management and complaints/grievances: Administration Department - In the field of social concern, LOTES assesses its impact on local communities and embraces adequate hiring of local workers as a key policy to increase the level of approval by local communities. We strive to boost community development through commercial activities, donations in kind or other charitable services, or participation in activities organized by NGOs, charity organizations, and local government agencies to foster social development and community education.
Taiwan HQ Achievement in Public Welfare Engagement	- In response to the initiative by the Guangfu Church of the Baptist Convention, we donated NT\$100,000 to support the Hope Elementary School in India. - Contributed NT\$160,000 to Keelung City Social Assistance Fund. - Sponsored NT\$20,000 to the Zhonglun - Volunteer Service Association in Keelung City for elderly meal services. - Sponsored NT\$350,000 to Puli Christian Hospital in Nantou County for rural medical services.



Guangzhou Plant Achievement in Public Welfare Engagement

- Donations to local communities for Senior Citizens' Day by Bantou Village Committee for NT\$244,750, Wuzhou Village Committee for NT\$133,500, Liudong Village Committee for NT\$44,500, and Guanglong Village Committee for NT\$35,600.
- Organized blood donation activities in April with 101 people participated in blood donation, and in October with 124 people participated.

Zhongshan Plant Achievement in Public Welfare Engagement

- Donated NT\$422,750 to the Zhongshan Redcross Society.
- Participated in the triangular governmental organization of the "Green Triangle" million tree seedling plant activity.
- Donated NT\$111,250 to the Zhongshan Fire Department for the "119 Fire Prevention Month."

Suzhou Plant Performance

- Donated NT\$178,000 to the Xiangcheng District Charity Society.



Vietnam Plant Performance

- Celebrated new year with the local underprivileged groups during the festive period and donated 60 gift items with a value of NT\$16,000.



Appendix 1. GRI Content Index

★ Material Topics in the respective year

Statement of use	LOTES adheres to the GRI standards for reporting with reporting period from January 1 to December 31, 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	There is currently no applicable GRI Sector Standards

Topic	Disclosure item	Item description	Chapter	Page	Reason for Omission/Necessary Explanation
GRI 2 General Disclosures 2021					
Organization and Reporting Practices	2-1	Organizational details	2.1 Company Introduction	16	
	2-2	Entities included in the organization's sustainability reporting	About this report/ESG information disclosure	3	
	2-3	Reporting period, frequency, and contact point	About this report/ESG information disclosure, publication frequency, opinion feedbacks	3	
	2-4	Information restatement	About this report/ESG information disclosure	3	
	2-5	External assurance	About this report/Basis of reporting and information confirmation	3	
Activities and Workers	2-6	Activities, value chain and other business relationships	2.1 Company Introduction	16	
	2-7	Employees	5.1.2 Employee Statistics	80	
	2-8	Workers who are not employees	-	-	Not applicable/LOTES does not have workers who are not employees.
Governance	2-9	Governance structure and composition	3.1 Governance Practices	27	
	2-10	Nomination and selection of the highest governance body	3.1.1 Board Operations	29	
	2-11	Chair of the highest governance body	3.1.1 Board Operations	29	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainable Development Committee 3.1.1 Board Operations	6 29	
	2-13	Delegation of responsibility for managing impacts	1.1 Sustainable Development Committee	6	
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Committee	6	
	2-15	Conflicts of interest	3.1.1 Board Operations	29	
	2-16	Communication of critical concerns	3.1.1 Board Operations	29	
	2-17	Collective knowledge of the highest governance body	3.1.1 Board Operations	29	
	2-18	Evaluation of the performance of the highest governance body	3.1.1 Board Operations	29	
	2-19	Remuneration policies	3.1.2 Functional Committee Operations/Remuneration Committee	31	
	2-20	Process to determine remuneration	3.1.2 Functional Committee Operations/Remuneration Committee	31	
Strategies, Policies and Practices	2-21	Annual total compensation ratio	-	-	Confidentiality rules/Compensation is within the LOTES confidential scope.
	2-22	Statement on sustainable development strategy	Message from the Chairman	1	
	2-23	Policy commitments	4.3 Supply Chain Management 5.1.1 Human Rights Policies	68 78	
	2-24	Embedding policy commitments	4.3 Supply Chain Management 5.1.1 Human Rights Policies	68 78	
	2-25	Processes to remediate negative impacts	3.1.1 Board Operations	29	
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Stakeholder Communication 3.1.4 Ethics and Integrity	8 34	
	2-27	Legal Compliance	3.3. Legal Compliance	38	
	2-28	Membership associations	2.3 Participation in External Organization	24	

Topic	Disclosure item	Item description	Chapter	Page	Reason for Omission/Necessary Explanation
GRI 2 General Disclosures 2021					
Stakeholder Engagement	2-29	Approach to stakeholder engagement	1.3 Stakeholder Communication	8	
	2-30	Collective bargaining agreements	-	-	Not applicable/LOTES has established labor unions and has not signed any collective bargaining agreements with employees, but has maintained effective communications through regular labor-management meetings. There were no occurrences of labor disputes in the current year.
GRI 3: Material Topics 2021					
Material Topics	3-1	Process to determine material topics	1.4 Identification of Material Topics	10	
	3-2	List of material topics	1.4 Identification of Material Topics	10	
Economic aspect					
Economic Performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.4 Operational Performance Cover Page	39	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.4 Operational Performance	39	
	201-2	Financial implications and other risks and opportunities due to climate change	4.4 Climate Change Management	72	
	201-3	Defined benefit plan obligations and other retirement plans	5.2.1 Compensation and Benefits	84	
	201-4	Financial assistance received from government	-	-	The information acquired is incomplete/LOTES has not collected information on financial assistance received from the government for every plant. It is anticipated that this information will be disclosed in the report for next year.
Market Presence					
GRI 202: Market Presence 2016	202-1	Ratio of rank-and-file personnel standard salaries to the local minimum salaries for each plant by gender	5.2.1 Compensation and Benefits	84	
	202-2	Proportion of senior management hired from the local community	5.1.2 Employee Statistics	80	
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.3 Supply Chain Management	68	
★ Customer Services					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.7.2 Customer Relations Cover Page	49	
LOTES customized Material Legal Topics	Customer Service-1	Customer satisfaction levels in the respective year	3.7.2 Customer Relations	49	
★ Information Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.5 Information Security Cover Page	41	
LOTES customized Material Legal Topics	Information Security-1	There were no occurrences of information security incidents in the respective year.	3.5 Information Security	41	
Environmental aspects					
★ Energy					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Energy Conservation and Carbon Reduction Cover Page	54	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.1 Energy Conservation and Carbon Reduction	54	
	302-2	Energy consumption outside the organization	-	-	Unable to acquire the information/External energy consumption includes value chain upstream, and downstream. At this stage, LOTES is not able to obtain energy consumption information of the upstream and downstream value chains.
	302-3	Energy intensity	4.1 Energy Conservation and Carbon Reduction	54	
	302-4	Reduction of energy consumption	4.1 Energy Conservation and Carbon Reduction	54	
	302-5	Reductions in energy requirements of products and services	4.1 Energy Conservation and Carbon Reduction	54	

Topic	Disclosure item	Item description	Chapter	Page	Reason for Omission/Necessary Explanation
Environmental aspects					
★ Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Energy Conservation and Carbon Reduction Cover Page	54	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1 Energy Conservation and Carbon Reduction	54	
	305-2	Energy indirect (Scope 2) GHG emissions	4.1 Energy Conservation and Carbon Reduction	54	
	305-3	Other indirect (Scope 3) GHG emissions	4.1 Energy Conservation and Carbon Reduction	54	
	305-4	GHG emissions intensity	4.1 Energy Conservation and Carbon Reduction	54	
	305-5	GHG emission reduction	4.1 Energy Conservation and Carbon Reduction	54	
	305-6	Emissions of ozone-depleting substances (ODS)	-	-	Not applicable/LOTES does not emit ozone-depleting substances (ODS).
		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	-	Not applicable/LOTES does not emit nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.
★ Waste					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Waste Management Cover Page	66	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	4.2 Waste Management	66	
	306-2	Management of significant waste-related impacts	4.2 Waste Management	66	
GRI 306: Waste 2020	306-3	Waste generated	4.2 Waste Management	66	
	306-4	Waste diverted from disposal	4.2 Waste Management	66	
		Waste directed to disposal	4.2 Waste Management	66	
★ Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Supply Chain Management Cover Page	68	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.3 Supply Chain Management	68	
		Negative environmental impacts in the supply chain and actions taken	4.3 Supply Chain Management	68	
Social aspect					
★ Employment Relations					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2.1 Compensation and Benefits Cover Page	84	
GRI 401: Employment Relations 2016	401-1	New employee hires and employee turnover	5.1.2 Employee Statistics	80	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.1 Compensation and Benefits	84	
	401-3	Parental leave	5.2.1 Compensation and Benefits	84	
		Total number of full-time employees in non-managerial positions, and the mean and median values of their annual salaries	5.2.1 Compensation and Benefits	84	
Labor/Management Relations					
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.2.3 Labor-Management Communication	94	

Topic	Disclosure item	Item description	Chapter	Page	Reason for Omission/Necessary Explanation
Social aspect					
★ Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.3 Occupational Health and Safety Cover Page	96	
GRI 403: Occupational Health and Safety 2018	403-1	OHS Management System	5.3 Occupational Health and Safety	96	
	403-2	Hazard Identification, Risk Assessment, and Accident Investigation	5.3 Occupational Health and Safety	96	
	403-3	Occupational health services	5.3 Occupational Health and Safety	96	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Occupational Health and Safety	96	
	403-5	Worker training on occupational health and safety	5.3 Occupational Health and Safety	96	
	403-6	Promotion of worker health	5.3 Occupational Health and Safety	96	
		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Occupational Health and Safety	96	
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety	5.3 Occupational Health and Safety	96	
	403-9	Work-related injuries	5.3 Occupational Health and Safety	96	
	403-10	Occupational diseases	5.3 Occupational Health and Safety	96	
★ Training and education					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2.2 Talent Cultivation Cover Page	91	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.2.2 Talent Cultivation	91	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2.2 Talent Cultivation	91	
		Percentage of employees receiving regular performance and career development reviews	5.2.1 Compensation and Benefits	84	
Staff Diversity and Equality Opportunities					
GRI 405: Staff Diversity and Equality Opportunities 2016	405-1	Diversity of governance bodies and employees	3.1.1 Board Operations 5.1.2 Employee Statistics	29 80	
	405-2	Ratio of basic salary and remuneration of women to men	5.2.1 Compensation and Benefits	84	
★ Supplier social assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Supply Chain Management Cover Page	68	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	4.3 Supply Chain Management	68	
	414-2	Negative social impacts in the supply chain and actions taken	4.3 Supply Chain Management	68	
★ Customer Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.7.1 Product Responsibilities Cover Page	44	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.7.1 Product Responsibilities	44	
		Incidents of non-compliance concerning the health and safety impacts of products and services	3.7.1 Product Responsibilities	44	
Marketing and Labeling					
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	3.3. Legal Compliance	38	
	417-3	Non-compliance with marketing communications requirements	3.3. Legal Compliance	38	
Customer privacy					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.7.2 Customer Relations	49	

Independent Assurance Statement Based on 2024 Sustainability Report of LOTES CO., LTD.

Statement No.: 2505088

LOTES CO., LTD. (hereinafter referred to as LOTES) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2024 sustainability report, GREAT has no financial relationship with LOTES.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant LOTES's Sustainability Report, and not for other purposes. Except for the Statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this Statement.

This Statement is based on the conclusions made by the relevant information verification provided by LOTES to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this Statement or related matters will be answered by LOTES.

The Scope of Assurance

The verification scope of LOTES and GREAT agreement includes:

- The contents of the entire sustainability report and all operating performance of LOTES from January 1, 2024 to December 31, 2024;
- According to the type 1 of AA1000 Assurance Standard v3, evaluate the nature and degree of LOTES's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report.
- This Statement is made in Chinese and translated into English for reference.

Verification Opinion

We summarize the content of LOTES's sustainability report, and provide a fair standpoint of LOTES's related operations and performance. We believe that the specific performance indicators of LOTES in 2024, such as environment, society and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate LOTES's expectations and efforts to identify and satisfy stakeholders.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by LOTES is sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

Verification method

To gather the evidence relevant to the conclusions, we performed the following:

- To conduct a senior management review of issues from external parties related to LOTES's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of LOTES about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of LOTES on a sampling basis;
- To evidence supporting the claims made in the review report;
- To Review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

Conclusion

The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

- Inclusivity

LOTES has established a process of cooperation with major stakeholders, including employees, customers, investors, suppliers, community, government agencies and financial institutions, etc., and will launch a series of stakeholder activities

In 2024, involving economy, environment, people (including human rights) and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of LOTES.

- Materiality

The report has stated that LOTES focuses on economy, environment and people (including human rights) topics, and identified 11 major topics including operational performance, talent cultivation, greenhouse gas management, sustainable supply chain, energy management, information security, occupational safety, waste management, salary and benefits, product responsibility, and customer service, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of LOTES.

- Responsiveness

LOTES responds to requests and opinions from stakeholders. Implementation methods include labor-management meetings, welfare committee meetings, website announcements, employee feedback boxes/satisfaction surveys, customer satisfaction survey/environmental safety inspection factory, annual report, shareholders' meeting, supplier assessment/evaluation, community donation activities/participation in organizational operations, government agency website reporting/legislative hearings/symposiums, those numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of LOTES.

- Impact

LOTES has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. LOTES has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of LOTES.

- GRI Guidelines

LOTES provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers LOTES's social responsibility and sustainability themes.

Assurance level

According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

Responsibility

The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of LOTES. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide a Statement for the stakeholders.

Ability and Independence

GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000 AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team MAY 21, 2025

GREAT International Certification Co., Ltd.

Taiwan, Republic of China



Signed by General Manager W. J. Chen



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000-250/V3-U171N

Appendix 3. Sustainable Accounting Standards Board (SASB) Sustainability Accounting Standards

(LOTES belongs to the SASB Industry classification for Technology & Communications/Hardware)

SASB Industry classification – Technology & Communications/Hardware		Indicator Code	Corresponding Chapter	Note
Product Safety	Description of approach to identifying and addressing data security risks in products	TC-HW-230a.1	The Company's products are mechanical products and there are no risks relating to data security.	
Employee Diversity and Inclusion	Percentage of (1) gender and (2) diversity group representation for: (A) Executive management / (B) Non-executive management / (C) Technical personnel (D) All other employees	TC-HW-330a.1	5.1.2 Employee Statistics	
Product Lifecycle	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1	The Company's products fully conforms to IEC 62474 declaration of controlled substances at 100%	
	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	Not applicable	
	Percentage of eligible products, by revenue, certified to an energy efficiency certification	TC-HW-410a.3	Not applicable	
	Weight of end-of-life products and e-waste recovered, percentage recycled	TC-HW-410a.4	4.2 Waste Management	Partial disclosure
Supply Chain Management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent	TC-HW-430a.1	4.3 Supply Chain Management	Partial disclosure
	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.	TC-HW-430a.2	4.3 Supply Chain Management	Partial disclosure
Material Sourcing	Description of the management of risks associated with the use of critical materials	TC-HW-440a.1	"3.2 Risk Management 3.7.1 Product Responsibilities"	Partial disclosure
Activity Metric				
Number of Units Produced by Product Category		TC-HW-000.A	2.1 Company Introduction	
Area of Manufacturing Facilities		TC-HW-000.B	Guangzhou: 70,078.36 square meters Zhongshan: 105,891.51 square meters Suzhou: 56,146.57 square meters Vietnam: 26,691.57 square meters	
Percentage of Production From Owned Facilities			100%	

Appendix 4. Sustainability Disclosure Indicators for the Electronic Components Industry

LOTES follows Table 1-12 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies for disclosure

No.	Indicator	Types of Indicator	Annual Disclosure Status	Unit	Note
1	Total energy consumption, percentage of purchased electricity, and utilization rate of renewable energy	Quantitative	4.1 Energy Conservation and Carbon Reduction	Gigajoule (GJ), percentage (%)	
2	Total water intake and consumption	Quantitative	They were all domestic water and there were no manufacturing process water. Total water intake was 668,187.0000m ³ Total water consumption was 0m ³	Thousand cubic meters (m ³)	
3	Weight of hazardous waste generated and percentage recycled	Quantitative	4.2 Waste Management	Metric ton (t), percentage (%)	
4	Describe the type of occupational disaster, the number of people involved, and the rate	Quantitative	5.3 Occupational Health and Safety	Rate (%), quantity	
5	Product lifecycle management disclosure: Weight of end-of-life products and e-waste recovered, percentage recycled (Note 1)	Quantitative	4.2 Waste Management	Metric ton (t), percentage (%)	
6	Description of the management of risks associated with the use of critical materials	Qualitative description	3.7.1 Product Responsibilities 4.3 Supply Chain Management	Not applicable	
7	Total amount of pecuniary losses as a result of legal proceedings related to the anti-competitive behavior-related laws	Quantitative	There were no occurrences of legal violations relating to anti-competitive behaviors, 0 loss amount.	Currency	
8	Number of units produced by product category	Quantitative	Connectors and Cables 4,443,465 Thousand PCS	Varies by product category	

Note 1: Explanation shall be provided for any sales of scrap materials or other recycling treatment.

Note 2: Critical materials include but are not limited to cobalt, fluorite, gallium, germanium, graphite, indium, magnesium, niobium, tantalum, tungsten; platinum group metals (platinum, palladium, iridium, rhodium, ruthenium); and rare earth elements, including yttrium, scandium, lanthanum and lanthanides (cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium and lutetium).

Appendix 5. Climate-related Information of Listed Companies

LOTES follows Table 2 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies for disclosure Climate change risk opportunities and related climate issue response measures

Item	Report Disclosure Chapter
1. Describe the board's oversight of climate-related risks and opportunities.	4.4 Climate Change Management
2. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4.4 Climate Change Management
3. Describe the financial impacts of extreme climate events and transition actions	4.4 Climate Change Management
4. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4.4 Climate Change Management
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	4.4 Climate Change Management
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	4.4 Climate Change Management
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	No internal carbon pricing has been implemented yet.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	4.4 Climate Change Management
9. Greenhouse gas inventory and assurance status, and reduction goals, strategies and specific action plan (separately fill out in 1-1 and 1-2 below).	4.4 Climate Change Management

Scope 1	Emissions Volume (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e per NTD million)	Assurance Institution	Assurance Status (Verification Certificate)
Taiwan HQ	141.1500	0.0047	SGS	1.https://www.lotes.cc/data/environment/attached/1673568561039480571.pdf 2.https://www.lotes.cc/data/environment/attached/1665648470069353315.pdf 3.https://www.lotes.cc/data/environment/attached/1665648517835485408.pdf
Guangzhou Plant	1,338.5700	0.0445	SGS	
Zhongshan Plant	826.5100	0.0275	SGS	
Suzhou Plant	506.9200	0.0168	SGS	
Plants in Vietnam	98.1500	0.0033	SGS	
Scope 2	Emissions Volume (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e per NTD million)	Assurance Institution	
Taiwan HQ	1,640.9900	0.0545	SGS	
Guangzhou Plant	16,360.2000	0.5437	SGS	
Zhongshan Plant	22,713.1900	0.7549	SGS	
Suzhou Plant	6,251.1400	0.2078	SGS	
Plants in Vietnam	4,789.1900	0.1592	SGS	
Scope 3	Total Emissions Volume (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e per NTD million)	Assurance Institution	
Taiwan HQ	9,397.8900	0.3123	SGS	
Guangzhou Plant	23,046.0600	0.7659	SGS	
Zhongshan Plant	115,883.8700	3.8514	SGS	
Suzhou Plant	15,176.8500	0.5044	SGS	
Plants in Vietnam	6,409.7400	0.2130	SGS	

Note: The carbon inventory boundary of the Taiwan HQ data includes the parent company and subsidiaries outside of China and Vietnam.

LOTES CO., LTD., LOTES INVESTMENTS LIMITED, LOTESON INTERNATIONAL INVESTMENTS LIMITED, LOTES USA, INC., Guan Si Development Co., Ltd., Jae You Co., Ltd., Lomites Co., Ltd., Jia You Investment Co., Ltd., GOOD NEWS MEDICAL CO., LTD., Compertum Microsystems Inc., LOTES EU GmbH, Jia Wang Investment Co., Ltd., XIN CITY TECHNOLOGY CO., LTD., SWISS GOOD ENTERPRISES LIMITED, Zha Xi Investment Co., Ltd., WANGDEN INVESTMENTS LIMITED, FELICITY NEWS LIMITED, Lintes Technology Co. Ltd., Ji Long Co., Ltd., RU HUI CO., LTD., GENIE PRECISION MACHINING CO., LTD..

Carbon Reduction Goals	Strategic Actions	Project Timeline
Compared to the baseline year of 2024	1. Implement green procurement by purchasing infrastructure equipment with environmental labels. 2. Complete replacement of equipment and HVAC systems with Energy Star-rated models Grade 1. 3. Implementation of Facility Equipment Energy Efficiency projects. 4. Installation of solar energy for self-use and purchase of green energy certificates.	2025–2030
A 20% reduction in Scope 1 + Scope 2 greenhouse gas emissions by 2030		2025–2030
Achieving 25% renewable energy (RE25) by 2030		2025–2030
A 30% reduction in Scope 1 + Scope 2 greenhouse gas emissions by 2040		2025–2040





LOTES

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