

CHAPTER 2

Stakeholder Identification and Engagement

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2.1 Stakeholder Engagement

- Apogee Optocom values feedback and opinions from stakeholders across all sectors. We first identify six major stakeholder groups: suppliers, customers, employees, shareholders, banks, and others, and rank them according to their importance to the company. Following this stakeholder ranking, starting in 2025, we will conduct questionnaire surveys to confirm and collect stakeholders' needs and expectations regarding ESG issues across all sectors. We will analyze and summarize the potential opportunities and risks associated with each issue, and maintain continuous and open communication channels with stakeholders.

- Based on the aforementioned inquiries with major stakeholders, we collected information on sustainability issues which various stakeholders concerned, conducted a questionnaire survey analysis, and weighted the scores according to the importance of each stakeholder to determine the company's major issues for 2025。

- Through this year's questionnaire survey, we hope to expand communication with stakeholders in future years and obtain valuable feedback that will serve as the cornerstone of our internal management and sustainable development strategies.

- Our company believes that enterprises have a social responsibility to stakeholders. Therefore, we communicate with stakeholders through various channels to understand their needs and expectations of the company, which serves as an important reference in developing our corporate sustainability plan.





2.1.1 Identification of Stakeholders

●Apogee Optocom values stakeholder communication and feedback. After surveying department heads, six main categories were identified: suppliers, customers, employees, shareholders, banks, and others (industry peers, etc.). Internal questionnaires were conducted using the five principles of the AA1000 SES Stakeholder Engagement Standard (Dependency, Responsibility, Influence, Diverse perspectives, and Tension) to identify customers, suppliers, employees, and shareholders as stakeholders with significant impact on the company

●The Sustainability Committee's Provisional Sustainability Task Force, based on consensus criteria, surveys internal departments to determine the perceived importance of stakeholders as a basis for weighted calculation of the importance of major issues. Through diverse communication channels, it promptly receives and responds to stakeholders' needs, jointly promoting corporate sustainability.

2.2 Material Topics Analysis Process

2.2.1 Identification and Analysis of Material Topics

●Based on the framework of our issue collection, we analyzed sustainability-related disclosure indicators, including Sustainable Development Goals and GRI Standards, SASB, and TCFD, to produce a list of sustainability issues. This list is divided into three main areas: corporate governance and economic issues, environmental issues, and social issues, encompassing a total of 20 issues.

●To assess the issues of concern to stakeholders, our company conducted a survey of stakeholders from the six categories identified in the aforementioned stakeholder analysis, distributing questionnaires and performing quantitative analysis:

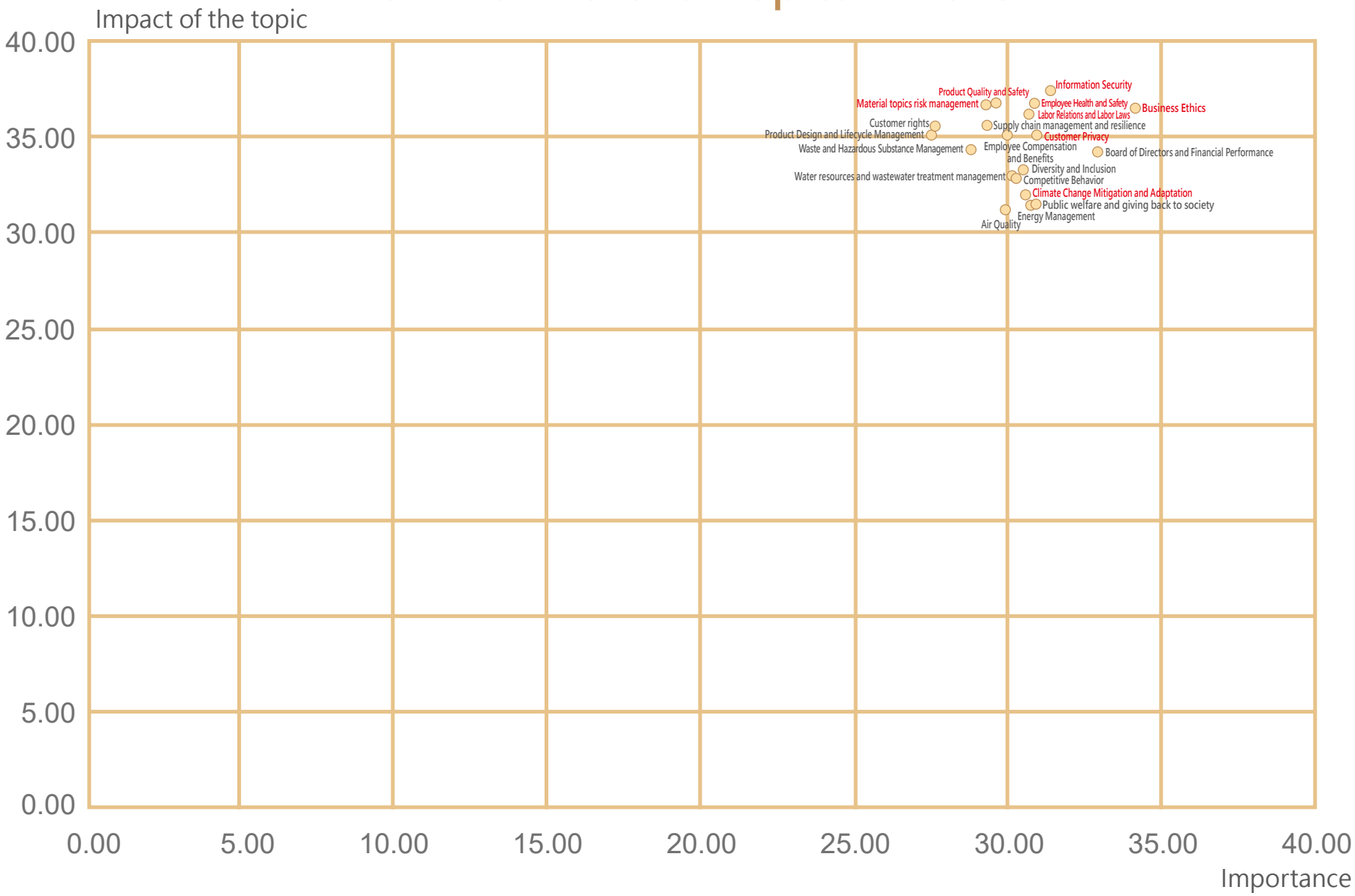
1.In 2025, a total of 38 stakeholders participated in the issue identification survey, and 38 valid questionnaires were collected to understand the stakeholders' ranking of their concerns regarding sustainability issues;

2.The Sustainability Committee discussed the positive, negative, and actual/potential impacts based on the stakeholders' ranking of their concerns regarding sustainability issues;

3.The Sustainability Committee used the ESG Issue Operational Impact Analysis Risk Assessment Form to assess the severity, likelihood, and human rights issues, and then scored the risks. The scoring results were then used to create a material topics impact analysis matrix, ranking the impact priorities;

4.The material topics matrix is shown on the next page:

Matrix of Material Topics in 2025



●Based on the matrix assessment results above, the Apogee Sustainable Development Committee, together with the General Manager and the highest corporate governance unit—the Board of Directors—assessed the economic, environmental, and social impact of the issues raised. From the 20 issues across the economic, environmental, and social dimensions in the diagram, 8 material topics were identified based on stakeholder assessments of their high importance and impact (opportunity/impact) on the company. :

1	2	3	4	5	6	7	8
Material Topics Risk Management (Corporate Governance and Economic Aspects)	Business Ethics (Corporate Governance and Economic Aspects)	Employee Health and Safety (Social Aspects)	Labor Relations and Labor Laws (Social Aspects)	Product Quality and Safety (Corporate Governance and Economic Aspects)	Customer Privacy (Corporate Governance and Economic Aspects)	Information Security (Corporate Governance and Economic Aspects)	Climate Change Mitigation and Adaptation (Environmental Aspects)
							While this topic received fewer points in the questionnaire, the Sustainable Development Committee, considering the need to balance information disclosure across different aspects with the timelines for climate change disclosure in regulations/ international standards, added it to the list of material topics.

●This period introduces two new major topics: "Business Ethics" and "Employee Health and Safety." The previously material topic, "Supply Chain Management and Resilience," remains a focus of the company's self-management efforts.

●The aforementioned eight material topics will be submitted to the General Manager and Chairman for decision-making and discussion. A total of 27 GRI Standard thematic guidelines will be compiled, and sustainable information will be collected and disclosed based on the reporting requirements and management policies for each theme. The remaining 12 issues will be managed and supervised by the company's various departments according to the current internal control system and related issue management procedures, as self-managed topics.

●Our company believes that enterprises have a social responsibility to stakeholders. Therefore, we communicate with stakeholders through various channels to understand their needs and expectations of the company, which serves as an important reference in developing our corporate sustainability plan.

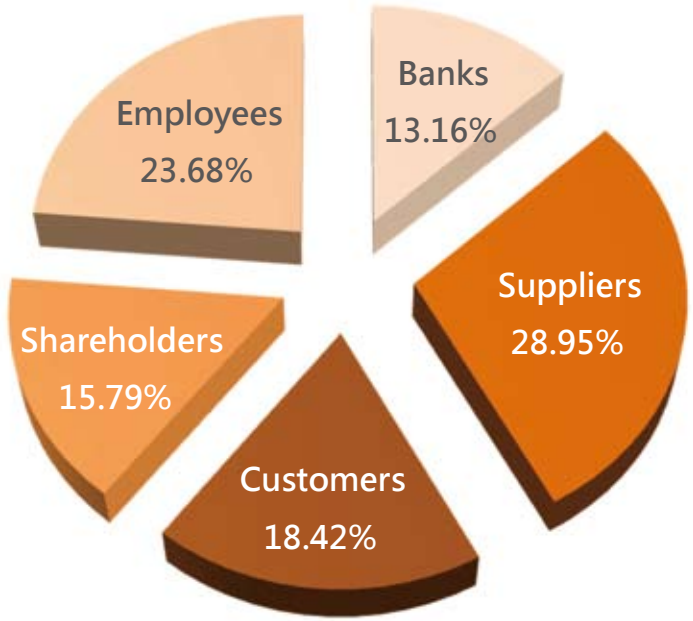
2.2.2 Stakeholder concerns and engagement

●The following is a summary of the stakeholder categories, their key concerns, engagement channels and frequency with Apogee, and the company's engagement channels and points of contact, based on the questionnaire responses

Stakeholder Type	Key Concern Topics	Engagement Channels	Frequencies	Point of Contact
Suppliers	Business Ethics、Supply chain management and resilience、Product Quality and Safety、Labor Relations and Labor Laws、Employee Health and Safety、Employee Compensation and Benefits	Supplier evaluation, Supplier audit	Irregular	Production Department
Customers	Business Ethics、Customer Privacy、Information Security、Climate Change Mitigation and Adaptation、Water resources and wastewater treatment management、Waste and Hazardous Substance Management	Customers hold regular meetings with Apogee; customers periodically inquire about product delivery times, prices, and quality; customer complaints.	Regular meetings with key clients every two months; Other meetings are irregular	Business Department
Employees	Information Security、Material topics risk management、Labor Relations and Labor Laws、Customer Privacy、Board of Directors and Financial Performance、Employee Health and Safety、Employee Compensation and Benefits	Labor-Management Conference	Once every three months	Management Department
		Employee Welfare Committee	Twice a year (excluding temporary representative re-elections)	Employee Welfare Committee
Shareholders	Material topics risk management、Information Security、Board of Directors and Financial Performance、Competitive Behavior、Business Ethics、Product Quality and Safety	Annual Shareholders' Meeting	Once a year	Finance Department
		Board of Directors	Once a quarter	
		Annual Corporate Statement Public Briefing	Twice a year	
		Monthly Revenue Announcement	Once a month	
Banks	Product Quality and Safety、Material topics risk management、Business Ethics、Board of Directors and Financial Performance、Information Security、Labor Relations and Labor Laws	The bank periodically inquires about the company's willingness to purchase financial products and raises questions regarding Apogee Optocom's financial statements.	Irregular	Finance Department
Others	None			

●The questionnaire was distributed to stakeholders, totaling 38 people, as shown in the pie chart below. The large proportion of stakeholders is due to the fact that the number of major suppliers, customers and employees is greater than that of major shareholders (mainly investment companies) and banks.

Percentage of stakeholders in the questionnaire



●To reflect the overall value chain of Apogee Optocom, the impact and significance of 8 material topics and 12 self-management topics on Apogee Optocom are identified. This is to define the scopes of impact, ensure the transparency of the value chain and its extended effects, and analyze the significance of major sustainability themes for Apogee Optocom, as well as management policies, short-, medium- and long-term goals. For complete information on management policies, goals and performance, please refer to the corresponding chapters.

Material Topics	Impact or opportunity of the issue	Corresponding GRI theme	Description of the GRI Disclosed	Interior Scopes	External Scopes				
				Employees	Suppliers	Customers	Shareholders	Banks	Others
Material topics risk management	1.Domestic and international political and economic situations, natural disasters, and currency fluctuations can lead to instability in the supply and sales of raw materials/products. 2.With the rise of clashes in international environmental protection, climate change, trade, business ethics, and human rights regulations and policies, as well as related trade disputes, potential "black swan" events are impacting companies' operating and R&D costs and even supply chains. 3.Increased hazards in the employee work environment raise significant safety concerns. 4.The company's software and hardware information and production equipment are relatively outdated, which are the main sources of information security, data access vulnerabilities, energy consumption and carbon emissions, respectively, which have a significant impact on information security, customers and the market. In the future, the company will design and implement short, medium and long-term goals to prevent and plug vulnerabilities, upgrade software and hardware equipment and enhance the carbon-saving efficiency of equipment production.	GRI 3 Material Topics The rest are detailed in the following points.	GRI 3-1 Process to determine material topics GRI 3-2List of material topics GRI 3-3Management of material topics The rest are detailed in the following points.	v	v	v	v	v	v
Business Ethics	The company is a manufacturer of customized, highly export-oriented optical coatings and filters. In the current complex international situation, in addition to domestic anti-competitive monopolies, conflicts of interest, insider trading, dishonesty, and corruption, international anti-dumping and insider trading regulations trends or developments may affect the company's revenue or operating expenses (fines and penalties) and other uncertain expenditures. The company plans to establish a risk assessment mechanism for dishonest behavior to identify upstream suppliers and ensure that ethical business practices are not merely lip service, but rather that the company becomes a responsible and trustworthy supplier in the supply chain.	GRI 2 General Disclosures GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior	GRI 2-15 Conflicts of interest GRI 2-27 Compliance with laws and regulations GRI 205-2 Communication and training about anti-corruption GRI 206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	v	v	v	v	v	v
Labor Relations and Labor Laws、Employee Health and Safety	1.The global situation is constantly changing, influenced by complex factors such as trade, climate, and politics. The possibility of "black swan" events is not an exaggeration, and company operations and employee benefits are the first to be affected. Therefore, with the goal of operational stability and enhancing the quality of human resources, the company has designed a comprehensive education and certification program for employees to improve their professional skills and safety awareness, and to comply with regulatory and sustainable risk mitigation requirements. 2.In response to global trends in human rights regulations and due diligence, our company prioritizes occupational safety, employee mental and physical well-being, migrant worker rights, and a friendly workplace. Establishing a comprehensive, long-term process for identifying, managing, voicing, and tracking major human rights risks is crucial for effectively controlling and preventing operational human rights risks. This also presents a key opportunity to enhance supply chain resilience.	GRI 401 Employment, GRI 403 Occupational Health and Safety, GRI 406 Non-discrimination, GRI 408 Child Labor , GRI 409 Forced or Compulsory Labor , GRI 411 Rights of Indigenous Peoples	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, GRI 403-1 Occupational health and safety management system , GRI 403-5 Worker training on occupational health and safety , GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships, GRI 403-9 Work-related injuries , GRI 406-1 Incidents of discrimination and corrective actions Taken, GRI 408-1 Operations and suppliers at significant risk for incidents of child labor, GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor, GRI 411-1 Incidents of violations involving rights of indigenous peoples	v		v	v	v	v
Product Quality and Safety	Product quality and safety are primarily assessed through random sampling and customer feedback. The stability and applicability of optical communication filter products are fundamental to the company's operations. Current issues stem from inadequate integration or timely responses in measurement settings, either by the company itself or downstream suppliers, leading to unnecessary losses and resource waste. Strictly controlling the risks associated with downstream product end-use applications and related customer complaints is a top priority for the production line.	GRI 416 Customer Health and Safety	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	v	v	v	v		v
Customer Privacy、Information Security	1.The production requirements and related data provided by clients involve their intellectual property rights and patents. Leakage of such information would severely impact clients' operations and the stability of the overall supply chain. 2.The company's production equipment and computer systems are outdated, data control and digitization are incomplete, and data storage needs improvement in terms of tiered management. This could allow hackers or other malicious users to exploit vulnerabilities or breach the company's systems using new AI technologies or older methods such as ransomware.	GRI 418 Customer Privacy	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	v	v	v		v	
Climate Change Mitigation and Adaptation	1.The company's carbon emissions are highly concentrated in the use of energy-intensive coating equipment and related refrigerants. The company needs to actively seek new energy-saving technologies/measures to reduce carbon emissions and keep abreast of relevant disclosures and emission regulations from regulatory authorities. 2.The Apogee plant is located in an area with potential for extreme weather impacts. Improving water use and process efficiency, strengthening plant protection measures, and controlling related operating costs and capital expenditures are crucial. In addition, with the increasing demand for climate change in the process environment and supply chain, the company needs to comprehensively develop countermeasures for the physical and transition risks disclosed in the TCFD.	GRI 102: Climate Change 2025 ; GRI 201 Economic Performance	GRI 102 will take effect in 2027; details not yet disclosed; GRI 201-2 Financial implications and other risks and opportunities due to climate change	v	v	v	v	v	v

●Following discussion, the highest governance body for this period provides the following overview of material issues (importance and value to the company, policies and vision, engagement parties, specific investments and actions, and performance evaluation indicators):

Overview of material issues	Definition and Planning / Actual Action
Name of material issues	Material topics risk management
Importance and value to the company	GRI 3 (Material Topics) is the core of the sustainability report. Through the principle of dual materiality, it assesses the company's operational impact on the environment, society, and economy (from the inside out), and the impact of these sustainability risks on the company's finances and operations (from the outside in). For Apogee, positioned as a key manufacturer of highly customized, export-oriented, and high-tech optical coatings and filters, with expansion into the outer space industry and AI computing centers, the implementation of GRI 3 has the following core importance and substantial value: 1.Assist in defining resource allocation priorities: The process of identifying critical issues helps Apogee identify core impacts—the impact of high energy consumption and pollution from inefficient equipment on climate change; and the information security risks posed by aging production line computer facilities. This provides management with clear data support when formulating energy-saving plans and implementing relevant energy or cybersecurity systems, ensuring that ESG capital expenditures accurately respond to core operational risks. 2.By investigating international regulatory trends, mitigate compliance and operational disruption risks: Traditional products are highly dependent on exports, placing them in the midst of complex international geopolitical tensions and global supply chain restructuring. GRI 3 emphasizes impact assessments on "corporate governance and economic aspects" and "social aspects," incorporating the latest international and domestic IFRS, SASB sustainability guidelines, anti-dumping regulations, anti-unfair competition and monopoly practices, and human rights due diligence trends into future annual corporate reform assessments; and integrating ethical and legal compliance into internal control systems to avoid and mitigate uncertain expenses arising from dishonest behavior. 3.Strengthening Client Trust: A Transparent and Substantive Response: Utilizing GRI 3, "Information Security" and "Customer Privacy" were identified as critical issues. The report disclosed the collaborative cybersecurity measures and the four-tier supplier assessment mechanism (A/B/C/D), and outlined a vision for more sophisticated future security measures and enhanced awareness among all employees. This demonstrated to the client that Apogee not only meets technical standards but is also an "Ethical Supplier" capable of ensuring the security of their intellectual property rights and possessing extremely high resilience to unforeseen circumstances.
Policies and Vision (Short- and Medium- to Long-Term Goals)	1.Increase interviews/surveys with stakeholders of varying scopes each year, and adjust questionnaire content to more accurately reflect the realities of the industry structure, deeply quantifying and discussing the "positive and negative" and "actual and potential" economic, environmental, and social impacts, making the impact matrix more valuable for financial and operational reference. 2.For self-management issues or areas not a priority this year, continue to investigate and optimize related procedures, including but not limited to ISO certification, green labeling, training, due diligence procedures, reasonable internal channels for expressing opinions and grievances, and contingency mechanisms for various extreme events.
Engagement parties (stakeholders) and responsible departments	Engagement parties: shareholders, employees, banks, customers, suppliers
Specific investments and actions	1.Conduct annual questionnaire surveys for department heads. Following this year's survey, six main stakeholder categories were identified: suppliers, customers, employees, shareholders, banks, and others (industry peers, etc.). Internal questionnaire evaluations were conducted based on the five principles of the AA1000 SES stakeholder agreement criteria (dependency, responsibility, impact, diversity of perspectives, and focus) to identify customers, suppliers, employees, and shareholders as stakeholders with significant impact and high importance to the company. 2.Conduct online surveys on identifying material topics for stakeholders in each area. After collecting valid questionnaires, understand the stakeholder ranking of their concern for sustainability issues, and discuss the positive, negative, and actual/potential impacts. 3.Draw a matrix diagram of the impact of major issues based on the scoring results in 2., arrange the priority of impact, analyze various material topics, propose relevant response strategies, establish evaluation indicators and implement objectives. 4.Maintain channels for consultation with stakeholders. We aim to effectively gather valuable feedback from stakeholders through various channels, including supplier evaluations and audits, regular or ad-hoc meetings with customers and the company, customer complaints, labor-management meetings, employee welfare committee meetings, annual shareholders' meetings, annual board meetings, annual corporate briefings, monthly revenue announcements, and ad-hoc communications with banks. This will serve as a basis for unified responses and improvements.
Performance Evaluation Indicators	1.Questionnaire distribution and return rate 2.Key performance indicators (KPIs) for achieving goals on material topics (see "Performance Evaluation Indicators" for other major issues below).

Overview of material issues	Definition and Planning / Actual Action
Name of material issues	Business Ethics
Importance and value to the company	As a key manufacturer of highly customized optical coatings and filters with a high export ratio, Apogee Optocom understands that in the current complex international landscape of geopolitical volatility and global supply chain restructuring, "Business Ethics" is no longer just a moral initiative but a core asset for maintaining business continuity, mitigating financial and legal risks, and a differentiating advantage for creating long-term value. Beyond domestic compliance with anti-competitive practices, insider trading, and dishonest behavior regulations, increasingly stringent international anti-dumping regulations and anti-corruption trends directly impact the company's overseas revenue and operating expenses. Facing litigation, sanctions, or hefty penalties could lead to unpredictable and uncertain expenses and a collapse in goodwill. To ensure that honest business practices and ethical standards do not become mere slogans, the company has fully integrated "Business Ethics" into its supply chain management system. We anticipate establishing a risk assessment mechanism for dishonest behavior in the future, using rigorous due diligence to eradicate risks such as insider trading, failure to avoid conflicts of interest, corruption, or illegal dumping at the source. Apogee will adhere to the highest standards of Business Ethics, aiming to demonstrate to global customers, investors, and the general public its commitment to maintaining fair market competition and transparency. Apogee's goal is to become a trusted "Ethical Supplier" in the global optoelectronics supply chain, fulfilling its sustainable responsibilities.
Policies and Vision (Short- and Medium- to Long-Term Goals)	1.Continuously enhance education, training, and outreach to directors, managers, and employees regarding insider trading, anti-corruption regulations, and conflict of interest avoidance, and extend this outreach to stakeholders. 2.The responsible supervisor and auditor should pay attention to the new international and domestic codes of conduct and institutional guidelines concerning corruption, insider trading, conflicts of interest, monopoly and dumping, etc., and conduct preliminary investigations and communications with upstream and downstream manufacturers and customers in the supply chain to design a risk control procedure for dishonest behavior (identify risks, investigation topics, and formulate a complete investigation, prevention and follow-up procedures).
Engagement parties (stakeholders) and responsible departments	Engagement parties: shareholders, employees, banks, customers, suppliers
Specific investments and actions	1.At least once a year, conduct training sessions on the relevant laws and regulations regarding "Prevention of Insider Trading Procedures" for current directors, managers, and employees. The training content includes the scope of insider trading regulations, the range of material internal information, disclosure procedures, handling of violations, and examples of transactions. Training sessions are also provided to newly appointed directors, managers, and employees as needed, and course brochures are sent to all directors (including independent directors), managers, and employees. No current directors, managers, or employees of the Company have violated insider trading, anti-corruption, or other conflict-of-interest avoidance regulations. 2.Our company identifies, monitors, and manages the risks of dishonest conduct that may result from conflicts of interest, in accordance with the Code of Conduct for Honest Business. Furthermore, the Board of Directors Rules of Procedure and practice require directors to explain the significant details of their interests to the Board of Directors regarding matters that are of interest to themselves or their legal representatives. Directors who believe such matters may be detrimental to the company's interests are prohibited from participating in discussions or voting and must recuse themselves from such discussions and voting. Thanks to the high ethical self-discipline of the directors and the sound mechanisms in place, our Board of Directors has not experienced any conflicts of interest since its inception.
Performance Evaluation Indicators	1.Number of training hours for insider trading education and awareness campaigns 2.Number of incidents involving violations of insider trading, anti-corruption, or other conflict-of-interest avoidance regulations (including publicly disclosed legal cases and internally undisclosed incidents) 3.Total number of incidents involving termination or non-renewal of contracts with business partners due to corruption or misconduct (currently none at the company)

Overview of material issues	Definition and Planning / Actual Action
Name of material issues	Labor Relations and Labor Laws、Employee Health and Safety
Importance and value to the company	1.Apogee considers its employees the foundation of the company, and outstanding employees are core assets that should be cultivated and promoted in all areas, including R&D, sales, finance, sustainability, and production. 2.Adhering to basic labor laws (maternal protection, employment of employees with disabilities, and absolute prohibition of discrimination or harassment, etc.) is a measure to respect the autonomy and self-realization of employees, to strengthen company cohesion, and to reduce the risk of penalties. 3.Based on regulations, we offer reasonable and generous employee salaries and related benefits, such as year-end bonuses, employee dividends, performance bonuses, scholarships for employee children, year-end parties, health checkups, and activities organized by the employee welfare committee, serving as the cornerstone for attracting top talent and ensuring smooth operations. 4.The education and training employees receive both inside and outside the company enhances their professional production/R&D/management skills and safety awareness, increasing the company's competitiveness and fostering a people-oriented spirit of mutual assistance and respect among employees. 5.Solid comprehensive education and training, along with certification requirements, not only reduce the incidence of occupational accidents but also enhance the company's resilience against "black swan" events by complying with regulations and sustainable risk avoidance requirements.
Policies and Vision (Short- and Medium- to Long-Term Goals)	Short-term: Continue to comply with relevant Taiwanese labor laws and regulations, provide benefits based on company operations, and actively protect employee rights through regular and ad-hoc labor-management communication and complaint channels. Medium to Long Term: 1.In future years, the company will continue to refer to international human rights conventions, UNGPs, and domestic laws to assess the impact of its operations and internal management on human rights, and revise corresponding procedures accordingly: (a)Establish human rights due diligence and review processes; (b) Define the scope of the aforementioned processes (company operational boundaries) and identify responsible units; (c) Identify major human rights issues; (d) Integrate and establish existing relevant procedures, preventative and remedial measures, and post-incident follow-up processes. 2.Actively track the latest international standards and regulations, and design training courses for each department to: (a)Enhance employee awareness, improve internal control systems, financial statements, sustainability reports, and the quality of related sustainability investigations (carbon inventory, human rights, etc.) to comprehensively improve the effectiveness of corporate governance assessments; (b)Promote cybersecurity training for all employees to strengthen their cybersecurity resilience and related identification and defense capabilities; (c)Deepen ISO 14001 environmental management, occupational health and safety, and fire emergency response drills (including climate change awareness education) to reduce operational risks and build a corporate culture with sustainability awareness and disaster resilience. (Current policy commitments and actual measures are publicly available at http://www.nextapogee.com.tw/ch/csr-1.php) 3.The company's salary policy will be adjusted to strengthen the link between the achievement rate of sustainability-related KPIs and the salary and bonus growth of each department. The issues that each department is responsible for will be adjusted according to the nature of the department.
Engagement parties (stakeholders) and responsible departments	Engagement parties: shareholders, employees
Specific investments and actions	1.We continuously comply with relevant labor laws and regulations in Taiwan and strengthen our internal management mechanisms to ensure employee rights and provide a high-quality workplace environment. We also ensure compliance through regular reviews and internal audits, enhancing our ability for sustainable development. (In 2025, the employee structure was reasonable, with no abnormal resignations or employee complaints, and no violations of labor rights.) 2.We actively guarantee employees' opportunities to participate in negotiations and propose solutions to improve their rights through various channels, including regular labor-management meetings, questionnaires, welfare committees, and ad-hoc communication and appeals. (All discussions in 2025 concerning employee leave, working hours calculation, and recruitment rights were passed.) 3.Through occupational safety and health protection measures, internal and external fire drills and inspections, detection of pollution indicators in the work environment, and regular audits and inspections of the environment, we ensure the physical and mental safety and health of our employees. In 2025, there were only 4 occupational accidents, and the circumstances were minor. The incidents did not occur on the production line or in the factory area. 4.In 2025, training focused primarily on key regulations and international and domestic standards (ESG matters, AI ethics, cybersecurity, fire safety, etc.), ensuring both new and existing staff fully understood the company's various values and the necessary skills for employees. 5.In 2025, a total of 7 employees (including the Deputy General Manager) were promoted, with 6 of them promoted based on performance evaluations. There was no discrimination based on gender in promotions; nor were there any employee complaints of human rights violations (employee rights and benefits, forced labor, incorrect calculation of wages and holidays, bullying, salary disputes, discrimination, harassment, etc.).
Performance Evaluation Indicators	Performance Evaluation Indicators 1. Average and median employee salaries; 2. Male-to-female employee basic salary ratio and total salary ratio; 3. Employee benefits expenditure; 4. Amount of retirement fund contributions; 5. Number of employees applying for parental leave without pay and their reinstatement, and reinstatement rate; 6. Labor-management meeting resolution approval rate; 7. Employee internal and education and training courses hours; 8. Number of valid employee licenses and permits; 9. Number of deficiencies in production environment/work safety during factory audits; 10. Work environment pollution indicators (chemical and physical factors); 11. Weighted correlation between sustainability KPI achievement rate and salary/bonus structure.

Overview of material issues	Definition and Planning / Actual Action
Name of material issues	Product Quality and Safety
Importance and value to the company	1.As a key manufacturer of precision optical coated filters in the optical communication industry supply chain, the company continuously invests in R&D to enhance its inherent process capabilities. Against the backdrop of increasing demand for data transmission bandwidth and the global strategic importance of 5G construction and AI computing centers, the company is building a cohesive and sustainable supply chain alliance with upstream suppliers of glass substrates, coating targets, chemical materials, and equipment; and downstream optical communication component and fiber optic module manufacturers, optical transceiver manufacturers, and related packaging and testing and wafer manufacturers. This alliance contributes to the overall communication industry and sustainable development, enhances the company's reputation and brand, increases revenue and profitability, and ensures operational continuity and stable production capacity (for large orders or new technology product demand). 2.The advanced Technology R&D team continuously develops new technologies such as silicon photonics (SiPh) and CPO key thin-film processes to position for future markets, increasing operational resilience and revenue profitability. 3.The ethical and sustainability requirements for upstream suppliers (hazardous substances, conflict minerals, employee labor compliance with due diligence standards, and future carbon neutrality and carbon footprint certification requirements in various regions) are crucial to the company's future operations and development. 4.For downstream customers in the optical communication module and even further in the chip wafer/space communication fields, accurate specifications and parameters are fundamental to product operation. As a reputable upstream manufacturer in the supply chain, Apogee maintains the highest level of responsibility for the operation and subsequent anomalies of its customers' optical communication components to enhance resilience in the face of emergencies and ensure that customer requirements and needs are met quickly. Apogee Optocom always maintains the highest level of accountability for the operational performance and subsequent anomalies of its customers' optical communication components. This sense of responsibility is not only reflected in the strict quality control at the factory but also permeates the entire product lifecycle management process. Apogee's goal is to be able to quickly eliminate potential operational risks with the fastest response speed and precise professional solutions when encountering supply chain fluctuations or technical bottlenecks, ensuring that all of its customers' high-quality requirements and strategic needs are perfectly met in the first instance.
Policies and Vision (Short- and Medium- to Long-Term Goals)	Short-term: 1.Three Major Strategies: (a)Technological Advancement: Leading the way in 1.6T high-end specifications, consolidating core competitiveness; (b)Architectural Innovation: Entering the key links of silicon photonics (SiPh) and CPO; (c)Diversified Momentum: Capitalizing on the broadband infrastructure boom and the new landscape of space communications, and strengthening the development and application of non-optical communication products. 2.Collaborating with suppliers to improve product compliance with green environmental standards, inspecting and controlling hazardous substances; continuously implementing quality-first management. 3.The production department continuously refines its strategies for dealing with non-conforming samples and reducing defect rates, promoting technological improvements in key processes, reducing process, measurement, and human error, and providing timely feedback to relevant supervisors and customers. Medium to long term: 1. Leveraging our core coating technologies, we will conduct research and development on coating materials, expanding into different wavelength coating fields (such as bio-detection and medical treatment), thereby broadening our product line and application scope. 2. We will collaborate with suppliers and downstream customers to conduct due diligence on supply chain carbon emissions, carbon footprint, conflict minerals, RoHS-related human rights and environmental issues, strengthening the bonds of a sustainable supply chain.
Engagement parties (stakeholders) and responsible departments	Engagement parties: employees, customers, suppliers
Specific investments and actions	1.We implement IQC, IPQC, and OQC procedures, hold weekly production meetings to integrate various departments, conduct regular feedback analysis, improve products, and track customer requirements. The company fully implements the above-mentioned quality-first management workflow to continuously ensure customer satisfaction with quality and service. 2.Our company values every customer complaint. Upon receiving a quality complaint, we immediately notify the sales department to handle the complaint. In accordance with the "Corrective and Preventive Action Procedures," we immediately take countermeasures and prepare a customer complaint tracking report, providing timely feedback to relevant supervisors and customers. In 2025, the Apogee Group did not experience any major product safety incidents that caused harm to customers. The customer complaint rate for Apogee Group product orders in 2025 was 0.33%, of which 65.79% were attributable to Apogee itself. Analysis revealed that the main causes were: process errors, human error, and incorrect measurement settings. 96.05% of the cases were rectified within the specified time and followed up with preventative measures according to standard procedures, which were approved by the customer.
Performance Evaluation Indicators	1. Types and number of customer complaints 2. Inspection rate of hazardous substances in raw materials and products

Overview of material issues	Definition and Planning / Actual Action
Name of material issues	Customer Privacy、Information Security
Importance and value to the company	1.The production requirements and related data provided by customers involve their intellectual property rights and patents. Leakage of such data would severely impact customer operations and the stability of the overall supply chain. Given that precise specifications and parameters are fundamental to Apogee's main product lines, including optical communication filters and active/passive components, the production requirements and technical data provided by customers not only heavily involve their intellectual property rights and core patents but also constitute the lifeline of the overall supply chain stability. As a reputable upstream producer in the supply chain, Apogee deeply understands the absolute importance of Customer Privacy—data breaches can cause irreversible and severe damage to downstream customer operations and the overall supply chain stability. Therefore, we maintain the highest level of responsibility for the operational performance of optical communication components and related services through robust security and privacy protection mechanisms beforehand. 2."Security is not an end point, but a continuous evolutionary process." The company reviewed various cybersecurity issues within its internal information systems, from system updates and endpoint protection to perimeter defense, authentication, and internal file access. It realized that improving cybersecurity is no longer simply about information upgrades, but a matter of survival concerning the continuity of business operations and supply chain commitments. The company must shift its cybersecurity mindset from "reactive patching" to "proactive resilience." Only through continuous dynamic evolution of defense mechanisms and deepening of employee awareness can the company ensure the absolute security of its core technology assets and build an unbreakable, sustainable defense line for the enterprise amidst the ever-changing digital landscape.
Policies and Vision (Short- and Medium- t o Long-Term Goals)	Short-term: 1.Design training courses tailored to actual operational situations to strengthen company-wide cybersecurity awareness, avoiding placing solely the burden and responsibility on the IT department. All aspects of production, management, IT, quality assurance, and R&D must pay equal attention to related issues. 2.Continuously and strictly control information security and the use of company and customer data to prevent potential problems. Multiple layers of usage restrictions and cybersecurity safeguards have been implemented. (No complaints of privacy violations or data loss from customers were received by the company's IT and sales departments in 2025.) Medium to Long Term: 1.Starting in 2026, gradually implement ISO/IEC 27001:2022 control items to establish a fully compliant sensitive data protection and user behavior review mechanism. 2.Digitalization of Data Control: Fully implement paper/physical management methods into automated system blocking and auditing to achieve "zero incidents" of confidential data leakage.
Engagement parties (stakeholders) and responsible departments	Engagement parties: employees, customers, suppliers
Specific investments and actions	1.Backup Defense: Ensure at least three backups of files to fundamentally defend against ransomware threats. 2.External Storage Device Control and Minimized Access: Prohibit the use of private external storage devices without permission to eliminate the risk of virus infection and data leakage; dial-in accounts can only access specific IPs/ports. 3.24/7 Cybersecurity Collaboration and Access Restriction Principle: Preemptive threat intelligence defense, 24/7 monitoring during incidents, real-time alerts, and post-incident analysis and recommendations; tiered access permissions for shared folders and files. 4.Network Isolation (VLAN): Implement strict isolation policies; all computers are equipped with antivirus software, and IT personnel conduct regular scans; block external connections to production line computers (severing network segments). 5.Cybersecurity Awareness Education: IT department managers actively arrange cybersecurity training courses (cloud security and zero trust, risk handling, defense concepts, AI precautions and advanced concepts, etc.). Future countermeasures will move towards regularly conducting company-wide cybersecurity training and social engineering drills to improve the identification rate of malicious links and fraudulent emails.
Performance Evaluation Indicators	1.Number of customer complaints regarding privacy violations or data loss 2.Unauthorized USB drive usage rate: Number of instances where unauthorized USB drives were inserted without permission. (Target: 0 cases/month) 3.Privilege approval overdue rate: The percentage of temporary written permission requests that were not reviewed within 24 hours or were not automatically closed after the deadline. 4.Cybersecurity incident Time to Response (TTR): The average time from when a suspected data breach alert is issued to when the IT team completes physical isolation. (Target: <30 minutes) 5.Vulnerability exposure rate of legacy equipment: The percentage of legacy systems not protected by firewalls out of all legacy equipment in the company. (Target: 0%) 6.Cybersecurity training completion rate: The percentage of employees in each department (including senior management and production line employees) who completed the mandatory cybersecurity course within the specified timeframe. (Target: 100% completion rate)

Overview of material issues	Definition and Planning / Actual Action
Name of material issues	Climate Change Mitigation and Adaptation
Importance and value to the company	1.Apogee is a fiber optic communications manufacturer that leases industrial buildings and purchases large amounts of electricity, relying primarily on high-energy-consuming, uninterrupted coating equipment for production. The carbon emissions from its electricity consumption and refrigerant usage (falling under Scope 2 and Scope 1 of ISO 14064-1:2018 respectively) are a key focus of the company's energy conservation and carbon reduction transformation plan. The company needs to actively seek new energy-saving technologies or renewable energy sources and keep abreast of relevant disclosure requirements from regulatory authorities and IFRS. (It is expected to switch to IFRS S2 (GHG Protocol) and submit 2028 data in fiscal year 2029.) 2.Apogee, together with upstream raw material suppliers and downstream communications and wafer manufacturers, should ensure operational continuity and stable production capacity. They should work together to enhance product competitiveness with a sustainable technology mindset, build a sustainable and low-carbon brand reputation, and jointly establish a cohesive sustainable supply chain alliance. This will contribute to the overall communications industry and sustainable development, enhance the company's reputation and brand, and increase revenue and profitability by adopting a circular economy model. 3.Apogee is located in the Southern Science Park, which may be subject to extreme weather events. Therefore, measures to improve water use and process efficiency, as well as to strengthen the protection of the plant, are crucial for controlling related operating revenue, costs, and capital expenditures.
Policies and Vision (Short- and Medium- to Long-Term Goals)	Short-term: 1.Promote energy conservation and carbon reduction programs, invest in energy-efficient equipment (air conditioners, chiller units, pumps, etc.), improve energy efficiency, and control equipment amortization periods. 2.Implement water-saving processes and projects, recycling wastewater for reuse in equipment operation or heat dissipation. 3.Review greenhouse gas inventories scopes 1, 2, and 3 for 2024-2025, determine and verify carbon emissions, and establish a baseline year. 4.Continue to invest in R&D to enhance R&D capabilities. 5.Strengthen disaster prevention education and preventative measures, improve factory fortification measures, monitor rainfall data in real time to activate emergency production and sales response coordination mechanisms, and adopt optimal inventory management and flexible transportation scheduling. Medium- to Long-term: 1.Implement a circular economy model and assess the feasibility of increasing the recycling rate of existing waste materials. 2.Actively seek renewable energy sources or low-carbon technologies to share production capacity and increase carbon reduction capabilities. 3.Participate in organizations such as industry-driven low-carbon alliances, and integrate with supply chain transformation; or actively apply for relevant government subsidies to meet the needs of new technologies and reduce self-funded costs. 4.Based on carbon inventory data, establish a baseline year-on-year carbon reduction roadmap, aiming to reduce emissions in scopes one to three in the short term and move towards carbon neutrality in the long term.
Engagement parties (stakeholders) and responsible departments	Engagement parties: shareholders, employees, banks, customers, suppliers
Specific investments and actions	1.Promote energy conservation and carbon reduction initiatives, investing in energy-efficient equipment (air conditioning, chiller units, pumps, etc.). 2.Implement water-saving processes and projects, recycling wastewater for reuse in equipment operation or for heat dissipation. 3.Review greenhouse gas inventories scopes 1, 2, and 3 for 2024-2025, determine and verify carbon emissions, and establish a baseline year. 4.Strengthen disaster prevention education and preventative measures to enhance the disaster resilience of the plant and its facilities. 5.Propose sustainable risk management for the park's operations, including a self-reduction plan or an advanced Energy Management system certification project, striving to increase equipment and carbon emission efficiency as a basis for corporate governance assessment and a potential source of carbon credits for future use.
Performance Evaluation Indicators	1. Process wastewater/waste recycling and regeneration rate. 2. Carbon emission intensity (intensity) and related emission coefficients in Scopes I to III (high-energy-consuming equipment should be replaced). 3. Score rate on climate change-related questions in the corporate governance assessment. 4. Disaster prevention education and training coverage rate. 5. Carbon fees and carbon taxes (medium to long term). 6. Annual milestone achievement rate of relevant sustainability verification/reduction plans.

●The table below summarizes the identification of stakeholders and the conclusions of discussions on material topics:

Identification of Stakeholders	Collection and analysis of sustainability topics	Attention Survey by Questionnaires	Determination of the Importance of Stakeholders	Decide on Material Topics
Six categories of stakeholders	20 ESG Topics	38 attention questionnaires	Eight senior executives participated in the process.	8 material topics
The stakeholders can be categorized into six main groups: suppliers, customers, employees, shareholders, banks, and others.	Taking into account the organization's internal sustainability goals, the GRI Standards, and sustainability-related disclosure indicators such as SASB and TCFD, as well as stakeholder expectations and needs, a total of 20 sustainability topics were identified (10 in corporate governance and economics, 5 in the environment, and 5 in society). These were used as the basis for the analysis of material topics , resulting in 8 material topics , while the remaining 12 issues were incorporated into self-management.	A stakeholder assessment was conducted, and an online questionnaire was used to investigate the level of concern. A total of 38 valid questionnaires were collected.	Through an online questionnaire, eight senior executives assessed the importance of six types of stakeholders to the company's sustainable operation.	After analyzing the level of concern and impact on operational opportunities/ opportunities from stakeholder responses, senior executives, considering the importance of each stakeholder, identified 8 material topics, while the remaining 12 topics were incorporated into self-management.