

全新光電 2455.TW



# 2024 永續報告書

Visual Photonics Epitaxy Co.,Ltd. 2024 ESG Report



# Table of Contents

<b>1. ABOUT THIS REPORT</b>	<b>4</b>
1.1 MESSAGE FROM MANAGEMENT	4
1.2 ABOUT THE COMPANY	5
1.3 REPORT INFORMATION	7
<b>2. SUSTAINABLE MANAGEMENT</b>	<b>9</b>
2.1 SUSTAINABLE DEVELOPMENT STRATEGY	9
2.2 MECHANISMS FOR PROMOTING SUSTAINABLE DEVELOPMENT	9
2.3 BOARD OF DIRECTORS AND FUNCTIONAL COMMITTEES	11
<b>3. STAKEHOLDERS AND MATERIAL TOPICS</b>	<b>16</b>
3.1 STAKEHOLDER ENGAGEMENT	16
3.2 PROCESS FOR DETERMINING MATERIAL TOPICS	19
3.3 MATERIAL TOPICS LIST	20
3.4 MANAGEMENT OF MATERIAL TOPICS	26
<b>4. GOVERNANCE ASPECT</b>	<b>29</b>
4.1 BUSINESS PERFORMANCE	29
4.2 ETHICAL CORPORATE MANAGEMENT	32
4.3 COMMUNICATION CHANNELS AND GRIEVANCE MECHANISMS	34
4.4 RISK MANAGEMENT	36
4.5 INFORMATION SECURITY AND CUSTOMER PRIVACY PROTECTION	39
4.6 PARTICIPATION IN VARIOUS ASSOCIATIONS AND ORGANIZATIONS	40
4.7 PRODUCT LIABILITY	40
4.8 SUPPLIER MANAGEMENT	41

<b>5. SOCIAL ASPECT .....</b>	<b>43</b>
5.1 OCCUPATIONAL HEALTH AND SAFETY .....	46
5.2 TALENT RECRUITMENT AND RETENTION .....	53
5.3 TALENT CULTIVATION AND CAREER DEVELOPMENT .....	62
<b>6. ENVIRONMENTAL ASPECT .....</b>	<b>65</b>
6.1 CLIMATE CHANGE .....	65
6.2 GREENHOUSE GAS MANAGEMENT .....	69
6.3 ENERGY MANAGEMENT .....	71
6.4 WATER RESOURCE MANAGEMENT .....	73
6.5 WASTE MANAGEMENT .....	78
<b>7. APPENDIX .....</b>	<b>82</b>
APPENDIX I: GRI CONTENT INDEX .....	82
APPENDIX II: CLIMATE-RELATED INFORMATION .....	89
APPENDIX III: INDUSTRY-SPECIFIC SUSTAINABILITY .....	90
APPENDIX IV: OTHER STANDARDS (SASB) CONTENT INDEX .....	91
APPENDIX V: ASSURANCE PROVIDER OPINION LETTER .....	93

# 1. About This Report

## 1.1 Message from Management

Visual Photonics Epitaxy Co., Ltd. is a professional epitaxial wafer foundry specializing in the research, development, manufacturing, and sales of III-V compound semiconductors. The company is committed to sustainable development and fulfilling corporate social responsibility, convening quarterly sustainability working group meetings with group representatives reporting execution results and future work plans to the Board of Directors. For the fiscal year 2024, the Company's ESG sustainability policies, strategies, and commitments regarding "Environmental Protection (E, Environment), Social Responsibility (S, Social), and Corporate Governance (G, Governance)" are as follows:

The Company deeply recognizes that quality corporate governance serves as the cornerstone of enterprise sustainable development. We uphold the spirit of "Corporate Governance 3.0 - Sustainable Development Blueprint," continuously strengthening transparency, accountability, and fairness, and are committed to establishing a robust governance framework and sustainability culture. The Board of Directors plays a pivotal role in governance, not only leading strategic direction and overseeing management decisions, but also actively focusing on ESG-related issues, ensuring the company complies with regulations, adheres to ethics, and integrates sustainable development objectives into all operational aspects with continuous advancement. In internal control and risk management, we continuously strengthen institutional development, encompassing operational robustness, compliance, and sustainability risks such as climate change, enhancing corporate resilience and governance effectiveness. Moving forward, the company will continue to review its governance framework, striving to improve related mechanisms to respond to stakeholder expectations and strengthen the foundation of sustainable governance.

Regarding environmental management, our company established and obtained ISO 14001 Environmental Management System certification in 2002, setting various resource recycling and waste reduction, water conservation, compliance, and environmental impact reduction target measures while continuously tracking per-unit product consumption of water, electricity, and raw materials. Furthermore, since 2011, the company has conducted greenhouse gas emissions inventory in accordance with ISO 14064-1 standards, set energy conservation and carbon reduction targets, and continuously evaluated the benefits of renewable energy and other initiatives. We will continue to make rolling adjustments to targets and execution methods at each stage based on government policies, stakeholder requirements and expectations, renewable energy and carbon credit market supply-demand dynamics and pricing, and internal cost-benefit assessments. Regarding occupational safety and health, the company introduced an occupational safety and health management system in 2009 and continues to improve in accordance with ISO 45001 management system standards to eliminate hazards, reduce risks, prevent occupational injuries and illnesses, and enhance workforce health. We reference the "Workplace Sustainable Health and Safety SDGs Disclosure Practice Guidelines" to report relevant indicators and results for occupational safety and health, personnel education and training.

Since the company's establishment, we have always recognized employees as our most important asset, committed to creating a diverse and friendly workplace environment, referencing the Responsible Business Alliance (RBA) Code of Conduct standards. Adhering to our business philosophy of "Innovation, Excellence, Sharing, Teamwork, and Integrity," we will continue to establish positive interactions with stakeholders including employees, shareholders, customers, suppliers, and communities, working together to build a sustainable future while protecting shareholder rights, implementing fair competition, and safeguarding labor rights. In 2024, the company organized a beach cleanup charity event where employees and their families participated together to improve the marine environment, demonstrating care for the earth through action and practicing the concepts of corporate sustainable management and environmental protection. We also actively participate in community charity activities in the Pingjihen Industrial Park organized by the Ministry of Economic Affairs, giving back to society and helping disadvantaged groups in our local community improve their quality of life while enhancing overall social welfare.

Through ethical corporate management and continuous improvement, Visual Photonics will continue to maintain its leading position in the field of III-V compound semiconductor epitaxial wafers, providing customers with high-quality products and services while making positive contributions to the sustainable development of society and the environment.



## 1.2 About The Company

### 1. Company Profile

Visual Photonics Epitaxy Co., Ltd. was established in 1996 as a professional III-V compound semiconductor epitaxial wafer foundry with Metal Organic Chemical Vapor Deposition (MOCVD) as its core technology, providing research, development, and manufacturing of microelectronic and optoelectronic epitaxial wafer products. The company is headquartered in Taoyuan City, Republic of China, and was listed on the Taiwan Stock Exchange in 2002 (stock code: 2455).

<b>Company Name</b>	Visual Photonics Epitaxy Co., Ltd.
<b>Company Type</b>	Listed Company
<b>Organization Establishment Date</b>	November 1996
<b>Headquarters Location</b>	Pingzhen District, Taoyuan City
<b>Operating Locations</b>	No. 15 & 16, Gongye 1st Road, Pingzhen District, Taoyuan City

<b>Visual Photonics is a professional compound semiconductor epitaxial wafer foundry with MOCVD (Metal Organic Chemical Vapor Deposition) as its core technology.</b>	
<b>Products</b>	Applications
<b>Microelectronic Epitaxial Wafers</b>	Power amplifiers for wireless communication RF applications, microwave switches, and low noise amplifiers
<b>Optoelectronic Epitaxial Wafers</b>	Photodetectors for optical communication receivers, laser diodes for transmitters, and Vertical-Cavity Surface-Emitting Lasers (VCSELs) applied in 3D sensing, security monitoring, automotive LiDAR, and high-speed transmission in data centers

### 2. Value Chain Overview

The Company, VPEC, is the metal organic chemical vapor deposition (MOCVD) technology based company specializing in the production of III-V compound semiconductor wafers. What we called semiconductor is a material with electrical conductivity due to electron flow (as opposed to ionic conductivity) intermediate in magnitude between that of a conductor and an insulator. It is characterized by adding different impurities can be appropriate to change the material properties (what we called doping) and get major changes by applications of heat and light.

Because the III-V compound semiconductor possesses the advantages of high frequency, low noise, natural radiation resistance, good energy efficiency, energy level and electronic movement with adjustable speed, it has been developed as the key component of wireless communications, optical communication, optical sensors, solar cells and light in recent years. The Company's main products are categorized into microelectronic epitaxial products (Microelectronics) and optoelectronic epitaxial products (Photonics).

#### Microelectronic Epitaxial Products

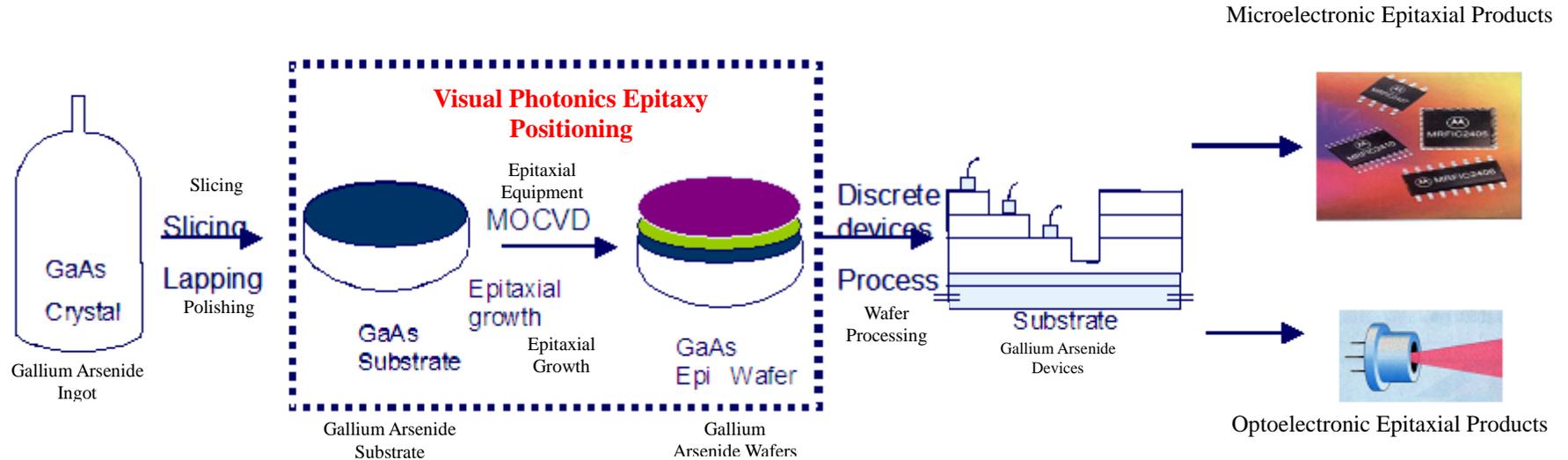
In order to deal with the requirements about product reliability and improved component integration functionality, the HBT technology has evolved from AlGaAs HBT to InGaP HBT. Similarly, PHEMT also evolved from PHEMT to E/D Mode PHEMT. For the time being, the new technology, BiFET/BiHEMT, combining HBT and PHEMT emerges in order to

improve the integration of GaAs component circuits, reduce the spaces occupied by the circuit, increase functions, and simplify the component items in the customers' BOM to cut the costs of materials, manufacturing and packaging of finished goods, and also provide mobile communication device manufacturers with larger design spaces and flexibility and help save power consumption. The Company outperforms the others in the same industry in the field of such products. So far, the Company has implemented design-win from multiple customers. In addition to GaAs, the Company is also striving to present the sample of GaN applied to communications products. Per the customers' need, the Company provides the epitaxy designs with different substrates, including GaN on SiC, GaN on Si and GaN on Sapphire, etc, which are under mass products after passing the certification by customers.

### Optoelectronic Epitaxial Products

In order to deal with the construction of 4G and 5G base stations, optical fiber networks and data centers, the Company's demand for PIN Diode has grown significantly. The PIN Diode refers to the materials for PIN Photo Detector, which is primarily applied to the receiving end in the optical fiber communications, where the received optical signals are restored to the electrical signals to complete the communications after the signals are computed and decoded through the network processor. The Company continues to launch new products (new Photo Detector & APD) in response to the R&D planning and progress of the major customers' epitaxy structure and material choices, and also expands the optoelectronic product profile by launching the FP-LD and DFB-LD applied to the Transmitter, LD and PD applied to LiDAR sensing components, and VCSEL applied for High Power and High Speed.

The Company operates as a professional epitaxial wafer foundry within the compound semiconductor industry. The upstream value chain includes substrate suppliers such as AXT, Freiberger, and Sumitomo, and specialty gas and organometallic suppliers including Nippon Sanso Taiwan, Linde Taiwan Technologies, and Cassen, etc. Downstream value chain customers include WIN Semiconductors, Advanced Wireless Semiconductors, Qorvo, and Skyworks. The value chain is illustrated as follows:



## 1.3 Report Information

### 1.3.1 Preparation Basis

This report is prepared with reference to the GRI Standards published by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) standards, and the TWSE "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies." Related reference tables can be found in the appendix.

### 1.3.2 Reporting Period and Frequency

The reporting period of this report is consistent with the financial statements, covering January 1, 2024 to December 31, 2024. For completeness and comparability of the report, some sections may include information outside this reporting period, with explanatory notes provided in those sections.

The company will regularly publish sustainability reports (annual publication cycle) and make them available on the company website.

Current report publication date: August 2025

### 1.3.3 Report Boundary and Scope

The information disclosure scope of this report is consistent with the financial report, including:

Taoyuan Pingzhen plant (No. 15 & 16, Industrial 1st Road, Pingzhen Industrial Zone). For a complete company list, please refer to our company's financial report (financial report link: <http://www.vpec.com.tw/vpec/homeweb/about.php?menu1=M100004&menu2=M200018&menu3=M300003&level=3>).

If the disclosure scope of any chapter in this report differs from the above, supplementary explanations will be provided in those chapters.

#### - Report Statistical Data Calculation Basis

<b>Financial Data</b>	The economic income distribution table uses financial report data certified by certified public accountants. Unless otherwise specified, all financial data is denominated in "New Taiwan Dollars."
<b>Environmental Data</b>	Greenhouse gas emissions are based on data inventoried in accordance with ISO 14064-1:2018. Water resources and waste statistical data are based on data reported by each operating location to local competent authorities.
<b>Other Data</b>	Compiled from self-statistical data from each operating location.

#### 1.3.4 Information Restatement

There are no information restatements in this report.

#### 1.3.5 External Assurance/Verification

After the final approval of this report, management commissioned an external independent third-party verification organization to confirm the report. This year, we commissioned TUV NORD Taiwan Co., Ltd. to conduct Type 1 Moderate Level verification in accordance with AA1000. The related assurance statement can be found in the appendix.

#### 1.3.6 Responsible Unit for Sustainability Report

For any questions regarding the content of this report, please contact us through the following channels:

Contact Unit: Sustainability Working Group

Contact person: Mr. Tsai

Tel.: 03- 4192969-550

Email Address: wayne@vpec.com.tw

Company ESG Website: <http://www.vpec.com.tw/vpec/homeweb/about.php?menu1=M100004&menu2=M200013&menu3=M300043&level=3>

Company Address: No. 16, Gongye 1st Road, Pingzhen District, Taoyuan City



## 2. Sustainable Management

### 2.1 Sustainable Development Strategy

As a professional compound semiconductor epitaxial wafer foundry, our sustainable development strategy encompasses:

**Environmental:** Comply with all regulations and stakeholder requirements, promote energy conservation and waste reduction, enhance energy and resource utilization efficiency, and achieve net-zero emissions through continuous improvement of environmental management system operations.

**Social:** Reference the Responsible Business Alliance (RBA) Code of Conduct standards and uphold Visual Photonics' corporate culture of "Innovation, Excellence, Sharing, Teamwork, and Integrity." We will continue to establish positive interactions with stakeholders including customers, government agencies, employees, banks, suppliers, and shareholders/investors, working together to build a sustainable future while protecting shareholder rights, implementing fair competition, and safeguarding labor rights.

**Governance:** Continuously strengthen corporate governance policies in accordance with "Corporate Governance 3.0 - Sustainable Development Blueprint," maintaining transparency, accountability, and fairness. The Board of Directors plays a pivotal role in corporate governance, guiding the company's strategy, overseeing management decisions, and ensuring the enterprise complies with relevant regulations and ethical standards. The company is committed to establishing effective internal control and risk management mechanisms to ensure operational robustness and compliance.

### 2.2 Mechanisms for Promoting Sustainable Development

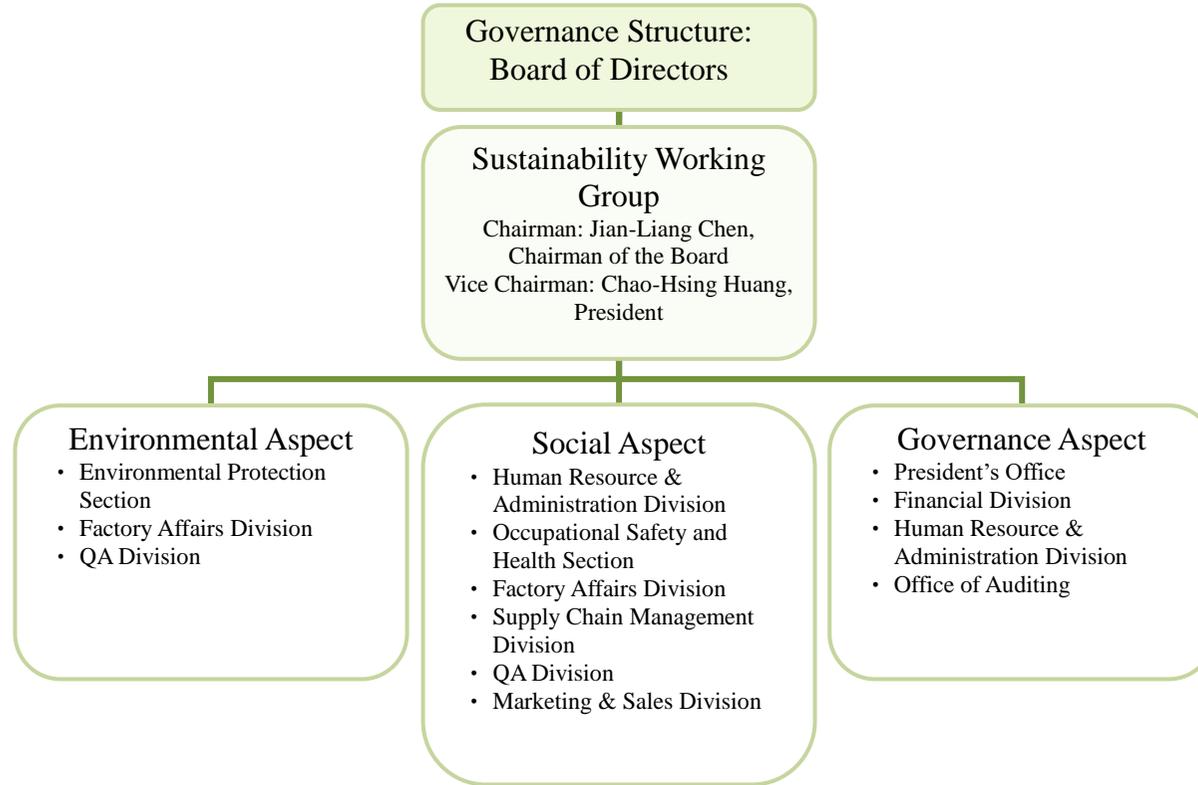
#### 2.2.1 Governance Structure for Promoting Sustainable Development

The Company has designated the Occupational Safety and Environmental Protection Section as the dedicated (concurrent) unit for promoting sustainable development. The Sustainability (ESG) Working Group is composed of supervisors from relevant units including the President's Office, Human Resource & Administration Division, Financial Division, Materials Division, Factory Affairs Division, QA Division, and Information Division. On April 28, 2022, the Board of Directors approved the establishment of "Sustainable Development Practice Guidelines" to manage the company's economic, environmental, and social risks and impacts. The Company's Board of Directors serves as the highest governance body. Each quarter, representatives from the Sustainability Working Group regularly report execution results to the Board of Directors. The Board must assess the likelihood of success of these strategies and regularly review strategic progress, urging the management team to make adjustments when necessary.

The Sustainability Working Group is chaired by Chairman Jian-Liang Chen, with President Chao-Hsign Huang serving as Vice Chairman. Under the working group, three implementation teams are established according to functional responsibilities: Environmental, Social, and Governance, including relevant units and responsible supervisors. Each implementation team is responsible for identifying ESG material topics related to company operations, formulating management strategies and objectives, and preparing annual sustainability reports. Team leaders regularly review the implementation performance and goal achievement of their respective teams, with working group meetings convened quarterly.



### The Company's Sustainability Business Organization



#### 2.2.2 State of Operations

In addition to routine performance reporting, when events occur that may impact the Company's sustainability, such as major grievance cases, negative impact events, or related internal and external issues, the Sustainability Working Group Chair/Vice Chair shall provide direction, or the Environmental/Social and Governance management representatives shall assess whether the related impacts, investigation results, and responsive measures should be reported to the Board of Directors for discussion. In 2024, the Sustainability (ESG) Working Group convened 4 meetings with an average member attendance rate of 100%. The Working Group reports quarterly to the Board of Directors on implementation results and future work plans for the Board to review project progress and assess various opportunities and risks related to the Company's sustainable development. Items reported to the Board of Directors in 2024 included: sustainability report preparation, greenhouse gas emissions verification, the Company's material sustainability topics, climate-related financial risks and management practices, greenhouse gas reduction targets, strategies and action plans, regulatory policy directions, sustainability information internal control systems, energy conservation action plans and benefits, stakeholder concerns and assessment results.

There were no major grievance incidents in 2024.

## 2.3 Board of Directors and Functional Committees

### 2.3.1 Role and Results of the Board of Directors in Sustainability Governance

The Board of Directors is responsible for the Company's sustainability governance and has oversight responsibility for long-term business strategies. Annually, the Sustainability Working Group formulates sustainability strategic policies based on material topics and the Company's business vision and reports to the Board of Directors. Upon approval, related policies are published.

#### 2.3.1.1 Role and Supervision of Sustainability Governance

##### 1. Board Oversight of Sustainability Project Implementation

The Company regularly distributes sustainability issue questionnaires to internal and external stakeholders through the Sustainability Working Group to investigate the impact of various ESG issues on the economy, environment, and society, analyze material topics for the year, and report these issues to the Board of Directors. The Sustainability Working Group is responsible for formulating various sustainability project policies, risk assessments, and response strategies. It convenes quarterly meetings to review risk changes and management status, report on sustainability project implementation, and compile information for reporting to the Board of Directors.

##### 2. Sustainability Reporting Management

Annually, the Sustainability Working Group collects relevant content and data, which is then verified by competent supervisors from relevant departments. After third-party verification of the report content, it is submitted to the Board of Directors for review and examination, and published upon approval.

#### 2.3.1.2 Performance Evaluation of Sustainability Management Oversight

The Company's Board of Directors approved the "Board Performance Evaluation Regulations" on June 12, 2019. Internal Board performance evaluations are conducted annually and completed by the end of the first quarter of the following year. External performance evaluations shall be conducted at least once every three years by external professional independent institutions or external expert and scholar teams.

At the end of 2022, the Company contracted the external organization, Taiwan Institute of Ethical Business, to assess the performance of the Board of Directors from January 1, 2022 to December 31, 2022. The Institute appointed three experts to assess the performance of the Board of Directors in the form of questionnaire and interview, based on the four major indicators including the Board of Directors' functions, decision-making performance, degree of valuation and supervision of internal controls and attitude toward sustainability, in terms of the Board of Directors, Audit Committee and Compensation Committee. The Institute and experts had no business transactions with the Company and, therefore, were held acting independent. The assessment report was issued on December 29, 2022. The Company reported the assessment result at the Board of Directors meeting on January 18, 2023 to seek the corrective action.

The performance evaluations for the Board of Directors, functional committees (Compensation Committee, Audit Committee), and individual Board members for 2024 were completed by the Company in the first quarter of 2025. The overall average score for Board performance self-evaluation and individual Board member performance self-evaluation was 5 points (out of a maximum 5 points), indicating excellent overall Board operations. The performance self-evaluation results for the Audit Committee and Compensation Committee showed 100% satisfaction among all committee members for all measurement items.

#### 2.3.1.3 Continuing Education on Sustainable Development

The Company arranges director continuing education courses annually to enhance knowledge on corporate governance, economic, environmental, and social issues, and to increase the Board's risk management capabilities. In 2024, the total continuing education hours for all Board directors reached 87 hours, with an average of over 7 hours per director. For details on Board continuing education, please refer to pages 25-26 of the Company's Annual Report to Shareholders. Director participation in sustainability development-related courses or seminars this year is as follows:



Type	Date	Course/Seminar name	hours
In-Person Courses	January 26, 2024	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	Total 30 hours
Forums	July 3, 2024	2024 Cathay Sustainable Finance and Climate Change Summit	Total 6 hours
In-Person Courses	August 2, 2024	Application of modern corporate risk management strategies in corporate governance	Total 6 hours

### 2.3.2 Board Structure and State of Operations

#### 2.3.2.1 Composition and Diversity

The current Board term runs from June 7, 2023 to June 6, 2026, comprising 11 directors (including 3 independent directors), of which 1 female director represents 9.09% of the Board.

For detailed information on individual members (such as gender, age, concurrent positions at the Company or other companies), please refer to pages 7-9 of the Company's 2024 Annual Report to Shareholders.

#### - Board Member Structure

Item	Category	Number of shareholders	Percentage
Gender	Male	10	90.91%
	Female	1	9.09%
Item	Category	Number of shareholders	Percentage
Age	30-50 years old	3	27.27%
	51-70 years old	3	27.27%
	71 years old and above	5	45.46%



### 2.3.2.2 State of Operations

The Company convenes Board meetings quarterly in principle. In 2024, a total of 5 regular Board meetings and 0 extraordinary Board meetings were held, with an average attendance rate of 100%.

### 2.3.2.3 Nomination and Selection

The Company's Board members are selected through a candidate nomination system in accordance with the "Director Election Procedures" and "Corporate Governance Best Practice Principles." Currently, there are 11 directors (including 3 independent directors) with three-year terms. The Company's nomination and selection process comprehensively considers the following matters when recommending director candidates:

1. Whether director candidates possess diverse backgrounds in professional knowledge, technical skills, experience, gender, and other aspects required for company operations.
2. Independent director candidates' qualifications, expertise, independence, integrity, number of concurrent positions, and compliance with the conditions stipulated in the Securities and Exchange Act, the Regulations Governing the Appointment and Exercise of Powers by Independent Directors of Public Companies, and Taiwan Stock Exchange regulations.
3. Director candidates' qualification requirements and whether they have any circumstances listed in Article 30 of the Company Act, processed in accordance with Article 192-1 of the Company Act.

### 2.3.2.4 Recusal for Conflict of Interest

The Company's President does not concurrently hold senior management positions, and both the Company's Board meeting procedures and functional committee organizational regulations contain conflict of interest avoidance provisions. When a director's agenda involves interests related to themselves, their spouse, blood relatives within the second degree, or companies under the director's controlling relationship, they must explain their interest relationship at the Board meeting. If there is potential harm to the Company's interests, they may not participate in discussion and voting, must recuse themselves during discussion and voting, and may not exercise voting rights on behalf of other directors. The names of relevant directors, important content explanations, and recusal circumstances are all recorded in meeting minutes.

The Company had no conflict of interest avoidance situations in 2024. Please refer to pages 16 and 19 of the Company's 2024 Annual Report to Shareholders.

### 2.3.2.5 Compensation Policy

#### 1. Board and Management Compensation Structure and Determination Process:

- (1) The Company's director compensation includes remuneration, director bonuses, and other expenses. For 2024 director compensation, director compensation brackets, and distribution standards, please refer to pages 11-12 of the Company's 2024 Annual Report to Shareholders.
  - A. Remuneration: In compliance with Article 196 of the Company Act, the Company has established the "Regulations for Remuneration to Directors" as the basis for the payment of remunerations to directors, and proceeded in accordance with the regulations.
  - B. Remuneration to directors:
    - (A) The general directors are paid in accordance with the Company's "Regulations for Remuneration to Directors." The remuneration is calculated as a fixed equal payment and a payment at variable rate. The items calculated at the variable rate including attendance rate, average number of shares held, bank guarantee, and performance evaluation. If no director serves as a Bank's guarantor during the year, the said ratio shall be included in the calculation of the average shareholding ratio. The remuneration to independent directors are paid in a fixed month every monthly, but not involving the distribution of directors' remuneration.
    - (B) Pursuant to Article 21 of the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall allocate no more than 3% as directors' remuneration. However, when the Company still has cumulative deficit, it shall reserve an amount to compensate for it first and then appropriate amounts as directors' remuneration in accordance with the aforementioned percentages. The directors' remuneration will be reported in the shareholders' meeting.
    - (C) Other expenses: The Company's directors may receive transportation stipend when attending a meeting.



(2) The Company's management compensation is regularly reviewed and evaluated by the Compensation Committee and submitted to the Board for resolution. For 2024 senior management salary and bracket tables, please refer to page 13 of the Company's 2024 Annual Report to Shareholders.

A. Salary: The monthly salary is approved based on the managerial officer's education and experience, professional ability, and the position and rank within the Company.

B. Bonuses and employee remuneration: The performance of managerial officers is evaluated in accordance with the Company's "Employee Performance Appraisal Operating Procedures." The evaluation results are used as a reference for the distribution of managerial officers' bonuses. The evaluation items are divided into financial indicators and non-financial indicators, to calculate their operating performance remuneration. The Company reviews the remuneration system in a timely manner based on the actual operating conditions and relevant laws and regulations. The company plans to incorporate ESG metrics into the performance evaluation of managers starting in 2025 to improve the implementation of sustainable business objectives. According to Article 21 of the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall allocate 5~15% of the profit as employee remuneration. However, when the Company still has cumulative deficit, it shall reserve an amount to compensate for it first and then appropriate amounts as employees' remuneration in accordance with the aforementioned percentages. The employees' remuneration will be reported in the shareholders' meeting.

### (3) Clawback Mechanism

To seek employee welfare, help employees achieve long-term savings and wealth accumulation to secure stable retirement life, enhance employee engagement with the Company, and enable employees to hold Company shares and share in business results, the Company established the "Visual Photonics Epitaxy Co., Ltd. Employee Stock Ownership Trust" in 2015.

According to Article 12 "Trust Property Recovery" of the Company's "Employee Stock Ownership Association Articles," when employees lose eligibility per Article 6 provisions, trust property interests in the trust account will be returned according to the return method designated by the Trust.

### (4) Director and Senior Management Resignation and Retirement Policy

The Company's director and senior management resignation notice period is determined according to local government regulations. Notice days and severance pay calculation methods are identical to other employees, and apart from severance pay, no other payments or benefits in kind are provided to departing directors and senior management.

## 2. Compensation Ratios

Based on the "Salary Information for Full-Time Employees Not Serving in Managerial Positions" stipulated by the Taiwan Stock Exchange, the Company discloses the highest individual annual total compensation and the median salary of full-time employees. "All employees" includes new hires and departing employees during the year without exclusion. When calculating, annual compensation for each personnel is estimated using annualized total salary. In accordance with the law, the company shall regularly report and disclose information related to "salary information of full-time employees who do not hold managerial positions". The disclosure path is: Market Observation Post System > Summary Reports > Corporate Governance > Employee Benefits and Compensation Statistics > Salary of Full-time Employees Who Do Not Hold Managerial Positions / Salary Information of Full-time Employees Who Do Not Hold Managerial Positions.

### -Highest Compensation to Employee Annual Total Compensation Ratios.

Item	2024	2023
Annual Total Compensation Ratio <sup>Note 1</sup>	26.81	21.05
Annual Total Compensation Change Ratio <sup>Note 2</sup>	3.19	1.74

Note 1 Annual Total Compensation Ratio = Highest individual annual total compensation in the organization ÷ Median annual total compensation of all employees (excluding the highest compensated individual)

Note 2 Annual Total Compensation Change Ratio = Percentage increase in highest individual annual total compensation in the organization ÷ Percentage increase in median annual total compensation of all employees (excluding the highest compensated individual)

### 2.3.3 Functional Committee Structure and Operations

The Company's Board of Directors serves as the highest governance body, with an Audit Committee and Compensation Committee established underneath. The Audit Committee is responsible for financial reporting, internal control, and audit-related matters. The Compensation Committee is responsible for compensation policies and programs for directors and senior management. The Sustainability Working Group is dedicated to the Company's strategy and practices in environmental protection and social responsibility. The Board of Directors is responsible for decision-making and oversight management of the Company's impact on the economy, environment, and society.

#### 1. Remuneration Committee

The Company's Compensation Committee comprises 3 members (of which 2 are independent directors), with a male-to-female ratio of 3:0. The current Compensation Committee term runs from June 29, 2023, to June 6, 2026. The Compensation Committee convenes at least semi-annually. In 2024, the Compensation Committee held 2 meetings with an overall attendance rate of 66.7%. For detailed information on individual members and committee operations, please refer to page 28 of the Company's 2024 Annual Report to Shareholders.

#### 2. Audit Committee

The Company's Audit Committee comprises 3 members (of which 3 are independent directors), with a male-to-female ratio of 3:0. The current Audit Committee term runs from June 7, 2023, to June 6, 2026. The Audit Committee convenes at least quarterly. In 2024, the Audit Committee held 4 meetings with an overall attendance rate of 100%. For detailed information on individual members and committee operations, please refer to page 18 of the Company's 2024 Annual Report to Shareholders.



### 3. Stakeholders and Material Topics

#### 3.1 Stakeholder Engagement

To respond to stakeholder expectations of the Company, the Company follows the AA1000 Stakeholder Engagement Standards (AA1000 SES) and identifies six key stakeholders based on five criteria: dependency, responsibility, influence, diverse perspectives, and tension. These stakeholders are customers, government agencies, employees, banks, suppliers, and shareholders/investors. The Company provides diverse communication channels to enhance opinion exchange with stakeholders, maintain good communication channels, and reports annually to the Board of Directors on stakeholder communication status. The 2024 stakeholder communication status was reported to the Board of Directors on January 17, 2025, with the following content:

Stakeholder	Significance to the Company	Communication Channels (Frequency)	Communication Contact	Issues concerned	Communication Results	Response Section
<b>Customer</b>	Photonics Epitaxy Co., Ltd. Provides quality services and products to meet customer needs and expectations	Customer visits (As needed) Process audits (As needed) Product audits (Annual) Quality system audits (Annual) Customer satisfaction surveys (Annual)	Marketing & Sales Division/Ms. Hsu Ti-Wei (03) 419-2969, Ext. 886	Ethical Corporate Management Information security and customer privacy Risk management Product liability	<ol style="list-style-type: none"> <li>Score of 90 points for the customer satisfaction survey in 2023.</li> <li>Accept the audits and visits conducted by customers irregularly</li> <li>Participate in international exhibitions once annually</li> <li>Regular and irregular online meetings held with customers to discuss technical issues</li> <li>Respond to customers' requests immediately through the message section on the Company's website</li> </ol>	4.2 4.5 4.4 4.7
<b>Government agencies</b>	Regulatory compliance is Visual Photonics Epitaxy's minimum standard. We continuously monitor regulatory updates and actively respond to government policies	Official correspondence (Real-time) Market Observation Post System (Real-time) Corporate website (Real-time) Compliance audits (As needed)	Fire Control and Occupational Safety: Mr. Huang Chien-Jung (03) 419-2969, Ext. 552 Environmental Protection: Ms. Chen Pei-Hsuan (03) 419-2969, Ext. 553 Human Resource & Administration Division/Ms. Chung Chin-Ling (03) 419-2969, Ext. 222	Risk management Water resource management Energy management Occupational health and safety	<ol style="list-style-type: none"> <li>The Company has paid various taxes and duties pursuant to laws in 2024</li> <li>The competent authority of environmental protection conducted 3 audits, and 1 sanction for violation was imposed for an administrative fine of NT\$100 thousand</li> <li>The competent authority of occupational safety conducted 5 audits, and 1 sanction for violation was imposed for an administrative fine of NT\$120 thousand</li> <li>The competent authority occupational fire safety conducted 2 audits, and no administrative fine was imposed against the Company</li> <li>296 cases for written correspondences and policy promotion from the competent environmental protection authority</li> <li>23 cases for written correspondences and policy promotion from the competent environmental protection authority</li> <li>2 cases for written correspondences and policy promotion from the competent authority of fire protection, and the fire brigade conducted 2 times of field inspection on Pingzhen Plant II.</li> <li>15 official documents were issued from the Industrial Development Administration, Ministry of Economic</li> </ol>	4.4 6.4 6.3 5.1



Stakeholder	Significance to the Company	Communication Channels (Frequency)	Communication Contact	Issues concerned	Communication Results	Response Section
					<p>Affairs (MOEA), and from the Pingzhen Industrial Park Service Center</p> <p>9. Cooperate with the on-site sampling inspections and meter readings of wastewater (sewage) of the industrial park sewage plant of MOEA, 3 times per month, for a total of 72 times, and no abnormalities have been found</p> <p>10. Routine visits by the Ministry of Labor:</p> <ul style="list-style-type: none"> <li>Youth Education and Employment Saving Accounts Program-Youth Employment Navigation Plan conducted 11 times of youth on-site visits</li> <li>1 time of on-site visit was conducted for the "Migrant Workers Employment Inspection Operation"</li> </ul>	
<b>Employees</b>	<p>Employees are valuable corporate assets and key to operational success. Visual Photonics Epitaxy adheres to merit-based hiring and optimal placement principles, enabling employees to work with confidence and maximize their capabilities to achieve the company's sustainable operations goals.</p>	<p>Labor-management meetings (Quarterly)</p> <p>Compensation Committee (Minimum twice annually)</p> <p>Employee Welfare Committee (Quarterly)</p> <p>Occupational Safety and Health Committee (Quarterly)</p> <p>Internal communication channels (As needed)</p> <p>Grievance and consultation channels (Real-time)</p>	<p>Human Resource &amp; Administration Division/Ms. Chung Chin-Ling (03) 419-2969, Ext. 222</p> <p>E-MAIL: appeal@vpec.com.tw</p> <p>Mailing address: No. 16, Gongye 1st Road, Pingzhen District, Taoyuan City</p>	<p>Information security and customer privacy</p> <p>Talent recruitment and retention</p> <p>Occupational health and safety</p> <p>Talent cultivation and career development</p>	<p>1. Convened 4 labor-management meetings in 2024, in order to maintain harmonious labor-management relationship.</p> <p>2. Arranged general and special health examinations for employees in August 2024.</p> <p>3. Establish the sound remuneration and welfare system to provide employees with reasonable treatment and incentive</p> <p>4. Uphold the principles of impartiality and no-discrimination to provide employees with equal employment opportunities</p> <p>5. Encourage employees to attend external education &amp; training program to improve their professional skills</p> <p>6. According to the work rules enacted pursuant to labor laws, the Company expressly defines various labor conditions, protects employees' valid interest and right, and sets up the complaint channel via which employees may feed back their opinions and seek fair and reasonable treatment at any time</p> <p>7. Convened a total of 4 quarterly occupational safety and health committee meetings in 2024.</p> <p>8. The statistics on the internal environmental protection, occupational safety and fire safety promotion in 2024 are as follows:</p> <ul style="list-style-type: none"> <li>Release 2 promotional notices and 12 consulting cases from colleagues internally for occupational safety</li> <li>Release 11 promotional notices and 30 consulting cases from colleagues internally for environmental protection</li> </ul> <p>Release 9 promotional notices and 1 consulting cases from colleagues internally for firefighting</p> <p>9. The environmental protection, occupational safety and fire safety trainings statistics in 2024 are as follows:</p> <ul style="list-style-type: none"> <li>A total of 80 participants and 584 hours for external and internal occupational safety and health trainings</li> </ul>	<p>4.5</p> <p>5.2</p> <p>5.1</p> <p>5.3</p>



Stakeholder	Significance to the Company	Communication Channels (Frequency)	Communication Contact	Issues concerned	Communication Results	Response Section
					<ul style="list-style-type: none"> <li>A total of 4 participants and 24 hours for external environmental protection training</li> <li>A total of 155 participants and 167 hours for external and internal firefighting training</li> </ul> 10. In 2024, employee participation in education, training and awareness programs totaled 328 participants across internal and external training, with total training hours of 5,428.	
<b>Banks</b>	Banking institutions are important partners of Visual Photonics Epitaxy. We actively collaborate on green finance to demonstrate environmental sustainability	Market Observation Post System (Real-time) Corporate website (Real-time) Shareholders' Annual General Meeting, Annual Report and Sustainability Report (once annually) Phone interviews or in-person visits (As needed)	Financial Division/Mr. Chiang Chih-Ching (03) 419-2969, Ext. 706	Business performance Corporate governance Ethical Corporate Management Risk management	1. Completion of bank loan renewal 2. Banks' irregular visits 3. Financial statements published quarterly	4.1 4.2 4.4
<b>Supplier</b>	Suppliers are important working partners of Visual Photonics Epitaxy. We establish long-term partnerships to achieve corporate sustainability.	Signing of Social Responsibility and Code of Ethics Commitment Letter and Restricted Hazardous Substances Guarantee Supplier assessment on product environmental quality (Annual) Supplier Assessment Form, Supplier Audit Form (As needed) Supplier Evaluation Report (Annual) Supplier RBA Audit Form (Biennial)	Supply Chain Management Division/Mr. Yen Jen-Hung (03)419-2969, Ext. 750	Supplier Management Business performance Ethical Corporate Management Information security and customer privacy	Main supplier - achievement and implementation status 1. 100% execution of the Letter of Undertaking for Social Responsibility and Ethical Conduct 2. 100% execution of the Certificate of Non-use for Hazardous Substances 3. 100% supplier assessment on product environmental quality 4. 100% Supplier Audit Form 5. 100% Supplier Evaluation Report 6. 100% Supplier RBA Audit Form	4.8 4.1 4.2 4.5
<b>Shareholders/ Investors</b>	Visual Photonics Epitaxy's sustainable operations and development require long-term support and trust from shareholders/investors	Shareholders' Annual General Meeting (once annually) Monthly Revenue Announcements (monthly) Domestic and International Interview Meetings (As needed) Domestic and International Forums (As needed)	Financial Division/Mr. Chiang Chih-Ching (03) 419-2969, Ext. 706 President Office/Mr. Su Chan-Lu (03) 419-2969, Ext. 366	Business performance Ethical Corporate Management Talent recruitment and retention	1. Convening 1 annual general meeting. 2. Release 26 important messages and 8 public notices, totaling 34 pieces of information. 3. Invited to attend 12 sessions of investor conferences (2 domestic conferences and 10 overseas conferences). 4. Attend 113 exchange meetings with domestic/foreign institutional investors. 5. Spokesperson replied to shareholders' questions from time to time	4.1 4.2 5.2

### 3.2 Process for Determining Material Topics

The company conducts sustainability issue identification every two years. This year, following GRI 2021 Standards and referencing the Double Materiality concept from European Sustainability Reporting Standards (ESRS) published under the EU Corporate Sustainability Reporting Directive (CSRD), three major steps of identification, assessment, and confirmation were established. This integrates three dimensions: "stakeholder concern regarding sustainability issues," "sustainability issue impact on company operations," and "significant impact on economic, environmental, and people (human rights)" to determine the materiality matrix. Visual Photonics Epitaxy formulates targets and enhances sustainability management accordingly, regularly reviewing implementation actions and effectiveness through internal key performance indicators, international trends, and peer comparisons, while transparently disclosing information to enable stakeholders to understand the company's progress in sustainable operations.

- Analysis Process

1. Stakeholder Identification	2. Sustainability Issue Collection	3. Impact Materiality Assessment	4. Material Topic Confirmation
<p>Visual Photonics employed the AA1000 SES (2015) Stakeholder Engagement Standard to identify six key stakeholder groups: customers, government agencies, employees, banks, suppliers, and shareholders/investors as primary communication targets. Communication outcomes are disclosed within this report.</p>	<p>Based on GRI Standards topics, while considering international sustainability standards and frameworks (including SASB, TCFD), investment institutions (MSCI), industry characteristics, peer development status, stakeholder opinions, corporate development objectives, and previously disclosed sustainability information, 21 sustainability issues were identified.</p>	<p>- <b>Assessment of impact magnitude on external economic, environmental, and people (human rights) dimensions</b>                      Following GRI 3's material topics methodology, the 21 sustainability issues were categorized across economic, environmental, and social dimensions. The sustainability working group assessed positive and negative impact magnitude and likelihood of occurrence for each dimension across these issues. 17 questionnaire responses were collected.</p> <p>- <b>Assessment of impact magnitude on company operations</b>                      Referencing the double materiality principle from an operational and financial correlation perspective, senior management evaluated each sustainability issue's impact magnitude on Visual Photonics across five operational dimensions: "revenue, costs, customer satisfaction, employee engagement, and corporate reputation." 6 questionnaire responses were collected.</p> <p>- <b>Assessment of impact magnitude on stakeholders</b>                      Stakeholders evaluated the impact magnitude of Visual Photonics' sustainability issue policies and actions on themselves. 43 questionnaire responses were collected.</p>	<p>Based on Step 3 survey results, Visual Photonics' 2024 materiality matrix was constructed by calculating ranking scores for positive and negative impacts and likelihood of occurrence from "impact magnitude on external economic, environmental, and people (human rights) dimensions," combined with "impact magnitude on stakeholders" to form the Y-axis. Impact magnitude on company operations formed the X-axis, with materiality threshold values established.</p> <p>Following confirmation by the sustainability working group, senior management, and external consultants, 11 material topics were finalized and submitted to the Board of Directors for approval.</p> <p>Enhanced disclosure of management approaches for these 11 material topics is provided within this report, with the sustainability working group ensuring appropriate representation of all relevant information.</p>
<p>6 Key stakeholder groups</p>	<p>21 Sustainability Issues</p>	<p>66 Questionnaire responses collected</p>	<p>11 Material Topics</p>

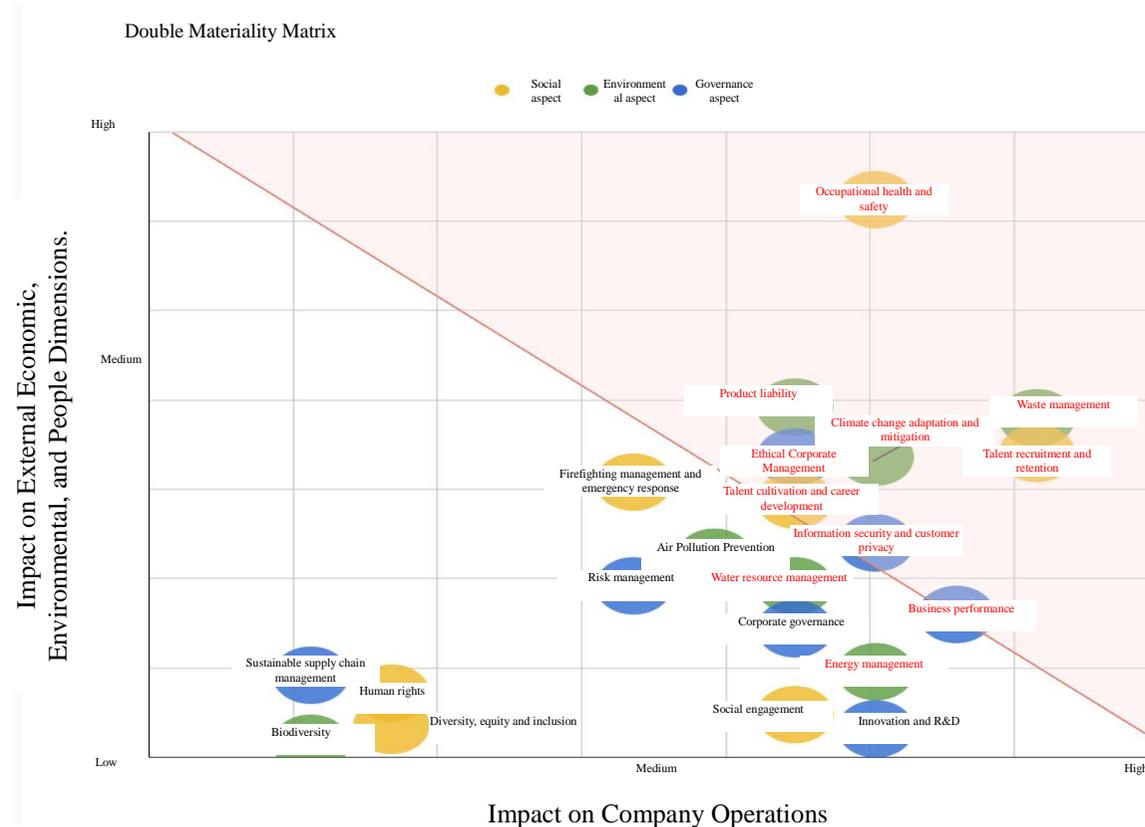
### 3.3 Material Topics List

Through double materiality analysis, nine sustainability material topics were identified, including "Occupational health and safety," "Waste management," "Talent Attraction and Retention," "Product liability," "Climate change adaptation and mitigation," "Business Integrity," "Information security and customer privacy," "Talent Development and Training," and "Economic Performance." Additionally, considering "Water Resource Management" and "Energy Management" have higher operational impact on the company and are key industry disclosure focal points across sustainability disclosure standards (such as SASB, MSCI), these were concurrently incorporated into this year's sustainability material topics. A total of 11 sustainability material topics were identified for 2024. The identification results were approved by the Board of Directors and will be continuously reviewed for topic appropriateness, serving as critical foundation for corporate sustainability development strategic planning.

#### Material Topics List

Dimension	2024 Material Topics
Governance aspect	Ethical corporate management
	Information security and customer privacy
	Business performance
Social aspect	Occupational health and safety
	Talent recruitment and retention
	Talent cultivation and career development
Environmental aspect	Waste management
	Product liability
	Climate change adaptation and mitigation
	Water resource management
	Energy management

#### 2024 Double Materiality Matrix



## - Comparison of 2024 Material Topics with Previous Year

Dimension	2024 Material Topics	Previous Year Material Topics	Topic Change Explanation
Governance aspect	Ethical corporate management	Ethical corporate management	No change
	Information security and customer privacy	-	Upon assessment, this topic has certain impact across company operational dimensions, therefore included as material topic
	Business performance	Business performance	No change
	-	Innovation and R&D	This topic has lower impact magnitude on external economic, environmental, and social dimensions, therefore not included as material topic. The company will continue strengthening tracking and implementation status.
	-	Regulatory compliance	Since regulatory compliance is mandatory compliance and disclosure matter, it is not specifically treated as an assessment topic for this evaluation.
Social aspect	Occupational health and safety	Occupational health and safety	No change
	Talent recruitment and retention	-	Talent represents important company asset and innovation source, with significant materiality for both company and external society and human rights, therefore included in material topics
	Talent cultivation and career development	-	Talent development and training has significant materiality for both company and external society and human rights, therefore included in material topics
	-	Human Rights	Upon assessment, this topic has lower impact on company and external dimensions, therefore not included as material topic. However, human rights remains mandatory disclosure and compliance matter. The company will continue tracking and management to prevent human rights violation incidents
	-	Employee diversity and gender equality	Topic name adjusted to "Diversity, Equity and Inclusion." Upon assessment, this topic has lower impact on company and external dimensions, therefore not included as material topic. The company will continue ensuring diverse and inclusive workplace environment.
	-	Firefighting management and emergency response	Upon assessment, this topic has lower impact on company and external dimensions. Due to content and nature similarities with "Occupational Health and Safety" topic, related content of this topic will be disclosed under "Occupational Health and Safety" topic.
Environmental Aspect	Waste management	Pollution prevention	"Waste Management" was separated from "Pollution Prevention" topic for assessment. Upon assessment, this topic has impact significance, therefore included as material topic.
	Product liability		"Product Liability" was separated from "Energy Resource Management" topic for assessment. Upon assessment, this topic has impact significance, therefore included as material topic.
	Climate change adaptation and mitigation	Climate Change Adaptation	Climate change response strategies include both mitigation and adaptation. To enhance completeness, topic name was refined.
	Water resource management	Energy and resource management	Since "Water Resource Management" is important topic for company, industry, and SASB sector, "Water Resource Management" was separated from "Energy Resource Management" topic to become a material topic for this assessment.
	Energy management		Since "Energy Management" is important topic for company, industry, and SASB sector, "Energy Management" was separated from "Energy Resource Management" topic to become a material topic for this assessment.



- Material Topics Impact Boundaries

● Direct Impact ○ Indirect Impact

Material Topic	Impact Description and Materiality Rationale		Corresponding Indicators (detailed indicators refer to index table)	Value Chain Impact Boundaries			Operational Impact					
	Impact on Economic, Environmental, and Social Dimensions	Impact on Company Operations		Photronics Epitaxy Co., Ltd.	Upstream Suppliers	Downstream Customers/Consumers	Revenue	Costs	Customer Satisfaction	Employee Engagement	Corporate Reputation	Occurrence Timeframe
Waste Management	{Potential Negative Impact} Improper hazardous waste handling may contaminate local environment	Enhance waste resource utilization, regularly track waste haulers, proper waste handling and prevent pollution leakage to avoid damage to corporate image. Total investment of NT\$9,736 thousand in 2024.	GRI 306 Waste SASB TC-SC150a.1  Sustainability Disclosure Standards - Telecommunications Network Industry	●	○	○	○	●	○	○	●	Short-term
Product liability	{Potential Positive Impact} Reduce energy and resource consumption during manufacturing processes and product usage phases, enhance product quality, and mitigate product impact on environment and customers.	R&D of high-quality, green products helps satisfy customer needs and enhance corporate reputation. Total investment of NT\$388,693 thousand in R&D in 2024.	GRI 301 Materials SASB TC-SC440a.1  Sustainability Disclosure Standards - Telecommunications Network Industry	●	○	●	○	●	●	○	●	Medium-term
Climate change adaptation and mitigation	{Potential Positive Impact} Visual Photonics Epitaxy plans renewable energy and carbon reduction targets to reduce operational impact on climate change.	Strengthen capital investment in low-carbon equipment and renewable energy infrastructure, and plan climate risk and opportunity response measures to reduce impact on company operations while enhancing corporate competitiveness and external image.	GRI 201-2  Listed Company Climate-Related Information Disclosure	●	○	○	○	●	●	○	●	Medium-term
Water resource	{Substantive Positive Impact}	Introduce water resource reduction and detection	GRI 303 Water and Effluents	●	○	○	○	●	●	○	●	Short-term

Material Topic	Impact Description and Materiality Rationale		Corresponding Indicators (detailed indicators refer to index table)	Value Chain Impact Boundaries			Operational Impact					
	Impact on Economic, Environmental, and Social Dimensions	Impact on Company Operations		Photonics Epitaxy Co., Ltd.	Upstream Suppliers	Downstream Customers/Consumers	Revenue	Costs	Customer Satisfaction	Employee Engagement	Corporate Reputation	Occurrence Timeframe
management	Strengthen pure water wastewater recovery and introduce intelligent controls to reduce water resource consumption	equipment, and properly treat wastewater discharge to enhance customer satisfaction and corporate reputation. Total investment of NT\$1,799 thousand in 2024.	SASB TC-SC140a.1 Sustainability Disclosure Standards - Telecommunications Network Industry									
Energy management	{Substantive Positive Impact} Implement energy reduction targets to reduce environmental impact.	Replace high energy-consuming equipment and execute energy-saving plans in alignment with net-zero policies to enhance corporate external image. Total investment of NT\$683 thousand in 2024.	GRI 302 Energy SASB TC-SC130a.1 Sustainability Disclosure Standards - Telecommunications Network Industry	●	○	○	○	●	●	○	●	Short-term

Material Topic	Impact Description and Materiality Rationale		Corresponding Indicators	Value Chain Impact Boundaries			Operational Impact					
	Impact on Economic, Environmental, and Social Dimensions	Impact on Company Operations		Photonics Epitaxy Co., Ltd.	Upstream Suppliers	Downstream Customers/Consumers	Revenue	Costs	Customer Satisfaction	Employee Engagement	Corporate Reputation	Occurrence Timeframe
<b>Occupational Health and Safety</b>	{Potential Negative Impact} Work-related injury incidents occurring during operational processes negatively impact employee health and quality of life.	Work-related injury incidents reduce operational efficiency, thereby increasing operational costs and damaging corporate image. Total investment of NT\$290 thousand in occupational injury prevention improvements and health promotion in 2024.	GRI 403 Occupational Health and Safety SASB TC-SC320 Sustainability Disclosure Standards - Telecommunications Network Industry	●	○	●	○	●	●	●	●	Short-term
<b>Talent recruitment and retention</b>	{Substantive Positive Impact} Provide comprehensive benefits and competitive reasonable compensation to enhance employee welfare.	Enhance employee compensation and benefits, increase employee retention intention, while contributing to company operational growth. Total investment of NT\$407,609 thousand in employee compensation and benefits in 2024.	GRI 401 Employment GRI 202 Market Presence SASB TC-SC330a.1	●	○	○	●	●	○	●	●	Short-term
<b>Talent cultivation and career development</b>	{Potential Positive Impact} Establish comprehensive education and training mechanisms to help cultivate industry talent and enhance vocational development.	Establish comprehensive education and training mechanisms to enhance employee retention intention and professional capabilities, while contributing to increased corporate competitiveness. Total investment of NT\$605 thousand in employee training in 2024.	GRI 404 Training and Education	●	○	○	●	●	●	●	●	Short-term

Material Topic	Impact Description and Materiality Rationale		Corresponding Indicators	Value Chain Impact Boundaries			Operational Impact					
	Impact on Economic, Environmental, and Social Dimensions	Impact on Company Operations		Photonics Epitaxy Co., Ltd.	Upstream Suppliers	Downstream Customers/Consumers	Revenue	Costs	Customer Satisfaction	Employee Engagement	Corporate Reputation	Occurrence Timeframe
<b>Ethical corporate management</b>	{Substantive Positive Impact} Implement business integrity management to enhance business ethics and image, and protect stakeholder interests.	Implement business integrity management to enhance corporate reputation and contribute to strengthening customer relationships. No incidents of dishonesty occurred in 2024.	GRI 205 Anti-corruption SASB TC-SC520a.1 Sustainability Disclosure Standards - Telecommunications Network Industry	●	●	●	○	○	●	●	●	Short-term
<b>Information security and customer privacy</b>	{Substantive Positive Impact} Implement information security management to prevent information leakage of customers, supply chain, employees, and others.	Strengthen information security management to prevent operational interruptions or confidential information leakage that would affect company operations and customer trust. Total investment of NT\$1,350 thousand in information security preparedness in 2024.	GRI 418 Customer Privacy	●	●	●	○	●	●	●	●	Short-term
<b>Business performance</b>	{Substantive Positive Impact} Enhance corporate profitability and increase funding allocation for sustainable development.	Enhanced corporate financial performance enables greater capital investment in innovative product R&D, continuously improving profitability. Revenue grew 20.31% in 2024.	GRI 201 Economic Performance	●	○	○	●	●	○	●	●	Short-term

### 3.4 Management of Material Topics

The Company formulates corresponding policies and management actions based on the impact nature of each material topic. Designated units are responsible for tracking the effectiveness of policy and strategy implementation, establishing indicators and targets, and conducting regular reviews of target achievement rates. The following outlines management measures and implementation results for material topics across environmental, social, and governance dimensions:

Material Topic	Waste management	Product liability	Climate change adaptation and mitigation	Water resource management	Energy management
<b>Management directives</b>	<ul style="list-style-type: none"> <li>● Introduction of environmental management system</li> <li>● Environmental regulation compliance</li> <li>● Waste resources</li> <li>● Encourage and promote the recycling and reuse of resources</li> </ul>	<ul style="list-style-type: none"> <li>● Product hazardous substance management</li> <li>● Conflict minerals management</li> </ul>	<ul style="list-style-type: none"> <li>● Conducting greenhouse gas inventory and promoting energy conservation and carbon reduction.</li> <li>● Dynamically adjusting carbon reduction and net-zero pathway strategies based on stakeholder requirements and market conditions.</li> <li>● Based on the assessment of climate-related financial risks and opportunities, the Company formulates the mitigation and adaptation strategies and makes the adjustments irregularly</li> </ul>	<ul style="list-style-type: none"> <li>● Water recycling and water resource risk management</li> <li>● Encourage and promote the recycling and reuse of resources</li> <li>● Establish business continuity plan for the risk of water shortage</li> </ul>	<ul style="list-style-type: none"> <li>● Energy management, energy conservation measures, and evaluation of renewable energy adoption.</li> <li>● Equipment energy efficiency and energy conservation management</li> <li>● Encourage and promote the recycling and reuse of resources</li> </ul>
<b>Targets and Indicators</b>	<p>Target: Proper waste management.</p> <ul style="list-style-type: none"> <li>● Indicators</li> <li>● Zero incidents of waste management regulatory non-compliance</li> <li>● 100% waste removal and treatment through certified waste management contractors</li> <li>● 100% waste-to-energy conversion through incineration</li> </ul>	<p>Target Company products comply with hazardous substances and conflict minerals control regulations</p> <p>Indicators</p> <ul style="list-style-type: none"> <li>- Product sampling and testing confirms compliance with hazardous substance-free specifications</li> <li>- Suppliers provide materials free of conflict minerals</li> <li>- No violations of product safety and health regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Mitigation targets aligned with government's 2050 net-zero emissions long-term goal. Medium-term By 2040, limit company carbon emissions (Scope 1 and 2) to 8,000 metric tons. Short-term Before 2030, continue increasing production value while maintaining carbon emissions or emission intensity without significant growth</li> <li>● Adaptation target: climate change impact risks will not cause operational disruption.</li> <li>● Indicators:                             <ul style="list-style-type: none"> <li>- Combined Scope 1 and 2 emissions not exceeding 16,000 tons/year, emission intensity not exceeding 5.9 tons/million NTD revenue.</li> <li>- Company operations uninterrupted by water shortage, flooding, or power shortage climate risk scenarios.</li> </ul> </li> </ul>	<p>Target: Secure water supply for company operations and continuously improve water resource utilization efficiency.</p> <p>Indicators:</p> <ol style="list-style-type: none"> <li>1. 100% achievement of secure water sourcing</li> <li>2. Plant water recycling rate reaching 3%</li> </ol>	<ul style="list-style-type: none"> <li>● Target: Improve energy utilization efficiency</li> <li>● Indicator: Average annual savings rate reaching 1%</li> </ul>
<b>2024 Implementation Results</b>	<ul style="list-style-type: none"> <li>● All plant operations comply with waste-related regulations with no instances of non-compliance.</li> <li>● Engaged certified waste management contractors for proper waste removal and treatment.</li> <li>● Conducted annual on-site audits of hazardous industrial waste treatment facilities.</li> <li>● 100% waste-to-energy conversion through incineration</li> </ul>	<p>In 2024, Visual Photonics' products complied with all hazardous substance control regulations; all materials provided by 3TG suppliers met conflict minerals management requirements.</p>	<ul style="list-style-type: none"> <li>- 2024 Scope 1 and 2 carbon emissions totaled 15,413 metric tons CO2e, with emission intensity of 4.76 (tCO2e/million NTD revenue).</li> <li>- No operational disruptions due to water shortage, flooding, or power outage.</li> <li>- Completed annual business continuity risk assessment and recovery plan update.</li> </ul>	<ul style="list-style-type: none"> <li>● 2024 water sourcing secured without issues.</li> <li>● Recycled volume 2,816 tons/year, accounting for 3-4% of total water consumption.</li> </ul>	<ul style="list-style-type: none"> <li>● 2024 energy conservation and carbon reduction measures total investment of NT\$1,969 thousand yielded benefits of 305,295 kWh, reducing emissions by 145 metric tons CO2, achieving average annual savings rate of 1%.</li> </ul>
<b>Corresponding Sections</b>	6.5 Waste management	4.7 Product liability	6.1 Climate change	6.4 Water resource management	6.3 Energy management

Material Topic	Occupational health and safety	Talent recruitment and retention	Talent cultivation and career development
<b>Management directives</b>	<ul style="list-style-type: none"> <li>Occupational health and safety management system introduced</li> <li>Process safety management and prevention of fire/chemical disasters</li> <li>Control of high-risk operations, prevention of work injuries (physical/chemical/ergonomic) and chemical exposure health risks</li> <li>Strengthening of active safety and health management and seizing opportunities for development and improvement</li> </ul>	<ul style="list-style-type: none"> <li>Provides diverse, respected and equal employment opportunities based on the International Labor Rights Standards and local laws and regulations, regardless of the factors of gender, age, nationality, ethnicity, religion, gender identity, political association, and marital status.</li> <li>The Company provides a competitive salary level and regularly reviews market salary surveys, in order to ensure that the salary level is in line with industry standards with fairness and reasonableness, thereby attracting and retaining outstanding talents</li> <li>Through the establishment of employee suggestion boxes, internal information announcements and regular labor-management meetings, along with other diversified two-way communication channels, we enhance and optimize workplace harmony and ensure employees' rights and interests</li> <li>Provides employees with flexible working hours to allow them to adjust their working methods according to their needs and to achieve a balance between work and life.</li> </ul>	<ul style="list-style-type: none"> <li>The Company provides a comprehensive new employee training program to help new employees integrate with the corporate culture.</li> <li>The Company has established a comprehensive "Employee Education and Training Procedure" to establish a job training system (including supervisor training, professional training and annual training) based on the management position and profession, and to implement individual job training, in order to assist employees to implement the organizational and personal career needs.</li> <li>The Company has been actively recruiting internal lecturers to strengthen their knowledge management and to help them pass on the skills and experience to employees.</li> <li>Through training and promotion systems, assist employees in accumulating competencies and practical experience at each stage, progressively achieving personal career goals while growing with the organization.</li> </ul>
<b>Targets and Indicators</b>	Target: Enhance occupational health and safety work environment Indicators: 1. Zero major occupational incidents 2. 100% departmental self-inspection execution rate 3. 100% deficiency improvement rate	Target: Establish a friendly and competitive work environment to enhance talent attraction and retention Indicators: 1. Employee retention rate $\geq 90\%$ 2. Employee turnover rate between 5%-15% 3. Female manager ratio $\geq 15\%$	Target: Continuously optimize talent training mechanisms to enhance employee professional capabilities and career development Indicators: 1. Internal training attendance rate $\geq 95\%$ 2. Annual training achievement rate $\geq 90\%$
<b>2024 Implementation Results</b>	<ul style="list-style-type: none"> <li>Carry out periodic regulatory audit (monthly), risk assessment and internal audit (annually) to ensure legal compliance and that there are no concerns of safety and health in the workplace.</li> <li>Carry out periodic operating environment inspection (every 6 months) and various equipment automation inspection (monthly).</li> <li>Regular fire equipment inspection and maintenance (annually), gas detector calibration (annually) and fire and emergency drills (per six months).</li> <li>Employee physical examination, regular general health examination, special health examination.</li> <li>Equipment, machine and chemical safety evaluation and activation inspection.</li> <li>Occupational safety and health education and training. (including new employee orientation, on-the-job training, case promotion)</li> <li>Control of high-risk operations and informing of hazards to vendors upon entry of the plant</li> <li>In-plant PPE and education and training are provided.</li> <li>Occupational disease specialist physicians assist with occupational health and health promotion.</li> <li>One major occupational incident occurred; corrective measures included installation of fixed ladders for personnel access to hydrogen tanker truck area sheet metal roofing, establishment of safety walkways and protective barriers on hydrogen tanker truck area sheet metal roofing.</li> <li>47 departmental self-inspection items all completed at 100%.</li> <li>All audit improvement items completed, 100% improvement rate.</li> </ul>	<ul style="list-style-type: none"> <li>Committed to maintaining employee human rights, providing a friendly workplace environment, actively implementing "Visual Photonics Epitaxy CSR Policy."</li> <li>Company-wide salary adjustments based on operating performance, price indices, and Ministry of Finance's "Tax System Optimization Measures for People's Benefit" to retain talent and enhance salary competitiveness, improving employee satisfaction, stabilizing employee relations, and strengthening employees' sense of belonging.</li> <li>Four labor-management meetings held quarterly throughout the year to understand employee needs and implement improvements based on feedback, 100% communication meeting completion rate. Company provides eligible employees with flexible work hours within one-hour adjustment range for arrival and departure times without affecting total daily work hours (8 hours). Employee retention rate 94% Employee turnover rate 13% Female manager ratio 16% Two internal employee complaint cases received, 100% employee opinion resolution rate, no penalties imposed by regulatory authorities for violations of integrity policies.</li> </ul>	<ul style="list-style-type: none"> <li>New employees familiarized with company and relevant regulations through "New Employee Orientation Training," 100% pre-employment training completion rate.</li> <li>282 total training courses conducted annually, average employee training hours 18 hours.</li> <li>"Qualified Internal Instructor Registry" updated according to actual conditions.</li> <li>100% of management vacancies filled through internal employee promotion.</li> <li>Internal training attendance rate 99% Annual training achievement rate 100%</li> </ul>
<b>Corresponding Sections</b>	5.1 Occupational health and safety	5.2 Talent recruitment and retention	5.3 Talent cultivation and career development

Material Topic	Ethical Corporate Management	Information security and customer privacy	Business performance
<b>Management directives</b>	<ul style="list-style-type: none"> <li>● The Board of Directors and senior management commit to actively promote ethical corporate management</li> <li>● Organize ethical corporate management education and training periodically</li> <li>● Review the implementation status of ethical corporate management periodically</li> <li>● Establish a specific whistleblowing system</li> <li>● Periodically review and improve the Company's ethical corporate management policy and promotion measures</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of rigorous information security management is able to ensure continuous of operation, to reduce information security risks, and to maintain the trust of customers and investors.</li> <li>● Ensure the confidentiality, integrity and availability of information assets, and maintain the stability and continuous development of business operations.</li> <li>● Implement educational training and information security promotion periodically, strengthen employees' awareness on information security and protection of customer and personal privacy.</li> <li>● Intellectual property rights management</li> <li>● Trade secret management</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen corporate governance and risk management</li> <li>● Enhance product performance and innovation ability</li> <li>● Optimization of supply chain management</li> <li>● Achieve value sharing</li> </ul>
<b>Targets and Indicators</b>	<p>Short, medium, and long-term target: Zero cases of penalties for integrity violations</p> <p>Indicator: Director and employee integrity management training coverage <math>\geq 98\%</math></p>	<ul style="list-style-type: none"> <li>● Short, medium, and long-term target: Obtain ISO 27001:2022 information security certification</li> <li>● Indicator: Zero information security and customer privacy breach incidents</li> </ul>	<p>Short, medium, and long-term target: Continue deepening product development and epitaxy technology investment, maintain leading position in GaAs PA market</p> <ul style="list-style-type: none"> <li>● Indicator: Maintain world's number one GaAs PA market share</li> </ul>
<b>2024 Implementation Results</b>	<ul style="list-style-type: none"> <li>● All 11 company directors and 14 senior management members have completed signing of "Declaration for Compliance with the Ethical Corporate Management Policy".</li> <li>● The Company designated the Financial Division and Human Resource &amp; Administration Division to jointly promote the education and training of the directors and all colleagues periodically. From October 18 to 21, 2024, October 24, 2024, and from October 30 to November 2, 2024, the key provisions of the "Employee Code of Conduct," "Procedures for Handling Gratuity and Business Reception", "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" were summarized to provide guidance on job duty performance, which were also translated into Vietnamese to facilitate Vietnamese colleagues to understand of relevant contents. Furthermore, the course presentation files were also sent to all directors, managerial officers and employees for reference. A total of 609 directors and employees completed their trainings, and the total training hours was 609 hours, with the training completion rate of 99.84%.</li> <li>● The Board of Directors approved the adoption of the "Handling Measures for Reporting of Illegal, Unethical or Dishonest Conduct." In 2024, the Company didn't receive any report on violation of finance or accounting requirement, violations of the customer data protection or loss, or any material violations (fined more than NT\$1 million).</li> </ul>	<ul style="list-style-type: none"> <li>● In 2024, conducted trade secret protection training for entire plant and requesting departments, continuously strengthening employee awareness of trade secret protection and information security.</li> <li>● Company allocates dedicated virtual file storage spaces for each department, with departments independently planning and utilizing these spaces; virtual spaces configured with read/write permissions.</li> </ul>	<ul style="list-style-type: none"> <li>● Company's 2024 net revenue reached NT\$3.241 billion, 20.31% increase from previous year; net profit NT\$671 million, 49.05% increase from previous year. The Company's revenue also indicated a growth under the positive impacts of the inventory and demand of mobile phones returned to normal and the revenue growth of data centers and optical communication due to AI business opportunities.</li> <li>● The Company generates its operating revenue primarily from the sales of microelectronic products, for which the applicable terminal products refer to wireless communication components, namely the upstream materials of various consumer products. Company's market share increased annually due to technological excellence, stable quality, and competitive pricing advantage; based on industry financial report estimates, GaAs PA wireless communications revenue ranked world's number one since 2021.</li> </ul>
<b>Corresponding Sections</b>	4.2 Ethical Corporate Management	4.5 Information Security and Customer Privacy Protection	4.1 Business performance

## 4. Governance Aspect

### 4.1 Business performance

#### 1. Direct Economic Value Generated and Distributed

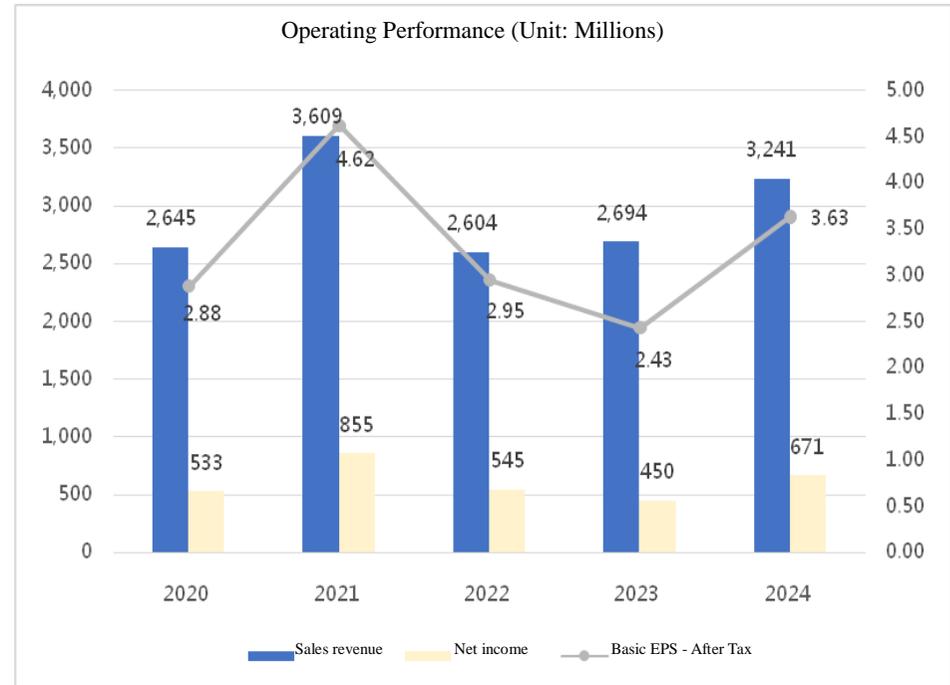
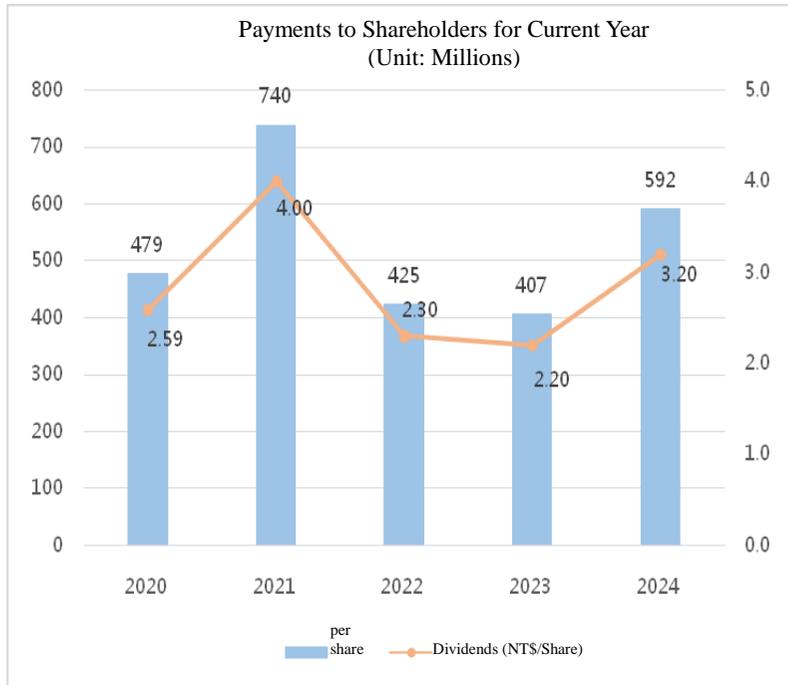
Company's 2024 net revenue was NT\$3.241 billion, 20.31% increase from previous year, full-year after-tax net profit NT\$671 million, earnings per share NT\$3.63.

Profitability and Operating Policies for the Past Two Years (Unit: NT\$/thousand)					
Direct Economic Value Generated		Account Description	2024	2023	Increase (Decrease) %
Revenue		Operating Revenue	\$3,241,217	\$2,694,104	20.31%
		Operating Income	\$721,214	\$542,069	33.05%
Direct Economic Value Distributed		Account Description	2024	2023	Increase (Decrease) %
Operating Costs		Operating Costs	\$1,962,253	\$1,585,190	23.79%
		Operating Expenses	\$557,750	\$566,845	-1.60%
		Interest Expenses	\$11,186	\$12,999	-13.95%
Employee Wages and Benefits		Employee Benefit Expenses	\$440,881	\$361,552	21.94%
Payments to Government by Country		Income Tax Expense	\$146,619	\$91,490	60.26%
Total Distribution Amount			\$3,118,689	\$2,618,076	19.12%
Direct Economic Value Retained (Direct Economic Value Generated - Direct Economic Value Distributed)			\$147,486	\$91,604	61.00%

According to the report of IDC, a market research institution, the global shipment of smart phones in 2024 was 1.24 billion units, an increase of 6.4% from 2023, and the shipment of smart phones indicated a growth for six consecutive quarters. The Company's revenue also indicated a growth under the positive impacts of the inventory and demand of mobile phones returned to normal and the revenue growth of data centers and optical communication due to AI business opportunities.



Looking ahead to 2025, according to the forecasts of several market research institutions, global shipments of mobile phones will recover in 2025, with a projected volume of 1.25 billion to 1.277 billion units, and a year-on-year growth rate of 1% to 3%. The Company's operation in the field of micro-electronic products will benefit from the demand for replacement of mobile phones with AI phones and edge computing, the continued growth of 5G smartphone penetration rate, and the gradual introduction of Wifi 7 into commercial routers and mobile phones. Optoelectronic products will benefit from the increasing popularity of data centers (information centers) in recent years, and operators in different sectors are now setting up their own data centers. In addition, application scenarios are increased for consumer electronics and robots, and photo development technologies are also being developed for AI glasses. All these developments and innovations will promote outstanding growth momentum for future revenues.



## 2. Defined Benefit Obligations and Other Retirement Plans

- (1) The Company formulates its "Work Rules" in accordance with the Labor Standards Act, and establishes the "Labor Pension Supervisory Committee" to supervise the contribution of pension reserve periodically and take charge of the review and approval of applications for retirement.
- (2) The Company contributes the pension reserve for foreign employees in accordance with the Labor Standards Act on a monthly basis, and also appoints the actuary to calculate the employees' benefits and issue the actuarial report therefor. The Company also contributes the fund to the exclusive account of the Labor Pension Supervisory Committee as required on a monthly basis.
- (3) Since July 1, 2005, in response to the Labor Pension Act implemented by the government (hereinafter referred to as the "new system"), the Company has contributed the required amount to the exclusive retirement account maintained at the Bureau of Labor Insurance on a monthly basis, for the employees who chose to apply the new system.



- (4) The Company established the "Visual Photonics Epitaxy Co., Ltd. Employee Stock Ownership Trust" in August 2015, with the purpose of promoting employee welfare, assisting colleagues in achieving long-term savings and wealth accumulation to ensure retirement security, enhancing employee participation in the company, and enabling employees to hold company shares and share in the company's operating results. Trust deposits consist of employee contributions and company retention bonuses (the Company contributes an amount equal to employee contributions as retention bonuses to effectively retain outstanding talent). Withdrawal of trust assets shall be handled in accordance with Article 12 of the "Visual Photonics Epitaxy Co., Ltd. Employee Stock Ownership Trust Charter."

3. Financial Assistance Received from the Government

The Company's government subsidies are described as follows:

Capital	Subsidy Program Description	Subsidy Period	Subsidy Amount
Ministry of Education Youth Education and Employment Savings Account Program - Youth Employment Navigator Program	To encourage recent high school and vocational school graduates to enter the workforce before pursuing higher education, the Ministry of Education promotes the "Youth Education and Employment Savings Account Program," under which the Ministry of Labor has established the "Youth Employment Navigator Program" in conjunction with youth savings accounts to assist young people with workplace experience and career exploration Under the program, 11 ministries including the Ministry of Economic Affairs provide quality job opportunities, the Ministry of Education recommends youth participants for the program, and the Ministry of Labor partners with enterprises to provide on-the-job training, subsidizing "Employer Training and Guidance Fees" (NT\$5,000 per person per month, maximum 2 years) and "Youth Stable Employment Allowances" (Ministry of Education and Ministry of Labor each deposit NT\$5,000 monthly into youth accounts, maximum 3 years), assisting youth in job matching and skills enhancement	Apply according to annual program guidelines	2024 Employer Training and Guidance Fees NT\$771,666, covering 16 employees
Ministry of Economic Affairs via ITRS	Ministry of Economic Affairs power and utility equipment subsidy for air compressors, fans, pumps, and low-voltage three-phase squirrel-cage induction motors purchased during the Bureau of Energy subsidy period that meet specified conditions, with air compressors, fans, and pumps required to have integrated motors; applicants complete subsidy applications on relevant websites after installing subsidized products	Apply based on annual purchase circumstances	Q4 2024 purchase of new 30HP variable frequency air compressor, received NT\$94,600 subsidy in 2025



## 4.2 Ethical Corporate Management

### 4.2.1 Ethical Corporate Management Philosophy, Policies, and Code of Conduct

Photonics Epitaxy Co., Ltd. Upholds "Innovation, Excellence, Sharing, Teamwork, and Integrity" as its core management philosophy, firmly believing that integrity is the cornerstone of sustainable corporate development. To implement this philosophy, the Company not only explicitly prohibits any unethical conduct but also actively constructs a comprehensive ethical management system. Adhering to principles of integrity, transparency, and accountability, we have established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors, clearly defining the ethical standards all employees must observe when conducting business, preventing corruption, bribery, conflicts of interest, and other unethical behaviors.

To strengthen senior management accountability, directors and senior executives have signed the "Declaration of Compliance with Ethical Management Policies," publicly committing to lead by example and guide the Company in practicing ethical management. Additionally, we have established diverse and accessible whistleblowing channels and comprehensive handling procedures, encouraging employees and stakeholders to jointly supervise and ensure unethical behaviors have nowhere to hide.

Photonics Epitaxy is committed to establishing sound corporate governance and risk control mechanisms. Through regular education and training, internal audits, and performance evaluations, we embed the culture of integrity into our corporate DNA. We firmly believe that only on the foundation of integrity can we establish mutually trusting and beneficial partnerships with all stakeholders, moving together toward a sustainable future.

#### - Stakeholder Ethical Corporate Management Standards

Identity	Timing	Required Documents	Signing Rate
New Employees	Upon Hiring	Employment Contract	100%
Current Employees	Annually	Integrity Policy Training Internal Education Training Attendance Sheet	99.67%
Governance Units and Senior Management	Upon appointment or position change	Declaration of Compliance with Ethical Management Policies	100%
New Suppliers (Key Raw Materials)	Before transaction	Contract provisions (e.g., Code of Conduct Declaration and Commitment/Anti-Corruption (Anti-Bribery) Code/Respect for Intellectual Property Rights/Fulfillment of Confidentiality Obligations/Fair Competition and Antitrust/Others)	100%
Existing Suppliers (Key Raw Materials)	Upon version update	Contract provisions (e.g., Code of Conduct Declaration and Commitment/Anti-Corruption (Anti-Bribery) Code/Respect for Intellectual Property Rights/Fulfillment of Confidentiality Obligations/Fair Competition and Antitrust/Others)	100%



- Ethical Management Policy Commitments

Policy Regulations	Reference Documents	Approving Authority	Implementing Unit	Public Link
Guidelines for the Adoption of Codes of Ethical Conduct	Sample Code of Ethical Conduct for TWSE/TPEX Listed Companies	Board of Directors	Financial Division	Company Website/Investor Relations/Corporate Governance/Important Internal Regulations
Ethical Corporate Management Best-Practice Principles	Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies	Board of Directors	President's Office	Company Website/Investor Relations/Corporate Governance/Important Internal Regulations
Procedures for Ethical Management and Guidelines for Conduct	Sample "○○ Co., Ltd. Ethical Management Operating Procedures and Behavioral Guidelines"	Board of Directors	President's Office	Company Website/Investor Relations/Corporate Governance/Important Internal Regulations

4.2.2 Anti-Corruption Mechanisms

1. Anti-Corruption Risk Assessment

The Company conducts annual ethical risk assessments and internal audits in accordance with the RBA Code of Conduct through HR Administration, Finance, Legal, and other relevant departments. No items with significant corruption risks were identified in 2024. Assessment results are as follows:

Department	Assessment Items	Risk level
HR Administration	4	Low
Financial	2	Medium
Legal	1	Medium

Relevant internal control measures include

- (1) Corporate Social Responsibility Management Manual
- (2) Employee Code of Conduct
- (3) Gift and Business Entertainment Implementation Measures
- (4) Ethical Corporate Management Best-Practice Principles
- (5) Procedures for Ethical Management and Guidelines for Conduct
- (6) Guidelines for the Adoption of Codes of Ethical Conduct

To prevent and reduce corruption incidents, and for supplier integrity and anti-corruption assessment, refer to Section 4.8 Supplier Management.

2. Corruption Incident Handling

No Company employees were involved in corruption or unlawful cases in 2024.



### 3. Anti-Corruption Education and Training

- (1) Board Members: In October 2024, all Board members were briefed during the Board meeting on the Company’s "Ethical Corporate Management Best Practice Principles" and "Ethical Management and Guidelines for Conduct" key provisions, with explanation of related policy implementation status. Completion rate: 100%.
- (2) Employees: From October 18-21, October 24, and October 30-November 2, 2024, key provisions of the "Employee Code of Conduct," "Gift and Business Entertainment Implementation Measures," "Ethical Corporate Management Best Practice Principles," and "Ethical Management Operating Procedures and Behavioral Guidelines" were compiled and communicated regarding matters requiring attention during business execution. Materials were also translated into Vietnamese for Vietnamese colleagues' understanding, and presentation files were distributed to all managers and employees for reference. Total participants: 598 persons, completion rate: 99.83%.
- (3) Suppliers and Contractors: The Company requires all suppliers and contractors to sign the "Supplier Social Responsibility and Ethical Standards Commitment Letter," which includes ethical management and related items. In 2024, cumulative signed suppliers and contractors accounted for 91.20% of total transaction value.

#### - Anti-Corruption Education and Training

Category	Training Participants	Training Hours	Achievement rate
Taiwan Employees	598	1	99.83%
Board of Directors	11	1	100%

#### 4.2.3 Anti-Competitive Conduct

In 2024, the Company was committed to maintaining a fair competitive market environment, strictly complying with relevant anti-competition regulations and policies. The Company engaged in no form of anti-competitive conduct, antitrust, or monopolistic behavior.

### 4.3 Communication Channels and Grievance Mechanisms

#### 1. Independent Communication Channels and Grievance Mechanisms

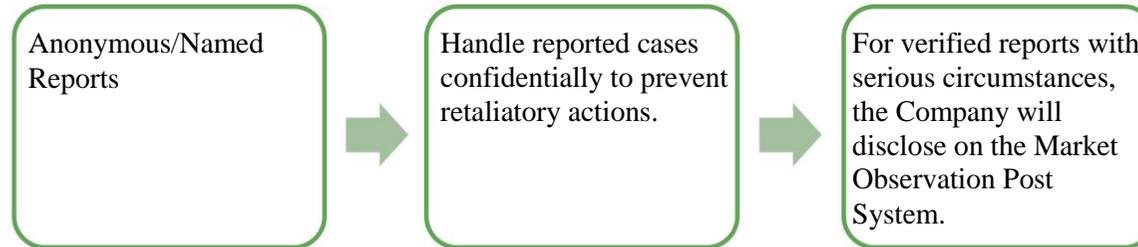
To promptly mitigate negative impacts on stakeholders or company operations, the Company has established grievance mechanisms for various issues. When stakeholders discover potential or actual negative impact incidents, they may report to the responsible units, which shall immediately handle and formulate response measures upon receiving grievance cases.

The Company’s grievance handling procedures for material topics are as follows:

- (1) Anonymous Reports: Anonymous reports are generally not processed; however, if the stated content is deemed necessary for investigation, cases may be processed separately and used as reference for internal review.
- (2) Named Reports: The receiving unit shall clarify the reporting intent and specific evidence. If there is suspected violation of law or unethical, dishonest behavior, evidence shall be attached and reported to the President for handling.
- (3) The Company shall handle grievances in a confidential manner and performs verification through independent channels, in order to protect the whistleblower with best effort. The identity of the whistleblower is kept strictly confidential.
- (4) For employee whistleblowers, the Company guarantees that such employees will not suffer improper treatment due to their reporting.
- (5) To protect the rights of persons accused in reported cases and prevent retaliatory actions, the Company shall provide accused parties opportunities to appeal and, when necessary, convene personnel review meetings for hearings.



- (6) For reported cases verified as true with serious circumstances, in addition to handling according to laws and regulations or relevant company provisions, the Company will disclose on the Market Observation Post System.



2. Reporting Channels and Procedures

To implement corporate ethical conduct and ethical management, and encourage reporting of any illegal or unlawful behavior, the Company established the "Regulations for Handling Reports of Illegal, Unethical, or Dishonest Conduct" approved by the Board of Directors in 2017. The Company encourages employees and related parties to report through the Company's reporting mechanisms, whether concerning internal employees or external personnel, for reporting illegal or improper conduct. To ensure fairness and transparency in the investigation process, the Company has established an independent investigation unit and publicly discloses relevant information on the company website to enable external parties to report related matters. In 2024, the company received a total of 0 external whistleblowing cases. For internal complaints, whistleblowing, and communication cases, see Section 5.2.3 Employee Communication.

Shareholders/Investors	Employees/Customers/Suppliers
03-4192969 ext 706	03-4192969 ext 306
Mr. Chiang	Ms. Yeh
E-MAIL: <a href="mailto:appeal@vpec.com.tw">appeal@vpec.com.tw</a> or Mail: No. 16, Industrial 1st Road, Pingzhen District, Taoyuan City	



## 4.4 Risk management

The Company has adopted risk management practices in accordance with the Risk Management Best-Practice Principles for TWSE/TPEX Listed Companies. Risk identification, analysis, assessment, response, monitoring and review mechanisms are conducted by functional organizations and departments including the President's Office, Internal Audit Office, Finance Division, Human Resources and Administration Division, and Environmental Health and Safety units. Related recovery plans are established and risk management is conducted through continuous education and training programs and drill verification mechanisms to strengthen organizational risk management awareness and culture, supporting the achievement of corporate operational strategies and sustainability goals while safeguarding the interests of the Company and its stakeholders.

Each responsible unit conducts risk identification based on corporate strategic objectives, risk management procedures, and their respective short-, medium-, and long-term business objectives. Risk analysis evaluates probability of occurrence, impact severity, and short-, medium-, and long-term effects of risk items, considering past experiences and industry cases. Risk values are calculated using qualitative or quantitative measurement standards. High-risk items are identified through risk assessment, and recovery plans or drill verifications are arranged accordingly.

### 4.4.1 Risk Management Mechanism

Monitoring and review of various risks are reported by responsible units to management representatives for acknowledgment and confirmation. Risk management information and results are compiled annually for the Sustainability Working Group and disclosed in the Company's year-end sustainability report. The Company's risk management categories primarily include but are not limited to the following items (as shown in the table below):

Risk Category	Responsible Department
Strategic Risk	President's Office, R&D Division, and Biotechnology Division: Conduct risk assessments for new product development and R&D progress control to mitigate technology development and product strategy risks.
Operational Risk	Relevant responsible units address various risk scenarios and types that may cause operational disruption according to the Company's Business Continuity Management Procedure (M0112). <ol style="list-style-type: none"> <li>1. Environmental Health and Safety Unit: Conduct risk assessments and develop recovery plans for natural disasters to reduce operational disruption impact and risks.</li> <li>2. Facilities Division/Plant Engineering Division: Conduct risk assessments and develop recovery plans for accidents and critical equipment failures to reduce operational disruption impact and risks.</li> <li>3. Materials Management Division: Establish contingency plans and related measures for supplier, raw material and equipment procurement, warehousing, and supply chain management to reduce risks of material shortage or production disruption.</li> <li>4. Human Resources and Administration Division: Manage human resources, labor relations, and community relations to prevent risks of operational disruption.</li> </ol>
Information Risk	Information Technology Division maintains and manages the Company's information systems, networks, computers, servers and related peripheral equipment, integrates applications and develops/maintains automated systems and software to reduce network and information security risks.
Financial Risk	Financial Division manages financial deployment and utilization for finance-related risks such as interest rate and exchange rate fluctuations, establishes hedging mechanisms, and complies with relevant regulations to ensure reliability of financial reporting and reduce financial and accounting risks.



Risk Category	Responsible Department
Compliance Risk	The following responsible units conduct risk management for various compliance risks. <ol style="list-style-type: none"> <li>Internal Audit Office: Confirms whether the establishment of internal control systems complies with regulatory requirements and whether they are formulated or updated according to actual operational processes and effectively implemented.</li> <li>Environmental Health and Safety Unit: Ensures the Company’s compliance with environmental protection, occupational safety and health, and fire protection regulations.</li> <li>Human Resource &amp; Administration Division: Ensures the Company’s compliance with labor regulations.</li> <li>Financial Division: Ensures the Company’s compliance with listed company regulations and tax and accounting-related regulations.</li> </ol>
Emerging Risks	<ol style="list-style-type: none"> <li>Climate Change Risk: Environmental Health and Safety Unit coordinates with relevant departments to manage risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.</li> <li>Epidemic Risk: Human Resource &amp; Administration Division implements various epidemic prevention and risk management measures.</li> </ol>

4.4.2 Regulatory compliance

In 2024, the Company had 0 incidents of material regulatory violations (materiality determination criteria based on Article 4, Paragraph 26 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies, concerning disasters, collective protests, strikes, environmental pollution, information security incidents or other material events resulting in any of the following circumstances...). There were 2 non-material regulatory violation incidents. Details of the violations, penalties imposed, and corrective measures are described in the table below.

- Description of Penalty Incidents

Category	Number of Payments in 2024 (Unit: Cases)	Amount Paid in 2024 (Unit: NT\$)
Penalty Incidents Occurring in 2024	2	220,000
Penalty Incidents from Previous Years	0	0



- Description of Regulatory Violation

Serial No.	Location of Occurrence	Violated Regulations	Description of Violation	Nature of Penalty	Penalty Content	Corrective Measures
1	Pingzhen Plant	Occupational Health and Safety Facilities Regulations Article 227 Paragraph 1, Article 229 Paragraph 4, Article 281 Paragraph 1, and Occupational Health and Safety Act Article 6 Paragraph 1 Subparagraph 5	Regarding workers conducting inspection operations on iron sheet roofing in hydrogen tanker truck areas at heights exceeding 2 meters: failed to plan safe passages, failed to install platforms of adequate strength with width of at least 30 centimeters, failed to install sturdy gratings or safety nets, failed to designate a rooftop operation supervisor to direct or supervise operations, allowed workers using mobile ladders for access without implementing necessary anti-slip measures or other rotation prevention measures and without wearing safety harnesses, resulting in an occupational injury incident where a worker fell and required hospitalization.	Monetary and non-monetary sanctions	Fine of NT\$120,000 and partial work stoppage on hydrogen tanker truck rooftop	<ol style="list-style-type: none"> <li>1. Installation of fixed ladders for personnel access to hydrogen tanker truck area iron sheet roofing.</li> <li>2. Establishment of safety passages on hydrogen tanker truck area iron sheet roofing for personnel operations.</li> <li>3. Installation of protective barriers on hydrogen tanker truck area iron sheet roofing to prevent personnel falls.</li> <li>4. Review and assessment of elevated work risks and safety standards throughout the facility.</li> </ol>
2	Pingzhen Plant	Air Pollution Control Act Article 22 Paragraph 3	The Company's processes are subject to regulation as "stationary pollution sources requiring periodic testing and reporting by public and private premises." According to Ministry of Environment (former Environmental Protection Administration) Huan-Shu-Kong-Zi No. 1121046800 dated June 6, 2022, emission stacks P001, P003, P007, P009 from pollution sources E001 Chemical Epitaxy Area and E002 Wet Etching Area are classified as Level 3 testing frequency, requiring annual periodic testing (volatile organic compounds). However, the Company did not complete testing until July 26, 2024, failing to conduct periodic testing and reporting in accordance with Article 3 Paragraph 1 Subparagraph 3 of the Regulations Governing Self or Commissioned Testing and Reporting by Stationary Pollution Sources, constituting a violation of Air Pollution Control Act Article 22 Paragraph 3.	Monetary and non-monetary sanctions	Fine of NT\$100,000 and 2 hours of environmental education.	<ol style="list-style-type: none"> <li>1. Update statutory testing requirements in operating permits.</li> <li>2. Conduct volatile organic compound periodic testing between April and June annually or arrange periodic testing according to operating permit requirements.</li> <li>3. When receiving environmental protection requirement documents, if unable to comply within specified timeframe, proactively communicate with Department of Environmental Protection personnel to notify expected completion date.</li> </ol>



## 4.5 Information Security and Customer Privacy Protection

### 4.5.1 Information Security Management

The Company has established standard operating procedures for information security incident response and handling. When information security incidents occur, the Information Management Team serves as the reporting contact point, with clearly defined target timeframes for resolving and eliminating information security incidents. Post-incident reviews and analyses are conducted after incident resolution, with corrective measures proposed to prevent recurrence.

Annual scheduled information security operations:

Information Security Routine Operations	Frequency	Operation Description
Information Security Vulnerability Scanning	4 times/year	Primarily includes vulnerability scanning, social engineering attacks, information security education and training
Information Security Vulnerability Patching	2 times/year	Primarily includes security updates, operating system version updates.
Information Security Simulation Drills	1 times/year	Scenario simulations include: virus infection, data center power failure, hacker intrusion, etc.

During 2024, the Company did not receive any information security concern incidents (including complaints from regulatory authorities or third parties).

Furthermore, the Company continues to invest in information security and employee security awareness training, committed to protecting customer privacy and data security, ensuring information security incidents can be resolved quickly and effectively.

### 4.5.2 Customer Privacy Protection

During the reporting period, the Company did not receive any substantiated complaints regarding customer privacy violations, nor any related complaints from regulatory authorities.

Additionally, the Company continues to invest in information security, with no incidents of customer data breaches, theft, or loss occurring during the reporting period.



## 4.6 Participation in Various Associations and Organizations

The Company participates in industry-related associations and organizations as follows:

Association/Organization	Membership Status
Pingjhen Industrial Park Industry Development Association	Member

## 4.7 Product liability

To ensure products meet environmental protection and sustainable development requirements, Visual Photonics Epitaxy is committed to promoting product safety management and actively implementing hazardous substance and conflict-free mineral management policies. Through internal controls and supply chain collaboration, we reduce impacts on human health and the environment while responding to international regulations and customer requirements to fulfill our corporate social responsibility. The Company's key product responsibility management initiatives are outlined below:

### 4.7.1 Product Hazardous Substance Management

The Company upholds a strong commitment to environmental protection, strictly adhering to international green environmental regulations and customer requirements, and regularly conducting comprehensive reviews of hazardous substance management status. We have established a comprehensive hazardous substance control list as a standard for internal management and supplier control of hazardous substances, ensuring production processes meet green environmental requirements.

During the development phase of new products, feasibility assessments are conducted to ensure products comply with hazardous substance regulations; during new material validation processes, suppliers are required to sign a "Restricted Hazardous Substances Guarantee" and submit material composition analyses or test reports to ensure materials used comply with hazardous substance control list requirements.

Suppliers are required annually to update their "Restricted Environmental Hazardous Substances Guarantee" and provide composition analyses or test reports from third-party certification bodies as part of annual supplier evaluation criteria, ensuring raw materials used by the Company do not contain components on the hazardous substance control list.

Visual Photonics Epitaxy regularly submits products to third-party certification bodies for testing covering RoHS, REACH, and halogen-free specifications to ensure products comply with international green environmental regulations and customer requirements. As of 2024, the Company's products comply with hazardous substance regulations with no incidents affecting human health or environmental pollution.

### 4.7.2 Conflict Minerals Management

Visual Photonics Epitaxy actively complies with international regulations and guidelines, including Section 1502 of the U.S. Dodd-Frank Act and OECD Guidelines, ensuring 3TG minerals used in the supply chain do not originate from conflict regions and do not support illegal military or armed groups.

To ensure compliance, the Company requires all 3TG suppliers to provide transparent information on mineral sources and complete a "Mineral Due Diligence Report" and sign a "Conflict-Free Minerals Commitment Letter" to certify that supplied minerals have undergone rigorous review and comply with the Company's conflict-free minerals policy.

Visual Photonics Epitaxy conducts regular annual risk assessments to examine whether minerals from conflict regions exist in the supply chain. If any minerals related to conflict areas are identified, the Company will immediately cease using such materials, implement appropriate management measures for identified risks, and seek compliant alternatives.

Visual Photonics Epitaxy recognizes its responsibility in conflict minerals management and commits to continuously reducing related risks. As of 2024, materials provided by all 3TG suppliers comply with the Company's conflict-free minerals management requirements; additionally, the Company does not use cobalt or mica-related materials and therefore does not conduct related investigations.



## 4.8 Supplier Management

4.8.1 Name of the suppliers accounting for 10 percent or more of the Company's total procurement amount in the most recent two years, the amounts bought from each and the percentage of total procurement accounted for by each.

Name	2024			2023		
	Amount (NT\$thousand)	To the annual net procurement amount (%)	Relationship with the issuer	Amount (NT\$thousand)	To the annual net procurement amount (%)	Relationship with the issuer
Supplier 1	999,970	62.65%	None	864,445	68.94%	None
Supplier 2	291,402	18.26%	None	145,650	11.62%	None
Others	304,790	19.09%	None	243,786	19.44%	None
Net procurement amount	1,596,162	100.00%	—	1,253,881	100.00%	—

Main raw materials include GaAs substrate, organic metals, precious metals and special gases. As the demand for AI related product increased, the production volume increased progressively in 2024; therefore, the net procurement increased by 27.30% in 2024 from 2023.

### 4.8.2 Suppliers of Key Raw Materials

Major raw materials	Major suppliers
Substrate	AXT, Freiburger, Sumitomo
Special gas and organic metal	Nippon Sanso Taiwan, Linde Taiwan Technologies, Cassen

The major raw materials are supplied in Japan, the USA, Germany and Taiwan. The supply condition is considered fair for the time being.

### 4.8.3 Supplier Audits and Evaluations

#### (1) Supplier Audits:

According to supplier management procedures, written or on-site audits are required for key raw material suppliers when there are significant quality abnormalities, major process changes, poor improvement results from previous evaluations, strategic considerations, or new suppliers. Supplier evaluations are conducted every two years based on the "Supplier RBA Audit Checklist." In 2024, none of the aforementioned situations occurred, and annual preventive management continued with written audits conducted. Audit results showed no significant abnormalities, allowing continued transactions.

#### (2) Supplier Evaluations:

Key raw material and instrument testing suppliers require annual evaluations to ensure suppliers' price competitiveness, price reduction ranges, delivery rates, system establishment status (such as RoHS, ISO 9001, IATF 16949, ISO 45001, ISO 14001, ISO/IEC 17025), quality systems, and quality abnormality response times meet the Company's supply chain management requirements.



The 2024 supplier evaluations were conducted according to the "VPEC Supplier Score Card" with the following scoring criteria:

<b>≥90 Outstanding</b>	When annual evaluation scores are "Poor" or when evaluations are "Marginal" for two consecutive years (current and previous year), suppliers must submit improvement measures within one month of being notified of evaluation results regarding their deficiencies. Visual Photonics Epitaxy then re-evaluates based on the proposed measures. If the re-evaluation still falls within "Marginal" or "Poor," the supplier shall be eliminated and prohibited from use.
<b>75 ≤ Good ≤ 89</b>	
<b>60 ≤ Marginal ≤ 74</b>	
<b>&lt;60 Poor</b>	

This year's evaluation results: All key raw material and instrument testing suppliers scored between 75-89, achieving a "Good" rating with no abnormalities.



## 5. Social Aspect

### Social Responsibility Policy and Commitments

Visual Photonics Epitaxy commits to safeguarding labor rights, providing employees with a friendly workplace, and treating all individuals equally regardless of gender, age, race, religion, political stance, or marital status. We fairly implement prohibitions against forced labor, child labor prohibition, non-discrimination, respect for freedom of association, respect for privacy, and emphasis on employee health, safety, and work-life balance. We comply with employee-related regulations including the Labor Standards Act, Employment Service Act, Personal Data Protection Act, and Occupational Safety and Health Act to ensure the Company does not violate labor, human rights, social, health, and safety regulations. Employees shall strictly adhere to the Company's professional ethics standards to maintain corporate reputation and earn respect and trust from customers, suppliers, and stakeholders.

Item	Content	Policy
Policy Commitment Description	<p>The Company references principles and requirements consistent with the Responsible Business Alliance (RBA) Code of Conduct and has established the Company's "Corporate Social Responsibility Management Manual (M0133)," covering corporate governance and integrity management, environmental protection, labor rights, occupational safety, and related regulations. All Company units comply with business-related social, economic, and environmental laws and regulations, and regularly implement regulatory education within the organization.</p> <p>In 2024, the Company conducted RBA internal audits primarily based on RBA Code of Conduct dimensions, including labor, health and safety, environment, ethics, and management systems. Compliance performance across all dimensions was satisfactory with no significant non-compliance concerns. The Company has established robust management systems and implementation mechanisms to effectively comply with relevant regulations and standards. The Company fully considers the interests of employees, communities, and the environment, strictly adhering to relevant standards and norms in daily operations.</p> <p>The Company will continue monitoring and improving to ensure the highest standards are achieved in all aspects of corporate social responsibility. This includes continuously strengthening audit systems, enhancing employee awareness and training, and promptly addressing potential issues and improvement opportunities.</p>	
Mitigation and Remedial Measures	<p>To safeguard employee rights and facilitate effective communication, employees may file grievances through supervisors, suggestion boxes, labor-management meetings, employee assemblies, or any other available channel.</p> <p>The Company strictly prohibits the employment of child labor and has established policies and remedial measures under the "Child Labor Remediation Procedures" to effectively control and prevent the use of child labor.</p>	
Review Frequency	Management review assessments and evaluations are conducted quarterly.	
Policy Commitment Links	The "CRS Policy" is publicly disclosed in the CSR section of the company website, which not only demonstrates the company's values and commitments to external stakeholders but also motivates employees to actively participate in corporate social responsibility activities. Concurrently, "Corporate Social Responsibility Policy" cards are distributed to all employees to ensure clear understanding of the company's social responsibility policies and enable the integration and implementation of these values in daily operations.	



<p>Training and Education</p>	<p>To enhance awareness of human rights protection among all personnel, the Company conducts annual human rights protection training programs, extending coverage to all business partners to reduce the frequency of human rights incidents. In 2024, corporate social responsibility and human rights-related training programs recorded participation of 2,179 person-times with total training hours reaching 2,063 hours.</p>
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**Social Inclusion and Community Contribution**

Visual Photonics Epitaxy Co., Ltd. is committed to implementing ESG values, actively promoting corporate responsibility and sustainable development through participation in social welfare charity initiatives and community care programs. The Company has established and promotes a culture of compassion internally, encouraging employee participation in public welfare activities to collectively achieve social contribution objectives.

Visual Photonics Epitaxy Co., Ltd. monitors social changes and needs, continuously optimizing the Company's corporate social responsibility and sustainable development strategies. The Company anticipates progressively expanding contributions to Taiwan society, assisting those in need, achieving sustainable corporate development goals, generating tangible benefits, and maximizing the effectiveness of charitable efforts.

<p>Activity Items</p>	<p>Activity Content</p>
<p>2024 Charitable Donation Activities</p>	<p>The Company participated in the "Pingjhen Warm Winter Charity Market" event hosted by the Ministry of Economic Affairs Pingjhen Industrial Park Service Center. The Company donated a batch of daily necessities required by the local community, extending charitable outreach to areas surrounding the Company's operational location, helping improve the quality of life for the local community. Visual Photonics Epitaxy Co., Ltd. uses compassionate actions to assist genuinely disadvantaged groups and organizations in need, warming every heart with love.</p>
<p>2024 Existing Equipment Donation</p>	<p>The Company donated existing optical measurement equipment to the Department of Electrical Engineering at Yuan Ze University for use as teaching and research auxiliary tools. The Company anticipates this contribution will help enhance the department's teaching and research quality in optical experiments, measurement technologies, and related coursework.</p>
<p>2024 ESG Beach Cleanup Charity Activity</p>	<p>The Company specifically applied to the Office of Coast and Resource Circulation Construction, Taoyuan, to organize a "Beach Cleanup Charity Activity" on October 10, 2024 (Double Tenth National Day) at the third section of the south shore of Yong'an Fishing Port. This activity not only enables colleagues and their family members to participate jointly in environmental protection actions but also enhances mutual team cohesion. Through beach cleanup activities, participants can tangibly experience the importance of protecting marine environments while contributing to the community. The Company hopes this activity will attract more participants in the future to join together in protecting our planet. October 10, 2024 Beach Cleanup "Marine Debris" Results Statistics:</p> <ul style="list-style-type: none"> <li>• Total beach cleanup length <u>693</u> meters of coastline</li> <li>• Total debris collected <u>256.64</u> kilograms of waste</li> </ul>
<p>2024 Taoyuan City Visually Impaired Outreach Experience Activity</p>	<p>The Company specifically participated in the Taoyuan City Government's "2024 Visually Impaired Massage Marketing and Massage Therapist Service Quality Enhancement Program Outreach Activity." Providing service opportunities for visually impaired massage therapists not only enhances their professional skills but also enables more people to understand and respect the contributions of visually impaired individuals. Such actions not only improve the environment but also promote social inclusivity, encouraging collective care and support for disadvantaged groups. This activity was filled with warmth and significance, and the Company hopes to bring more positive impact to society. September 18, 2024 Visually Impaired Outreach Experience Activity Statistics:</p>



Activity Items	Activity Content		
	<ul style="list-style-type: none"> <li>• Experience session provided: 14:00 to 16:00, totaling two hours</li> <li>• Total visually impaired massage therapists assisted with work opportunities: <u>8</u> individuals</li> <li>• Total employee participants in experience activity: <u>74</u> individuals</li> </ul>		
<p>2024 Blood Donation Charity Activity</p>	<p>The Company enthusiastically participated in the Pingjhen Industrial Park "Health Like a Dragon, Hot Blood Love Together" activity and called upon employees to donate blood together to help others, demonstrating corporate enthusiasm and positive energy.</p> <p>This activity promotes employee physical and mental health, enhances team cohesion, and simultaneously injects positive energy into society, collectively creating a friendly and healthy work environment.</p> <p>June 25, 2024 Pingjhen Industrial Park "Health Like a Dragon, Hot Blood Love Together" Activity Statistics:</p> <ul style="list-style-type: none"> <li>• Total employee participants: <u>33</u> individuals</li> <li>• Total blood donation: <u>40</u> bags of blood, <u>10,000cc</u></li> </ul>		
 <p>感謝狀 茲感謝 全新光電科技股份有限公司 熱心參與「2024 平鎮產業園區暖冬愛心市集」活動、捐贈物資、嘉惠弱勢團體及育幼院、佳德善行，特頒此狀，敬表謝忱。 桃園市平鎮工業區產業發展協會 理事長 <b>陳慶土</b> 經濟部產業園區管理局臺北分局 分局長 <b>梁又文</b> 中華民國 113 年 12 月 20 日</p>			 <p>感謝狀 Certificate of Appreciation 感謝 <b>全新光電科技股份有限公司</b> 捐贈 光學量測設備一套 予電機系丙組 巫朝陽助理教授 元智大學 Yuan Ze University 單光子偵測器開發與應用實驗室 2024 年 10 月</p>
<p>Charitable Donation Certificates of Appreciation</p>	<p>ESG Beach Cleanup Charity Activity</p>	<p>Visually Impaired Outreach Experience Activity</p>	<p>Donation Certificates of Appreciation</p>

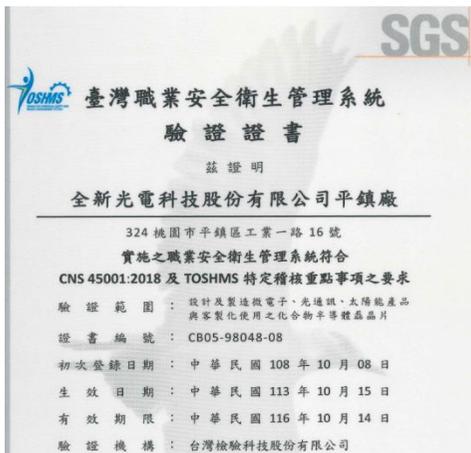


### 5.1 Occupational Health and Safety

#### 5.1.1 Occupational Health and Safety Management

To comply with occupational safety and health regulations, prevent work injuries/occupational diseases, and provide a safe and healthy workplace, the Company introduced the Occupational Safety and Health Management System (OHSAS/TOSHMS) and obtained certification in 2009. In 2021, the Company obtained ISO 45001:2018 Occupational Health and Safety Management System and Taiwan Occupational Safety and Health Management System CNS 45001:2018 certificates. Following the PDCA cycle and management system framework for continuous improvement, internal audits are conducted prior to annual external audits to self-assess environmental, safety, and health implementation effectiveness. Through management cycles, various work plans are implemented to achieve continuous improvement and reduce occupational hazards.

Occupational safety and health management at all Company production sites is implemented according to ISO 45001 and CNS 45001 standards, including understanding the needs and expectations of organizational workers and stakeholders, management leadership and commitment, worker consultation and participation, hazard identification and risk opportunity assessment, objective setting and action planning for objective achievement, organizational resources and worker competency awareness, internal and external communication, operational control for operations and control, change management, procurement management, emergency preparedness and response, performance evaluation and monitoring measurement, etc. The management system covers the Pingzhen Plant and Pingzhen Plant II, encompassing stakeholders including employees (293 persons, 93%), non-employee workers (10 persons, 3%), and regular on-site contractors (14 persons, 4%). Document review and re-certification are conducted every three years to ensure effective operation of the occupational safety and health management system.



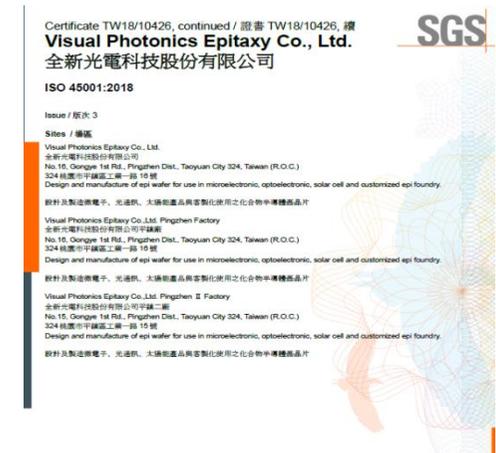
Pingzhen Plant ISO 45001 Certificate



Pingzhen Plant II ISO 45001 Certificate



Pingzhen Plant CNS 45001 Certificate



Pingzhen Plant II CNS 45001 Certificate

#### 1. Hazard Identification, Risk Assessment, and Incident Investigation

To identify potential workplace hazards and assess the risk magnitude of various hazards, and subsequently implement risk control measures to ensure occupational safety and health for employees' operations and work environment, the Company has established the "Environmental, Safety and Health Aspects Identification and Assessment Procedure (M0092)" in accordance with the management system operational framework. This procedure identifies occupational safety and health hazards associated with various products, activities, or services within the facility and conducts annual risk assessments for physical, chemical, ergonomic, and psychosocial hazards. For relatively high-risk hazard types or incident scenarios, the Company adopts effective risk reduction control measures following the hierarchy of elimination, substitution, engineering controls, administrative controls, and personal protective equipment, while considering existing technical capabilities and available resources.



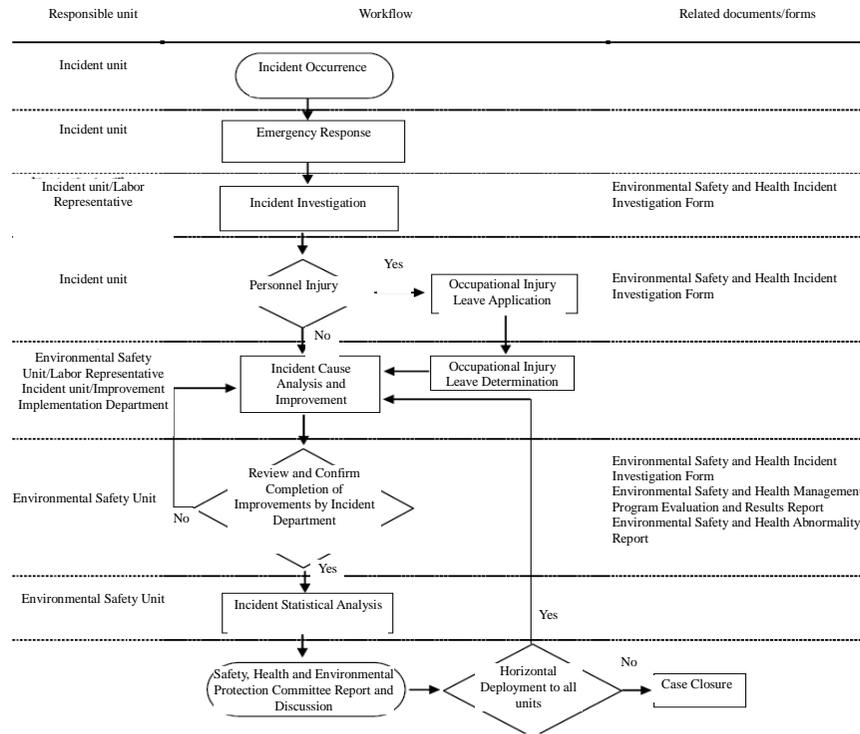
The Company's occupational safety incident investigation process: To investigate work-related injuries, illnesses, accidents, and penalties affecting company operations, prevent incident recurrence, and optimize management system operations, the Company has established the "Environmental, Safety and Health Incident Investigation and Reporting Procedure (M0123)" to standardize incident notification, investigation, and record-keeping procedures. When employees discover situations with imminent danger during work, they shall immediately report the situation and may evacuate to a safe location. Post-incident investigations are conducted jointly by the affected department, responsible improvement department, environmental safety unit, and worker representatives. Investigation results are reported to the President and Chairman through the quarterly Occupational Safety and Health Committee meetings. Corresponding engineering improvements or administrative management measures are implemented for near-miss events or accidental injury incidents. If incident investigation and analysis reveal potential hazards and risks, feedback is provided to the "Environmental, Safety and Health Aspects Identification and Assessment Procedure (M0092)" for inclusion in identification processes or revision of safety operation standards and precautionary requirements in various operational procedures.

New employees receive occupational safety and health education and training on their first day of employment, emphasizing employees' self-protection awareness. In accordance with Article 18 of the Occupational Safety and Health Act, employees are informed of their right to proactively avoid hazards when encountering dangerous situations at work without fear of adverse disciplinary action. In 2024, the company has no records of employees being penalized for reporting safety concerns or evacuating to safe areas due to safety concerns. The number and types of major occupational safety and health hazard risks are summarized in the following table

Major Occupational Safety and Health Hazard Risks	Number of Cases	Risk Type	Responsive measures
2023	38	Fire and Explosion	Engineering Measures: Intrinsically safe design of equipment and machinery, gas detectors with interlocked alarms and shutoff systems, explosion-proof electrical equipment, and on-site fire suppression facilities. Management Measures: Establishment of standard operating procedures; hot work and pipeline dismantling operations are controlled in accordance with the "Special Work Permit Application Management Regulations (T0341)."
2024	40	Falls	Engineering Measures: Installation of fixed ladders for personnel access to and from the hydrogen tanker area roof; establishment of safety walkways and protective barriers on the hydrogen tanker area roof. Management Measures: Rooftop operations are controlled in accordance with the "Special Work Permit Application Management Regulations (T0341)."
		Fire	Engineering Measures: Intrinsically safe design of equipment and machinery, gas detectors with interlocked alarms and shutoff systems, explosion-proof electrical equipment, and on-site fire suppression facilities. Management Measures: Establishment of standard operating procedures; hot work and pipeline dismantling operations are controlled in accordance with the "Special Work Permit Application Management Regulations (T0341)"; emergency response training and insurance.
		Explosion	



- The workflow for personnel work injury and environmental safety and health incident investigation is as follows:



## 2. Worker Participation, Consultation and Communication in Occupational Health and Safety

The company has established an Occupational Safety and Health Committee in accordance with the "Occupational Safety and Health Management Regulations," with the Chairman serving as Committee Chair and the President as Vice Chair. The committee comprises 39 members, including occupational safety and health personnel, relevant department heads, and labor representatives, with 14 labor representatives. The Occupational Safety and Health Committee meets quarterly, with both the Chairman and President attending to discuss safety and health matters.

Worker participation and consultation in accordance with the Occupational Safety Management System (ISO 45001) includes understanding needs and expectations, establishing and reviewing occupational safety and health policies, allocating organizational roles, responsibilities and authorities, ensuring implementation of regulations and other requirements, establishing safety and health objectives and implementation plans, determining items requiring supervision, measurement and evaluation, establishing, implementing and participating in audits, participating in incident investigations and determining corrective actions, and ensuring continuous improvement.

External Communication: 23 communications and policy announcements from occupational safety and health authorities, 2 communications and policy announcements from fire safety authorities, primarily concerning hazard prevention and safety promotion; fire department conducted 2 site inspections at Pingzhen Plant II.

Internal Communication: 2 occupational safety and health announcements, 9 fire safety announcements, primarily concerning education and training and evacuation drill notifications; 12 internal consultations on occupational safety and health, 1 internal consultation on fire safety, primarily concerning personal protective equipment requirements and fire equipment improvement suggestions.





Occupational Safety and Health Committee Meeting



Fire Department Site Inspection at Pingzhen Plant II

### 3. Occupational Health and Safety Education and Training

In the "Environmental Safety and Health Education and Training Management Regulations (T0344)," the company emphasizes employees' obligations regarding safety and health and the importance of self-protection. The company complies with occupational safety and health regulations and informs all employees accordingly.

In accordance with regulatory requirements, to ensure all workers are familiar with occupational safety and health regulations and the company's safety and health management mechanisms, the company regularly provides occupational health and safety education and training, thereby introducing the company's safety, health and wellness culture and concepts. In 2024, the total number of participants in occupational safety and health and fire safety education and training was 235, with total training hours for all workers reaching 751 hours.

To enhance response capabilities for fires and other disasters, protect human life, and mitigate disaster losses, the company conducts plant-wide and nighttime evacuation drills, self-defense fire brigade training, and Emergency Response Team (ERT) personnel training. These simulate disaster scenarios including wearing firefighting suits, using Self-Contained Breathing Apparatus (SCBA), and operating fire extinguishers and fire hydrants to strengthen various emergency response capabilities.



Response Team Personnel Training and Drill Records



4. Occupational Health Services and Health Promotion

Item	Content																				
Employee Health Examinations	1. In 2024, general health examinations covered 279 employees (including executive health examinations), with 208 person-times receiving special health examinations. One individual was classified as Level 4 health management, has undergone physician consultation with work pattern adjustments, and continues to be monitored. 2. 55 employees were eligible for Taoyuan City's expanded lung cancer screening program.																				
Health Promotion Activities	1. The Company values the health of all employees, provides rewards and encourages employees to participate in health promotion activities. For the health issues such as prevention of obesity and three-highs (high blood pressure, high blood sugar, and hyperlipidemia), the Company has adopted specific measures and implementation results: (1) Healthy diet promotion: One healthy vegetable day is promoted weekly. Healthy diet is advantageous to ideal weight, improve body fat, reduce the risk of slow disease (such as heart disease, diabetes, etc.), and improve the overall health of the body. (2) Periodic health examination: Employee physical examination, regular general health examination, special health examination, and early discovery of health problems for early prevention, in order to prevent the development of chronic diseases. (3) Health promotion activities: The Company organizes "Sports Promotion" and "Weight Loss and Weight Reduction Competition" reward activities, in order to encourages employees to participate in various sports activities and to assist employees to control their weight and maintain a healthy body fat rate. A. Health promotion blood donation activities: 48 participants. B. Health promotion running activities: 3 participants. (4) Health implementation results: In 2024, 32 employees have successfully reduced 102.9 kg of weight and 20.6 kg of fat through a combination of healthy diet and exercise. It not only helps employees achieve the health goals, but also further improves the work efficiency and overall health of employees. 2. Visually impaired massage therapist neck and shoulder massage services provided over 800 sessions.																				
Occupational Medicine Specialist Consultation Services	1. Occupational medicine specialist on-site consultation services (including maternal protection/ergonomics/abnormal workload) totaled 12 person-times (see table below). 2. The company systematically manages employee health examination data, analyzes employee health risk factors over the past three years, arranges occupational medicine specialist consultations for high-risk cases, and coordinates with unit supervisors for job selection and work adjustments. <table border="1" data-bbox="495 794 2114 1002"> <thead> <tr> <th>Program Name</th> <th>Workplace Violence Prevention Program</th> <th>Abnormal Workload - Triggered Disease Prevention Program</th> <th>Ergonomic Hazard Prevention Program</th> <th>Maternal Health Protection Program</th> </tr> </thead> <tbody> <tr> <td>Number Assessed</td> <td>293 persons</td> <td>279 persons</td> <td>279 persons</td> <td>102 persons</td> </tr> <tr> <td>Number Requiring Consultation</td> <td>0 persons</td> <td>2 persons</td> <td>7 persons</td> <td>3 persons</td> </tr> <tr> <td>Assessment Result</td> <td>Low Risk</td> <td>Physician consultations completed; all employees may continue their current duties</td> <td>Physician consultations completed; all employees may continue their current duties</td> <td>Physician consultations completed; all employees may continue their current duties</td> </tr> </tbody> </table>	Program Name	Workplace Violence Prevention Program	Abnormal Workload - Triggered Disease Prevention Program	Ergonomic Hazard Prevention Program	Maternal Health Protection Program	Number Assessed	293 persons	279 persons	279 persons	102 persons	Number Requiring Consultation	0 persons	2 persons	7 persons	3 persons	Assessment Result	Low Risk	Physician consultations completed; all employees may continue their current duties	Physician consultations completed; all employees may continue their current duties	Physician consultations completed; all employees may continue their current duties
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Employee Health Examinations



Generous blood donation by staff



Professional acupressure massage for stress relief



## 5. Prevention and Mitigation of Occupational Health and Safety Impacts Directly Related to Business Operations

Following hazard identification and risk assessment to identify major safety and health risks, annual safety and health management programs have been established, including: hazardous materials management, Emergency Response Team (ERT) member training and evacuation drills, rooftop fall prevention improvements, continuous operation of ISO 45001/CNS 45001, and compliance with stakeholder requirements (such as Business Continuity Planning (BCP), Responsible Business Alliance (RBA) Code of Conduct, and Environmental, Social, and Governance (ESG) standards). All programs have been executed with favorable results.

The Company regards contractors as essential work partners. To ensure contractor personnel safety, we implement the "Contractor Environmental, Safety and Health Management Procedures (M0090)" covering: contract outsourcing, facility entry applications, hazard communication for entering personnel, inspection of construction equipment, permit control for high-risk operations including hot work/lifting/confined space operations, and contractor safety performance evaluations. Contractor safety status is reported quarterly to the Occupational Safety and Health Committee, with enhanced contractor safety controls during annual maintenance operations. The Company recorded zero work-related injuries among contractor personnel in 2024.

To reduce negative occupational safety and health impacts, in accordance with the Regulations for the Implementation of Labor Work Environment Monitoring, external agencies are commissioned semi-annually to conduct work environment monitoring. 2024 test results indicate that physical noise levels and all chemical concentrations in the facility work environment remain below permissible exposure limits. Assessments for ergonomic hazards, abnormal workload, workplace violence, maternal protection, and respiratory protection were conducted according to Occupational Safety and Health Administration guidelines.



Daytime/nighttime evacuation drills

### 5.1.2 Occupational Injuries

The Company conducts regular statistics on occupational injury data for all facilities. Total working hours in 2024 were 592,712 hours with no occupational injuries resulting in fatalities. Two occupational injury incidents occurred throughout the year, resulting in 2 injuries representing 0.68% of total employees. Incident types included on fall and one improper movement. Corrective measures for the fall incident included installation of fixed ladders for personnel access to the hydrogen tanker area roof and establishment of safety walkways and protective barriers on the hydrogen tanker area roof. Responsible units have completed incident investigations and developed corrective measures. Through policy advocacy and training implementation, similar incidents are prevented from recurring. Additionally, all non-employee workers have experienced no work-related injuries in recent years with no lost workdays.

Regarding occupational diseases, the Company's HR medical personnel, safety and health staff, and departmental personnel jointly handle worker health protection and promotion matters. Contractors are required to conduct health examinations for their employees and independently manage their construction personnel to prevent engagement in unsuitable operations, thereby reducing occupational disease probability. Occupational diseases are determined by the Occupational Safety and Health Administration. In 2024, there were no deaths from occupational diseases and no confirmed cases of occupational disease or work-related illness diagnosed by occupational medicine specialists.



- Employee occupational injury and occupational disease information is as follows:

Year	Total working hours	Occupational injuries					
		Number of fatalities as a result of occupational injury	Number of high-consequence occupational injuries (Note 4)	Number of recordable occupational injuries	Fatality rate as a result of occupational injury	High-consequence occupational injury rate (excluding fatalities)	Recordable occupational injury rate
2024	592,712	0	0	2	0	0	3.37
2023	576,912	0	0	2	0	0	3.47

Note 1: Recordable occupational injury rate = Number of occupational injuries / Total working hours × 1,000,000 working hours  
 Note 2: High-consequence occupational injury rate = Number of high-consequence occupational injuries / Total working hours × 1,000,000 working hours  
 Note 3: The Company has not recorded total working hours for non-employee workers. No occupational injuries involving non-employee workers occurred in 2024. Future plans include recording total working hours for non-employee workers at facilities  
 Note 4: High-consequence occupational injury is defined as injury from which the worker cannot recover (e.g., amputation), or injury from which the worker cannot/has difficulty recovering to pre-injury health status within six months (e.g., comminuted fracture)

Year	Total working hours	Occupational Diseases			
		Number of fatalities as a result of occupational disease	Number of recordable occupational diseases	Fatality rate as a result of occupational disease	Recordable occupational disease rate
2024	592,712	0	0	0	0
2023	576,912	0	0	0	0

Note 1: Recordable occupational disease rate = Number of occupational diseases / Total working hours × 1,000,000 working hours  
 Note 2: The Company has not recorded total working hours for non-employee workers. No occupational diseases involving non-employee workers occurred in 2024. Future plans include recording total working hours for non-employee workers at facilities



## 5.2 Talent recruitment and retention

### 5.2.1 Workforce Structure

The employee diversity is valued, the gender equality is safeguarded, to build a friendly workplace, and implement the concepts of inclusion, equality, and inclusiveness, to create an environment for talent retention. A friendly working environment will increase employees' sense of identity and belonging to the Company, and is helpful to attract and retain talents, reduce employee turnover, and enable the Company's culture to be demonstrated in diverse manner, and enable all employees to exert their strengths and create a win-win situation.

Visual Photonics Epitaxy operates in accordance with the "Corporate Social Responsibility Management Manual (M0133)," "Employee Code of Conduct," "Personnel Recruitment, Selection and Employment Management Procedures (M0134)," and "Workplace Sexual Harassment Prevention Measures, Complaints and Disciplinary Procedures (M0141)," committing to respect human rights, comply with corporate social responsibility and ethical standards, and promote gender equality policies. This ensures no illegal discrimination, harassment, or unequal treatment based on race, religion, gender, age, or nationality, selecting talent based on job-required competencies with principles of fairness, justice, and proper placement to establish a friendly workplace environment.

As of year-end 2024, the Company's total workforce comprised 293 employees, with male and female representation at 63% and 37% respectively. Female managers accounted for 16% of all management personnel. The Company's workforce has experienced no significant changes over the past two years. Domestic employees totaled 267, with 26 non-domestic employees (including 3 foreign professionals and 23 foreign workers).

Year	2024					2023				
	Male		Female		Total	Male		Female		Total
	Domestic nationals	Non-domestic nationals	Domestic nationals	Non-domestic nationals		Domestic nationals	Non-domestic nationals	Domestic nationals	Non-domestic nationals	
Management Positions	21	0	4	0	25	18	1	4	0	23
Non-management Positions	145	17	97	9	268	149	17	103	6	275
Subtotal	166	17	101	9	293	167	18	107	6	298
Percentage	57%	6%	34%	3%	100%	56%	6%	36%	2%	100%
<b>Total</b>	63%		37%		100%	62%		38%		100%

Note: Employee numbers are calculated based on active employees as of December 31 of each year.

The Company's contractors provide long-term on-site services (including security, cleaning, and catering), comprising 10 non-employee workers employed by third parties (6 males, 4 females). Non-employee worker numbers have experienced no significant changes over the past two years.



Item	2024			2023		
	Male	Female	Total headcount	Male	Female	Total headcount
Contract workers	6	4	10	6	4	10
Dispatched workers	0	0	0	0	0	0

- 2024 Employee Age Statistics and Proportions

2024 Employee Age Statistics and Proportions							
Employee Category	<30 years old(excluding 30)		30-50 years old		50 years old(excluding 50)		Total
	Male	Female	Male	Female	Male	Female	
Management Positions	0	0	12	2	9	2	25
Non-management Positions	37	16	115	85	10	5	268
Subtotal	37	16	127	87	19	7	293
Percentage (By gender)	20.22%	14.55%	69.40%	79.09%	10.38%	6.36%	100%
Percentage (By age group)	18%		73%		9%		100%

Note: Employee numbers calculated based on active employees as of December 31, 2024.



- 2023 Employee Age Statistics and Proportions

2023 Employee Age Statistics and Proportions							
Employee Category	<30 years old(excluding 30)		30-50 years old		50 years old(excluding 50)		Total
	Male	Female	Male	Female	Male	Female	
Management Positions	0	0	11	2	8	2	23
Non-management Positions	43	22	116	83	7	4	275
Subtotal	43	22	127	85	15	6	298
Percentage (By gender)	23%	20%	69%	75%	8%	5%	100%
Percentage (By age group)	22%		71%		7%		100%

Note: Employee numbers calculated based on active employees as of December 31, 2023.

- Employee Education Statistics and Proportions

Year	2024				2023			
	Management Positions	Non-management Positions	Total	Percentage	Management Positions	Non-management Positions	Total	Percentage
PhD	3	4	7	2%	3	3	6	2%
Master	11	26	37	13%	11	29	40	13%
Bachelor’s degree	7	109	116	40%	5	108	113	38%
Associate degree	4	23	27	9%	4	22	26	9%
High school/vocational school and below	0	106	106	36%	0	113	113	38%
Total	25	268	293	100%	23	275	298	100%



## - New Employee Numbers and Proportions

Gender	Age	2024		2023	
		New employees (persons)	New hire rate <sup>Note 1</sup>	New employees (persons)	New hire rate <sup>Note 1</sup>
Female	<30 years old	9	19.09%	2	6.19%
	31-50 years old	12		4	
	> 51 years old	0		1	
Male	<30 years	10	7.65%	4	3.78%
	31-50 years old	4		3	
	> 51 years old	0		0	
Total		35	11.90%	14	4.70%

Note 1: Annual new hire rate = [Number of new hires in current year ÷ Number of active employees in current year] × 100%

## - Employee Composition and Worker Numbers by Region

Item		2024			2023		
Type	Region	Male	Female	Total headcount	Male	Female	Total headcount
Full-time employees <sup>Note 1</sup>	Taiwan	183	110	293	185	113	298
Part-time employees <sup>Note 2</sup>	Taiwan	0	0	0	0	0	0
Permanent employees <sup>Note 3</sup>	Taiwan	183	110	293	185	113	298
Temporary employees <sup>Note 4</sup>	Taiwan	0	0	0	0	0	0
All Employees	Taiwan	183	110	293	185	113	298

Note 1: Full-time employees: Employees whose weekly working hours meet local regulatory definitions for full-time employee weekly working hours.

Note 2: Part-time employees: Employees whose weekly working hours do not meet local regulatory definitions for full-time employee weekly working hours.

Note 3: Permanent employees: Employment contracts with no fixed term (indefinite contracts).

Note 4: Temporary employees: Employment contracts with fixed terms (fixed-term contracts).



### 5.2.2 Compensation and Benefits

Photonics Epitaxy Co., Ltd. operates as a professional management company where all workplace relationships are merit-based, providing market-competitive compensation and benefits to attract exceptional talent. Internal assignments and promotions are based on individual capabilities, qualifications, and performance, not seniority, gender, religion, or age, enabling talented individuals to fully realize their potential in this equitable environment.

Market and industry compensation and benefit levels are referenced and integrated with employee performance evaluations and company operational performance to achieve internal equity and ensure external market competitiveness through bonus incentive programs and various benefit measures.

Item	Specific Measures
Annual Salary Adjustments	To understand market and industry compensation and benefit levels, annual salary and benefit survey reports from recruitment platforms are referenced as the basis for internal compensation and benefit adjustments.
Holiday Bonuses	Short-term performance achievement bonuses are distributed quarterly based on company operational conditions.
Year-end Bonus	All employees share in the company's annual profitability based on corporate performance, departmental results, and individual performance evaluations for the year, distributed as year-end performance bonuses.
Employee Remuneration	All employees share in the company's annual profitability. According to Article 21 of the Articles of Incorporation, when the company generates profit for the fiscal year, 5% to 15% shall be allocated as employee compensation. However, when the company has accumulated losses, the amount necessary to offset such losses shall be reserved before allocating employee compensation according to the aforementioned percentage. The Board of Directors shall resolve whether distribution is made in stock or cash, and recipients may include employees of affiliated companies who meet specified criteria.

#### - Employee Benefit Policy

Item	Specific Measures
Insurance System	<ol style="list-style-type: none"> <li>A comprehensive insurance system encompasses statutory Labor Insurance, Employment Insurance, Occupational Accident Labor Insurance, and National Health Insurance, supplemented by group employee insurance, employer's compensation liability insurance with group accident insurance, and employer's accident liability insurance, providing employees with comprehensive protection and ensuring adequate support and care under all circumstances.</li> <li>The Company plans employee family insurance, and parents, spouses and children of employees may also be enrolled in the insurance. Employees can further apply for insurance for their family members at their own expense, in order to provide protection and care for all family members.</li> </ol>
Health Examinations	Annual provision of regular or special physical (health) examinations to monitor employee health, enabling early detection and prevention of potential health issues.
Benefits System	<ol style="list-style-type: none"> <li>Labor Pension contributions under the New Labor Pension System</li> <li>Employee meal provisions and parking facilities.</li> <li>Maternity subsidies, wedding and funeral allowances, illness and hospitalization subsidies, holiday bonuses for three major festivals and birthdays.</li> <li>Regular domestic and international employee travel programs</li> <li>Dedicated employee break rooms and religious prayer spaces.</li> <li>Year-end banquet celebrations and departmental gatherings.</li> <li>Periodic employee activities to enhance morale.</li> </ol>



Item	Specific Measures
	8. Professional acupressure massage services for stress and fatigue relief. 9. On-site physician consultation services as required by law, with medical rooms, nursing/lactation rooms, and designated parking spaces for pregnant employees. 10. Participation in health promotion activities with certificate completion rewarded with movie tickets.
Needs and Suggestions	1. Regular labor-management meetings and monthly employee meetings to strengthen employee communication and promote labor-management harmony. 2. Emergency assistance: Support for employees facing emergency situations.

- 2024 Entry-Level Personnel Standard Wages vs. Local Minimum Wage

Year	2024		2023	
Item	Male	Female	Male	Female
Standard Wage to Minimum Wage Ratio	1.35	1.33	1.39	1.38

Note: Calculated based on average standard wages of entry-level personnel employed as of December 31 of the current year versus minimum wage.

5.2.3 Employee Communication

The company values employee satisfaction and provides multiple, two-way, open communication channels including suggestion boxes and communication meetings, enabling employees to express opinions and suggestions regarding work or workplace matters.

Employee Communication Items			
Communication Channel	Communication Content	Communication Frequency	2024 Communication Status
Employee Suggestion Box	Issues Involving Violations of Company Regulations	As needed	Good
Complaint email address	Issues involving violations of ethical integrity	As needed	Good
Internal bulletin boards, email, and public network areas	Internal company-related issues	As needed	Good
Labor-management meetings	Labor conditions-related issues	Quarterly	Good
Employee Welfare Committee	Employee benefits-related issues	Quarterly	Good



In 2024, a total of 2 internal grievance cases were received. The company has not been subject to any penalties by competent authorities for violations of integrity policies. Case classifications are as follows:

Grievance Category	Number of Cases
Integrity/Violation Behavior	0
Discrimination/Harassment/Improper Treatment	0
Privacy/Information Disclosure	0
Other (Employee Communication or Feedback)	2

The company has established internal and external contact points and grievance channels. When you discover any suspected fraud, corruption, ethical violations, corporate governance violations, or any unlawful conduct by company personnel, please report through the following grievance channels. The company will handle matters appropriately according to internal regulations and procedures:

Item	Contact Phone	Contact Person	E-mail	Address
Employees	03-4192969 ext 222	Ms. Chung	appeal@vpec.com.tw	No. 16, Gongye 1st Road, Pingzhen District, Taoyuan City
Shareholders/Investors	03-4192969 ext 706	Mr. Chiang		
Customers/Suppliers/Contractors	03-4192969 ext 306	Ms. Yeh		

### 5.2.4 Collective Bargaining Agreement

The company did not establish a labor union in 2024 and has no collective bargaining agreements. Respects employees' freedom of assembly and association, regularly convenes labor-management meetings for two-way communication.

Year	Region	Labor Union Presence	Number of Employees Participating in Union	Total Number of Employees
2024	Taiwan	None	0 persons	293 persons
2023	Taiwan	None	0 persons	298 persons

### 5.2.5 Friendly and Healthy Workplace

#### Continuous Employment of Disadvantaged Groups

The company respects minority groups and differentiated needs, ensuring and providing equal employment opportunities for disadvantaged groups. In 2024, there were 2 employees with severe disabilities, representing 0.68% of all employees; 7 indigenous employees total, with 6 indigenous employees applying for "Indigenous Seasonal Ritual Leave," encouraging employees to embody cultural diversity.



Year	2024			2023		
Item	Male	Female	Total	Male	Female	Total
Employees with Disabilities	1	1	2	1	1	2
Indigenous Employees	2	5	7	4	6	10

**Parental Leave Return and Retention Status**

The company implements policies in accordance with the Regulations for Implementing Unpaid Parental Leave, Act of Gender Equality in Employment, Enforcement Rules of the Act of Gender Equality in Employment, Employment Insurance Act, and Enforcement Rules of the Employment Insurance Act.

Recognizing that most employees personally bear childcare responsibilities and that accompanying children's growth is many parents' greatest wish, the company simultaneously protects employees' work rights, enabling them to balance work and family responsibilities. Both male and female employees may apply, with continued Labor and Health Insurance coverage during unpaid parental leave.

Item	2024			2023		
	Male	Female	Total	Male	Female	Total
Number of employees eligible for unpaid parental leave in current year	16	6	22	15	7	22
Number of employees applying for unpaid leave in current year	2	2	4	2	2	4
Number of employees expected to return from parental leave (A)	2	1	3	-	2	2
Number of employees who returned from parental leave as expected (B)	1	1	2	-	2	2
Return rate (B/A)	50%	100%	67%	NA	100%	100%
Number of employees who returned from parental leave in previous year (C)	-	2	2	-	-	-
Number of employees remaining employed 12 months after returning from parental leave (D)	-	2	2	-	-	-
Retention rate (D/C)	NA	100%	100%	NA	NA	NA

**5.2.6 New Employee Workplace Care**

To assist new employees in smoothly integrating into the workplace and enhancing their adaptability and sense of belonging, the company has established a comprehensive systematic onboarding mechanism providing all-around support and training from the first day of employment. Specific measures include:

- (1) New Employee Orientation Tour: Through a comprehensive onboarding process and departmental introductions, assists new colleagues in quickly getting to know team members,



familiarizing themselves with the work environment, understanding corporate culture and various job responsibilities, accelerating workplace integration.

- (2) **New Employee Training:** To enhance new employees' overall adaptability and work readiness, a series of common core courses is planned applicable to all departments and positions, ensuring all new colleagues possess the same foundational knowledge and corporate identity, establishing consistent cultural understanding and professional attitudes.
- (3) **Performance Review Feedback Mechanism:** Before the probation period ends, the company arranges two-way communication between supervisors and new employees, with supervisors providing specific work performance suggestions while new employees can reflect on job content, team atmosphere, and learning resources, further strengthening mutual communication and trust, enhancing overall retention rates and workplace satisfaction.

Additionally, we value employee stability and long-term development, continuously optimizing the work environment and employee training opportunities.

Going forward, we will continue strengthening new employee care and development, providing each employee with more opportunities for growth and contribution, working together toward the company's sustainable development goals.

### 5.2.7 Maintaining Healthy Turnover Rate

Maintaining turnover rate not only facilitates organizational renewal and revitalization but also balances the company's talent structure and strengthens overall competitiveness. A healthy turnover rate represents necessary renewal and revitalization for enterprises and serves as an important indicator measuring employee satisfaction and company management effectiveness. Both excessively high and low turnover rates may impact the company's long-term stability and development. Therefore, we actively monitor turnover rates and maintain them within acceptable ranges<sup>Note 2</sup>.

Gender	Age	2024		2023	
		Departing employees (Persons)	Turnover Rate <sup>Note 1</sup>	Departing employees (Persons)	Turnover Rate <sup>Note 1</sup>
Female	<30 years old	11	20.91%	3	7.96%
	31-50 years old	12		6	
	> 51 years old	0		0	
Male	<30 years old	11	8.74%	9	6.49%
	31-50 years old	5		2	
	> 51 years old	0		1	
Total		39	13.31% <sup>##3</sup>	21	7.05%

Note 1: Annual turnover rate = [Number of departures in current year ÷ Number of employees in current year] × 100%

Note 2: Annual turnover rate assessment criteria: Below 10%: Stable and good, relatively low. 10%-15%: Healthy and normal, within acceptable range. 15%-20%: Relatively high, requires observation of internal management or cultural issues. Above 20%: High or excessively high, potential systemic or cultural issues.

Note 3: The 2024 turnover rate was slightly higher than 2023 due to students participating in the Youth Employment Pilot Program changing plans early or switching employers, affecting overall turnover rate.



## 5.3 Talent cultivation and career development

### 5.3.1 Education and Training

1. The Company has established a comprehensive "Employee Education and Training Procedure (M0061)" to establish a job training system (including supervisor training, professional training and annual training) based on the management position and profession, and to implement individual job training, in order to assist employees to implement the organizational and personal career needs.
2. Comprehensive new employee training program is planned to help new employees to become familiar with the Company's corporate culture.
3. Total education and training hours in 2024 reached 5,428 hours with 328 participants, averaging 16.55 training hours per employee. The 2024 employee training hours and education training plans are as follows:

- 2024 Average Employee Education and Training Hours

	Gender	Number of shareholders	Training Hours	Average Training Hours
Management Positions	Male	21 persons	802 hours	38.19 hours
	Female	4 persons	98 hours	24.50 hours
Non-management Positions	Male	178 persons	2,839 hours	15.95 hours
	Female	125 persons	1,689 hours	13.51 hours
Total		328 persons	5,428 hours	16.55 hours

- 2024 Employee Education and Training Plan

Category	Content
New employee orientation	The orientation training is arranged in accordance with the "Employee Education and Training Procedure (M0061)". The orientation courses include the Company's profile, work rules and social responsibility, product introduction, quality policy, general safety and health training, general hazard education and training, and other common courses.
Professional skill training	Job training system is established based on the organizational job duties and functions of each department. Personal job training is implemented based on the qualifications required for job duties, and training requirements, in order to assist the career development of employees. Professional quality auditors, process development technology personnel, regulatory certification personnel, and supplier auditors: trainings are organized according to the "Quality Audit Management Procedure (M0018)", "Education and Training Procedure for Engineering Personnel (M0071)", "Compliance Requirements", "Environmental Safety and Health Organization and Responsibility Management Procedure (M0094)" and "Supplier Management Procedure (M0047)". The training courses for medium and senior supervisors in 2024 included the "Departmental successor planning, supervisor and departmental communication skills and performance interviews", etc. The Company organizes 4 sessions of annual training, and the total number of trainees was 101 persons, with the total training hours of 575 hours.
Annual education and training	At the end of the year, each department submits the training demands according to the review of the organization formation, expectations and requirements of the department staff. In addition, such demands are then summarized into the "Annual Training Plan & Implementation Table".



To strengthen the promotion of human rights policy, the training in 2024 not only focused on general knowledge, but also "general knowledge of the Act of Gender Equality in Employment, unlawful infringement of the general knowledge at the workplace, and promotion of confidentiality awareness", etc. The Company organizes 56 sessions of annual training, and the total number of trainees was 2,180 persons, with the total training hours of 2,064 hours.

In the future, the Company will continue to pay attention to human rights protection issues and promote relevant education and training. The goal is to enhance the awareness of human rights protection of employees, and to reduce the probability of occurrence of related risks.



New employee orientation



Mid-to-Senior Management Exclusive Training



Gender Equality in Employment Act General Concept Promotion

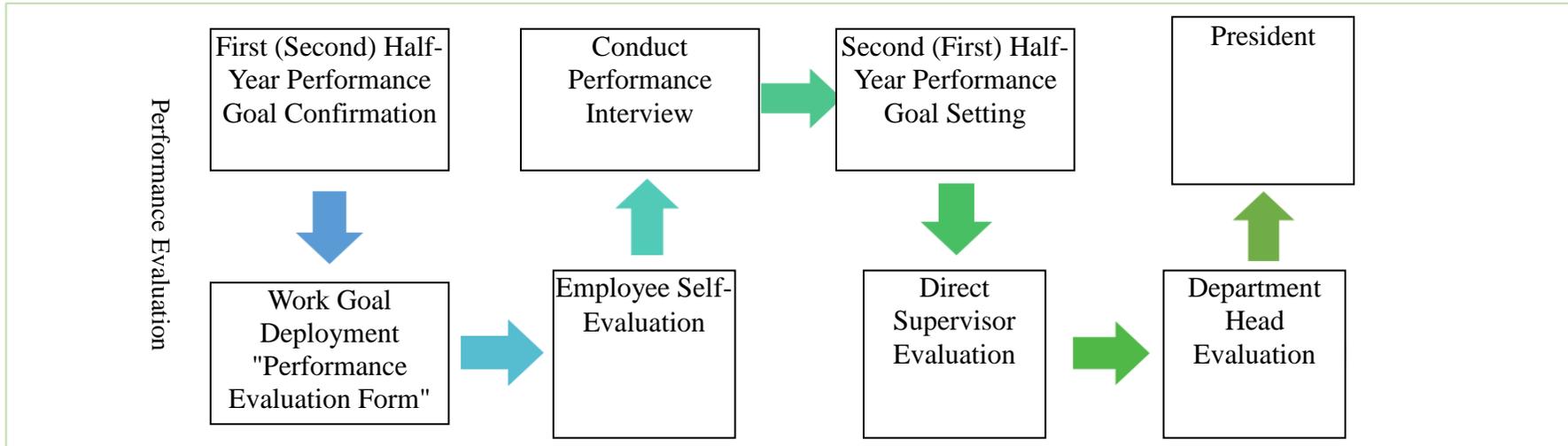
### 5.3.2 Performance Evaluation

Performance evaluation serves not only as an important basis for management to adjust employee compensation but also as a vital tool for the company to create an excellent career development environment and support employees in achieving personal goals. The Company encourages high-performing employees not only to demonstrate individual capabilities but also to assume responsibility for leading teams to enhance performance and exert greater influence.

According to the company's internal "Employee Performance Evaluation Procedures (M0140)," performance evaluations are conducted semi-annually, totaling twice per year. Evaluations apply to new employees completing probation periods and existing employees. During each evaluation, employees' goal execution is established and employee behaviors are reviewed and improved through specific behavioral examples. The 2024 performance evaluation coverage rate reached 95%.

Based on employee performance, the company ensures achievement of organizational objectives through systematic evaluation of employees' current performance, implementation of performance standards, performance improvement plans, and guidance for employees' future career development plans.





- 2024 Employees Eligible for Regular Performance Evaluation by Region and Number

Region	Performance Evaluation Methods	Applicable Personnel	Evaluation Frequency	Number of shareholders	Number of Persons Who Have Completed Evaluations	Evaluation Coverage
Taiwan	Performance Evaluation	New and Existing Employees	Semi-annually	281	268	95.37%
Taiwan	Performance Evaluation	New and Existing Employees	Semi-annually	284	268	94.37%



## 6. Environmental Aspect

### 6.1 Climate Change

In response to global climate change risks and impacts, the Company has adopted the framework recommended by the Task Force on Climate-Related Financial Disclosures (TCFD) under the Financial Stability Board (FSB). This framework encompasses four dimensions: Governance, Strategy, Risk Management, and Metrics and Targets. The Company has formulated climate change response strategies and actions accordingly. The Sustainability Working Group identifies and implements climate-related risks and opportunities annually, regularly reviews targets and performance indicators, and reports to the Board of Directors to ensure effective climate change risk governance.

<p><b>Governance</b></p> <p>a. Supervision by the Board of Directors</p> <p>The Board of Directors is the Company's highest governance body for climate issues. The Board of Directors is responsible for supervising, assessing and approving budgets related to climate change, energy saving and carbon reduction.</p> <p>The Sustainability Task Force reports to the Board of Directors on issues related to greenhouse gas inventory and climate change on a quarterly basis</p> <p>b. Management evaluation and management</p> <p>The Greenhouse Gas Promotion Team consists of environment and safety, materials, plant affairs, human resources and administration, and finance units. The team is mainly responsible for issues of climate change, energy saving and carbon reduction. The President serves as the convener and reports to the Board of Directors on responding strategies for climate change, energy saving and carbon reduction on a regular basis.</p> <p>For reduction targets, net zero path planning, and climate change-related issues, the Sustainability Task Force reports the implementation status and progress to the Chairman and the President on a quarterly basis, and adjusts the direction and target progress according to the management's instructions.</p>	<p><b>Strategy</b></p> <p>a. Short-, medium- and long-term climate-related risks and opportunities</p> <p>It is defined that short-term climate-related risks as 1-3 years, medium-term as 3-5 years, and long-term as 5-10 years.</p> <p>After discussion by the Sustainability Task Force, a total of five climate change risks and four climate change opportunities were identified for the short, medium and long term.</p> <p>b. Impacts of climate-related risks and opportunities on operations, strategies and financial planning</p> <p>The Company's Greenhouse Gas Promotion Team analyzes the operational and financial impacts in accordance with the TCFD identification framework. Financial impact refers to the potential impact on the Company's revenue or assets when the scenario occurs (under NT\$20 million is low , between NT\$20 million and NT\$50 million is medium, and the impact level over NT\$50 million is high; within three years is short-term, three to eight years is medium term, and the long term is over eight years)</p> <p>Transition risks impacting financial risks include the risk and impact of costs and expenditures derived from laws and regulations, adverse reputation, or market loss of customer orders; physical risks include changes in rainfall patterns, typhoon intensity or frequency, and other disasters, which will affect the maintenance of production line equipment and assets losses.</p> <p>c. Organizational and strategic resilience under different climate scenarios</p> <p>The transition risks and opportunities are analyzed and evaluated based on different</p>
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	<p>carbon pricing and climate scenarios.</p> <p>For the physical risk opportunities, it refers to the governmental analyses and evaluations based on RCP2.6, RCP4.5, RCP6.0 and RCP8.5 and the 3D disaster potential map of the National Science and Technology Center for Disaster Reduction.</p>
<p><b>Risk management</b></p> <p>a. Climate-related risk identification and assessment process.</p> <p>The Company's Sustainability Task Force, through cross-departmental discussions and with reference to the CDP/ MSCI questionnaires, as well as peers' climate change risk items, jointly identify and conduct assessments of climate-related risks and opportunities.</p> <p>b. Climate-related risk management process.</p> <p>Based on the identification and evaluation process, the results of the identification of risks and opportunities are summarized, and the relevant strategies and action plans are formulated with attention to risks and opportunities. The quarterly task force meeting reports the implementation of the management and continues the tracking.</p> <p>c. How to integrate the identification, assessment and management process of climate-related risks into the overall risk management system of the organization.</p> <p>Opportunities and risks in terms of operations, such as heavy rain/flooding and water/power shortage scenarios caused by climate change, are incorporated into the operation continuity risk assessment and formulation of relevant preparation and recovery plans.</p> <p>In terms of strategic opportunities and risks, the management will continue to monitor the needs and expectations of stakeholders and market changes, and adjust strategy and product planning.</p> <p>Financial opportunities and risks are regularly reported to the management by the Finance Division based on the annual budget and cost-effectiveness assessment.</p>	<p><b>Indicators and Targets</b></p> <p>a. Indicators used to assess climate-related risks and opportunities.</p> <p>Covering indicators such as energy consumption, greenhouse gas emissions, water consumption and waste output per unit of product, and the implementation of energy efficiency improvement plans and renewable energy purchases are assessed.</p> <p>b. Disclosure of Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks.</p> <p>According to the ISO 14064:2018 standards, Scope 1, Scope 2 and Scope 3 greenhouse gas inventories are conducted every year, and external verification is conducted by a third-party verification company to examine the Company's greenhouse gas emission status in various areas and as the verification of the reduction effectiveness. The relevant information is disclosed in the Company's annual report, sustainability report and the Company's website.</p> <p>c. Targets adopted for managing climate-related risks and opportunities, and performance in implementing such targets.</p> <p>In addition to reviewing the energy consumption, greenhouse gas emissions, water consumption and waste output per unit of product, the average annual energy saving target of 1% between 2019 and 2025 was set in 2018. Depending on government policies, stakeholder requirements and expectations, prices and volume of supply and demand in renewable energy and carbon market, and internal cost-benefit assessments, the objectives and implementation methods of each phase are adjusted on a rolling basis to respond to the national policy of 2050 net zero carbon emissions.</p>



The Company's Sustainability Working Group has identified 3 transition risks, 2 physical risks, 2 transition opportunities, and 2 physical opportunities, totaling 9 climate-related risks and opportunities. The management strategies are summarized as follows:

Category	capital	Period of Influence (Short/Medium/Long)	Description of potential financial impact	Financial Impact (High/Medium/Low)	Management countermeasures
Transition risks	Carbon fee	Short-medium	The Company's total greenhouse gas emission in 2024 is about 16,000 tons (excluding categories 3 - 6). Currently, it is not subject to the government's first wave of carbon fees and caps. Assuming the carbon fee of NT\$300/ton announced by the Ministry of Environment is used for the internal carbon pricing, the potential cost derived from carbon emissions is approximately NT\$4.8 million.	Low	<ol style="list-style-type: none"> <li>The Company will continue to pay attention to the possible impact and impact of the "Climate Change Response Act" and the government's carbon fee and caps on greenhouse gases, to adjust the Company's response strategies on a rolling basis.</li> <li>Continue to evaluate and replace outdated equipment, evaluate energy-saving and carbon reduction solutions such as cold energy recovery, hydrogen power generation and purchase of renewable energy.</li> </ol>
	Renewable energy	Medium	A limited number of customers have expressed expectations or requirements regarding renewable energy use (e.g., RE100). In response, we have communicated that Taiwan's renewable energy market currently faces supply shortages. With the Company's electricity consumption exceeding tens of millions of kWh, achieving 100% renewable energy usage presents significant challenges (an RE50 target is relatively more feasible). If the price difference between industrial electricity and renewable energy (green electricity) of NT\$2 per kWh is used and the electricity consumption in 2024 is considered as the evaluation basis, then the estimated additional electricity cost for achieving the RE50 target is approximately NT\$30 million/year.	Medium	<ol style="list-style-type: none"> <li>Continue to monitor the renewable energy (green power) market supply and electricity price movement, and conduct internal cost-benefit assessment and electricity composition reliability analysis.</li> <li>Continue to pay attention to the expectations and demands of customers for the use of renewable energy and carbon reduction, and adjust the time for the introduction of renewable energy and the purchase amount.</li> <li>Continue to monitor the progress of changes in domestic and foreign policies, and the impact and influence of the carbon fee specified in the "Climate Change Response Act" in Taiwan and the EU carbon tariff on the Company's operation.</li> </ol>
	Changes in customer behavior in the market	Medium-long	Some customers and peers have declared the goal of net zero and RE100. If they are unable to meet the needs of customers or stakeholders, their willingness to place orders will be affected, resulting in a drop of revenue by more than 10%. Institutional investors and banks are concerned about energy saving, carbon reduction, corporation operation and sustainability risks, and the results of the evaluation affect willingness to invest and even interest rates of lending.	High	<ol style="list-style-type: none"> <li>Annual sustainability report is regularly released annually and letters and interviews from stakeholders are responded, in order to explain the Company's actions and direction with respect to energy saving and carbon reduction.</li> <li>Regularly track relevant market information, compare the progress of sustainability, energy saving and carbon reduction against domestic and foreign peer factories and customers as a reference for internal response</li> <li>Set a net zero blueprint for carbon reduction, and make rolling adjustments by phases based on the annual status</li> </ol>
Physical risk	Water shortage and power shortage	Medium	Climate change has aggravated droughts and floods in Taiwan. Droughts have caused water shortages, and rising temperatures have led to increased power consumption throughout Taiwan and insufficient backup capacity, resulting in a risk of power tripping/blackout The one-day interruption of the Company's operations resulted in a loss of turnover of about NT\$10 million.	Low	In response to water and power shortage scenarios, preparation and response measures are formulated in accordance with the operation continuity management procedure. In the event of a power outage, emergency generators and diesel reserves are available. In the event of a water outage, a water storage tank is installed.
	Heavy rain and flooding	Short	Climate change has aggravated droughts and floods in Taiwan. The heavy rains may cause flooding of the factory area or interruption of surrounding roads and traffic, resulting in risk scenario of interruption of the	Low	In 2020, an external consultant was commissioned to conduct a simulation study on the risk of various natural disasters at the factory, showing that the risk of flooding was not high. In addition, the Company's Pingzhen factories are located in

Category	capital	Period of Influence (Short/Medium/Long)	Description of potential financial impact	Financial Impact (High/Medium/Low)	Management countermeasures
			Company's operations. The one-day interruption of the Company's operations resulted in a loss of turnover of about NT\$10 million.		Shanzaiding area. According to the 3D disaster potential map of the National Science and Technology Center for Disaster Reduction, it shows that there is no concern of direct flooding under various rainfall scenarios.
Transformation opportunities	Corporate reputation	Medium	Stakeholders are concerned about the Company's potential climate risks and opportunities. Through the disclosure in the sustainability report, requesting suppliers to fulfill corporate social responsibilities, or participating in RE100 and net zero emission initiatives, it is helpful to improve the Company's image and obtain orders, investment opportunities and preferential interest rate.	Low	<ol style="list-style-type: none"> <li>1. Publish annual sustainability reports to inform stakeholders of the Company's energy conservation, carbon reduction, and corporate sustainability initiatives and direction.</li> <li>2. Relevant actions and progress are disclosed on the Company's website for the reference of stakeholders</li> <li>3. Responding to the governmental 2050 net zero policy, the net zero blueprint for carbon reduction is set for the short, medium and long-term, and make rolling adjustments by phases based on the annual status</li> </ol>
	Renewable energy	Medium-long	As the majority (90%) of the Company's carbon emissions comes from the purchased electricity in Scope 2, if the renewable energy is introduced, it can reduce the issues of carbon emissions and carbon fee, and echo the national and international 2050 net zero emission policies.	Medium	<ol style="list-style-type: none"> <li>1. Continue to track the supply and price changes in the renewable energy (green power) market, stakeholders' needs and expectations, and internal discussions, to adjust the Company's renewable energy introduction method and schedule on a rolling basis.</li> <li>2. In addition to renewable energies, the Company will continue to monitor domestic and international carbon trading mechanisms and market prices as the options for the Company's long-term net zero carbon emissions.</li> </ol>
Physical opportunity	Energy efficiency	Medium	In line with the replacement of outdated equipment in factories, high-energy-efficiency equipment is gradually introduced, and the integration of various systems and related energy-saving projects are evaluated.	Low	<ol style="list-style-type: none"> <li>1. Continue to evaluate equipment replacement and introduce various energy-saving and carbon-reduction projects; new equipment will help to improve operation reliability and avoid the risk of operation interruption</li> <li>2. Continue to introduce external technical resources to improve the Company's energy management efficiency.</li> </ol>
	Disaster resilience	Short	By assessing various possible impacts and formulating corresponding recovery plans, the Company may reduce the risk of business interruption and improve the resilience of the supply chain.	Low	<ol style="list-style-type: none"> <li>1. Based on the Operational Continuity Management Procedures, various preparations and countermeasures are formulated and the regular audits and inspections on the recovery plans are conducted.</li> <li>2. Continue to introduce various risk assessment, as well as management technical specifications and resources, to improve the Company's disaster prevention resilience.</li> </ol>

Based on short-, medium-, and long-term climate-related risk and opportunity strategies, the Company has established climate-related indicators encompassing greenhouse gases, energy and resource utilization, and water resources to track management effectiveness. Details are as follows:

(1) Climate-Related Targets

The Company's climate targets cover Scope 1 and Scope 2 greenhouse gas emissions from the Pingzhen Plant and Pingzhen Plant II. Reduction targets and strategies are divided into three phases: short-term, medium-term, and long-term. These targets and implementation methods are adjusted on a rolling basis considering government policies, stakeholder requirements and expectations, renewable energy and carbon credit market supply-demand dynamics and pricing, and internal cost-benefit assessments. For the long-term, it is benchmarking of government policies to achieve net zero emissions by 2050 through renewable energy (RE100), carbon rights and supply chain management. For the medium-term, the Company is benchmarking the Science-Based Reduction Targets Initiative (SBTi). Through the introduction of renewable energy (RE50) and energy storage facilities, the



Company aims to control the Company's carbon emissions (scopes 1 and 2) at 8,000 metric tons in 2040. Short-term initiatives focus on improving energy efficiency, replacing aging equipment, and introducing renewable energy (RE10-30). The target is to maintain carbon emissions or emission intensity without significant growth while continuing to increase production value before 2030.

## (2) Internal Carbon Pricing

Based on the Ministry of Environment's carbon fee collection rate standard of NT\$300 per metric ton of CO<sub>2</sub> equivalent, this serves as the reference baseline for establishing internal carbon pricing

## 6.2 Greenhouse Gas Management

### 6.2.1 Greenhouse Gas Management Strategies, Methods, and Targets

#### 1. Greenhouse Gas Management and Reduction Targets

The Company has established 2022 as the baseline year for greenhouse gas emissions. This decision was based on completing comprehensive greenhouse gas emission inventories for all Company facilities in 2022, conducted in accordance with ISO 14064-1:2018 standards. While the Company initiated voluntary inventories in 2012 (covering only the Pingzhen Plant at that time) and achieved complete coverage of both facilities in 2021, the 2022 inventory incorporated all six greenhouse gas emission categories as required by the updated ISO 14064-1:2018 provisions. Considering inventory completeness, 2022 was designated as the baseline year.

For greenhouse gas management and reduction targets, the Company considers stakeholder requirements, factory operations and capacity expansion, and renewable energy market conditions. The decarbonization and net-zero pathway strategies are adjusted on a rolling basis, structured in three phases: short-term, medium-term, and long-term. The long-term strategy aligns with government policy, aiming to achieve net-zero emissions by 2050 through renewable energy adoption (RE100), carbon credits, and supply chain management. For the medium-term, the Company is benchmarking the Science-Based Reduction Targets Initiative (SBTi). Through the introduction of renewable energy (RE50) and energy storage facilities, the Company aims to control the Company's carbon emissions (scopes 1 and 2) at 8,000 metric tons in 2040. Short-term initiatives focus on improving energy efficiency, replacing aging equipment, and introducing renewable energy (RE10-30). The target before 2030 is to continue increasing production value while maintaining carbon emissions or emission intensity without significant growth (Scope 1 and 2 combined not exceeding 16,000 tons/year, emission intensity not exceeding 5.9 tons/million NTD revenue).

#### 2. Greenhouse Gas Strategies and Specific Action Plans

The Company's greenhouse gas management strategies and action plans include: greenhouse gas emission inventory (see Section 6.2.2) and promotion of energy conservation and carbon reduction (see Section 6.3), with continuous evaluation of feasibility and cost-effectiveness for various energy-saving and renewable energy implementation options.

Achievement of Reduction Targets:

- For 2019 to 2024, we have set the goal of average annual energy-saving rate reaching 1%. In 2024, with the promotion of equipment improvement of the constant temperature tank, reduction of water supply pressure of the water purification system, replacement of traditional lamps in the lobby of the Pingzhen Factory with LED lamps, replacement of old air compressors with variable frequency units, VOC system with replacement of new fan motors and suspension of use, cleaning and maintenance of scrubber-1, reduction of fan motor operating frequency of scrubber-2, adjustment of air conditioner operation time, the energy-saving rate reached approximately 1%.
- 2024 total greenhouse gas emissions: 15,413 metric tons Co<sub>2</sub>e (Scope 1 and 2 combined), not exceeding 16,000 tons/year.
- 2024 greenhouse gas emission intensity: 4.76 (tCO<sub>2</sub>e/million NTD revenue), representing an 18% reduction from the baseline year (2022).



6.2.2 Greenhouse Gas Emissions

Since 2012, the Company has established a standardized greenhouse gas inventory mechanisms in accordance with ISO 14064-1:2018 and the Environmental Protection Administration's Greenhouse Gas Verification Guidelines. Annual inventories are conducted for all Company facilities, with third-party verification. Inventory content and results are documented in Greenhouse Gas Inventory Reports. The Company uses operational control as the inventory boundary. Since 2021, categories have encompassed direct and energy indirect emission sources from management processes and facilities at all plants (Pingzhen Plant and Pingzhen Plant II). In 2022, the Company implemented ISO 14064-1:2018 revision requirements, conducting inventories for Categories 1 through 6. Greenhouse gases covered in the inventory include: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3).

2024 emissions include Category 1 direct greenhouse gas emissions and removals, and Category 2 indirect greenhouse gas emissions from imported energy. Categories 3 through 6 are screened according to the Company's "Criteria for Identifying Significant Indirect Emissions," with emission quantification required only for items identified as significant. "Criteria for Identifying Significant Indirect Emissions" may include the following considerations: quantity, degree of impact, risks and opportunities, sector-specific guidance, employee engagement, activity data availability, emission factor availability, and cost considerations. Significant emissions identified through screening include Category 3 indirect greenhouse gas emissions from transportation (industrial waste transportation) and Category 4 indirect greenhouse gas emissions from products used by the organization (indirect emissions from purchased electricity). Inventory results show over 97% of greenhouse gas emissions concentrated in CO2 from electricity consumption (electricity emission factors sourced from Bureau of Energy, Ministry of Economic Affairs announcements: 2024 - 0.474 kg CO2e/kWh, 2023 - 0.494 kg CO2e/kWh, 2022 - 0.495 kg CO2e/kWh).

The Company calculates greenhouse gas emissions following ISO 14064-1:2018 standards. 2024 inventory results: Category 1 - 602.4688 tCO2e, Category 2 - 14,810.8884 tCO2e, Categories 3-6 - 3,046.4320 tCO2e. Emission intensity: 4.76 tCO2e/million NTD revenue. Current year emissions increased 1.75% from baseline year, primarily due to continuous capacity expansion. Current year greenhouse gas emission intensity decreased 18.25% from baseline year, primarily due to revenue growth from capacity expansion.

For the total greenhouse gas emissions above, the 2024, 2023, and 2022 assurance scope covers Pingzhen Plant and Pingzhen Plant II. SGS Taiwan Ltd. conducted assurance in accordance with ISO 14064-3:2019 published by the International Organization for Standardization (ISO). Categories 1 and 2 received reasonable assurance level; Categories 3-6 received limited assurance level.

- Greenhouse Gas Emissions Analysis Table

Greenhouse Gas Emissions	2024	2023	2022
Category 1 (tCO2e)	602.4688	514.1301	277.9890
Category 2 (tCO2e)	14,810.8884	14,993.6904	14,869.8990
Greenhouse Gas Emissions	2024	2023	2022
Category 3-6 (tCO2e)	3,046.4320	2,956.0489	2,655.6876
Total Emissions (tCO2e)	18,459.7892	18,463.8694	17,803.5756
Revenue (NT\$/Million)	3241	2694	2604
Emission Intensity (tCO2e/Million NTD revenue)	4.76	5.76	5.82

Note 1: Category 1 data scope: Pingzhen Plant and Pingzhen Plant II completed; Category 2 data scope: Pingzhen Plant and Pingzhen Plant II completed; Category 3 data scope: Pingzhen Plant and Pingzhen Plant II completed.  
 Note 2: Greenhouse gases covered in the inventory include: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3).  
 Note 3: Emission factors sourced from IPCC Sixth Assessment Report values.  
 Note 4: Categories 3-6 include only Category 3 indirect greenhouse gas emissions from transportation (industrial waste transportation) and Category 4 indirect greenhouse gas emissions from products used by the organization (indirect emissions from purchased electricity).  
 Note 5: Greenhouse gas emission intensity calculation scope includes greenhouse gases generated from Categories 1 and 2.



## 6.3 Energy management

### 6.3.1 Energy Use Policy

To improve energy efficiency and reduce overall energy consumption, the Company's energy management authority consolidates energy usage status across all operational sites, identifies major energy types at each location, and formulates energy-saving improvement plans and short-, medium-, and long-term targets.

- Energy Conservation Performance

Year	Item	Conservation Amount	Energy Consumption Reduction (GJ)	Unit Energy Heating Value	Heating Value Coefficient
2023	Electricity	341,284 kwh	2.5*10 <sup>-3</sup>	860	Kcal
2024	Electricity	305,295 kwh	1.1*10 <sup>-3</sup>	860	Kcal

Note 1: Heating Value Coefficients based on latest "Greenhouse Gas Emission Coefficients" announced by the Environmental Protection Administration, Executive Yuan.  
 Note 2: 1 Gigajoule (GJ) = 109 Joules (J); 1 Kilocalorie (Kcal) = 4,186.8 Joules (J); 1 kWh = 3.6×106 Joules (J).

### 6.3.2 Energy Consumption Status

The Company's total energy consumption for 2024 was 112,477.39 Gigajoules (GJ), with purchased electricity accounting for 100% and renewable energy accounting for 0%.

The Company has not yet installed solar panels, biogas generation, or other self-generated energy equipment to replace previously used non-renewable energy or fuels. Total self-generated and self-consumed energy in 2024: 0 Gigajoules (GJ).

- Energy Consumption Analysis Table

Energy Item	2024	2023	2022
Gasoline (Liters)	0	0	0
Diesel (Liters)	0.52	6.99	4.49
Liquefied Petroleum Gas (KG)	0	0	0
Electricity - Renewable energy (kWh)	0	0	0
Electricity - Non-renewable energy (kWh)	31,236,600	30,351,600	30,040,200
Total Energy Consumption (GJ)	112,477.3980	109,290.9700	108,169.56
Energy Intensity (GJ)	34.70	40.57	41.54

Note 1: Calorific values are based on the latest unit calorific value table for energy products published on the Energy Administration, Ministry of Economic Affairs website. Energy consumption is calculated by multiplying energy usage by unit calorific values and converting to gigajoules (GJ).

Note 2: Energy intensity calculation = Total energy consumption (GJ)/Revenue (million NT\$)



6.3.3 Energy Conservation Measures and Results

We continuously enhance energy efficiency within our facilities through various energy conservation measures to achieve optimal operational conditions and reduce electricity consumption. As shown in the table below, multiple energy conservation and carbon reduction initiatives were completed across all facilities in 2024, with a total investment of NT\$1,969 thousand. Total electricity savings achieved were 305,295 kWh annually, resulting in approximately 145 metric tons of CO2 emissions reduction. Energy conservation initiatives are summarized as follows:

Energy Conservation Initiatives and Results			
Implementation Year	Energy Conservation Initiative	Total Electricity Savings	GHG Emissions Reduction (tonCO <sub>2</sub> e)
2024	Lauda Chiller temperature control system equipment improvement for energy conservation requirements	69,480 KWh	32.93
	Pure water system delivery pressure reduction	10,368 KWh	4.91
	Replacement of conventional lighting fixtures with LED fixtures in Building A lobby	6,624 KWh	3.14
	Replacement of obsolete 20HP air compressor with 30HP variable frequency air compressor	56,464KWh	26.76
	Scrubber-1 blockage cleaning and maintenance; post-maintenance, Scrubber-2 fan motor operating frequency reduction.	35,285KWh	19.11
	Air handling unit operating schedule adjustment	86,754 KWh	16.73
	VOC system fresh air fan motor temporary suspension	40,320 KWh	41.12
Total			144.71
2023	Energy management: Cleanroom T5 fluorescent tube replacement with LED tubes	72,708KWh	35.92
	Equipment efficiency improvement: Screw chiller water temperature adjustment from 6°C to 6.8-6.9°C	51,840KWh	25.61
	Equipment efficiency improvement: Scrubber #1 and #2 maintenance and cleaning	96,768KWh	47.80
	Equipment efficiency improvement: MAU-201 air handling unit supply air reduction and motor load reduction	119,968KWh	59.26
Total			168.59
2022	Obsolete UPS replacement	172,800KWh	85.54
	Lauda Chiller temperature control equipment improvement	104,220KWh	51.59
	Air handling unit operating schedule adjustment	101,439KWh	50.21
Total			187.34



## 6.4 Water Resource Management

### 6.4.1 Water Resource Management

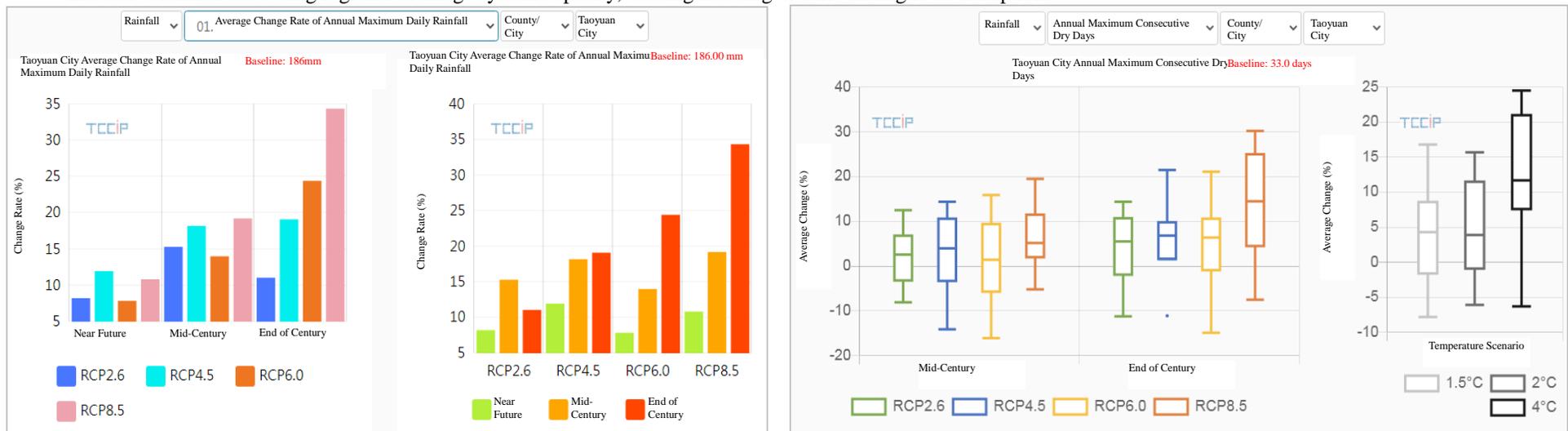
#### 1. Flood and Water Shortage Risk Assessment

According to the Taiwan Climate Change Projection and Information Platform (TCCIP), projections for annual maximum daily rainfall and annual consecutive dry days in the Taoyuan area where our company is located are as follows:

- Total annual rainfall is increasing, but distribution is becoming increasingly extreme (either severe drought or heavy rainfall)
- Taoyuan's maximum daily rainfall is approximately 186mm, with projected increase of 20% by mid-century (2050-2060), reaching approximately 220mm => Pingzhen facility is located at Shanziding; even under the most extreme scenario of 650mm-24hr rainfall, there are no flooding concerns
- Maximum consecutive dry days baseline is approximately 33 days; under RCP8.5 scenario, projected to increase 20-30% by end of century (2100), reaching approximately 40 days

The above climate change-induced intensification of droughts and floods has the following implications and impact scenarios for our company's operational continuity:

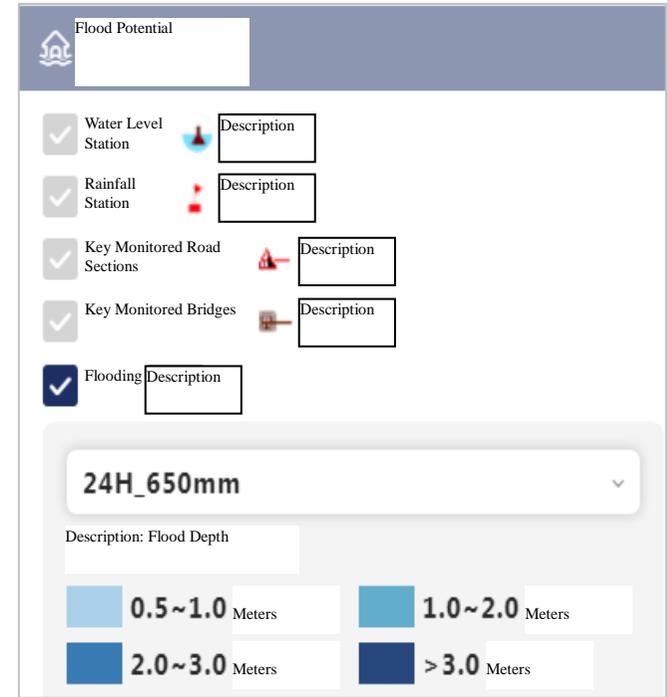
- Increased consecutive dry days leading to drought and water shortage
- Excessive rainfall exceeding regional drainage system capacity, causing flooding or surrounding road disruptions



According to TCCIP scenario projections, Taoyuan area's maximum daily rainfall is projected to increase by 20% by mid-century (2050-2060), reaching approximately 220mm =>

- Our company's facility is located at Shanziding, Pingzhen. According to the National Science and Technology Center for Disaster Reduction's 3D Hazard Potential Map, even under the most extreme scenario of 650mm-24hr rainfall, there are no flooding concerns (see figure below)
- Furthermore, based on years of experience with typhoons and heavy rainfall, no flooding has occurred within the facility except for surrounding roads. Climate change flooding resilience is assessed as adequate, with low flood risk.

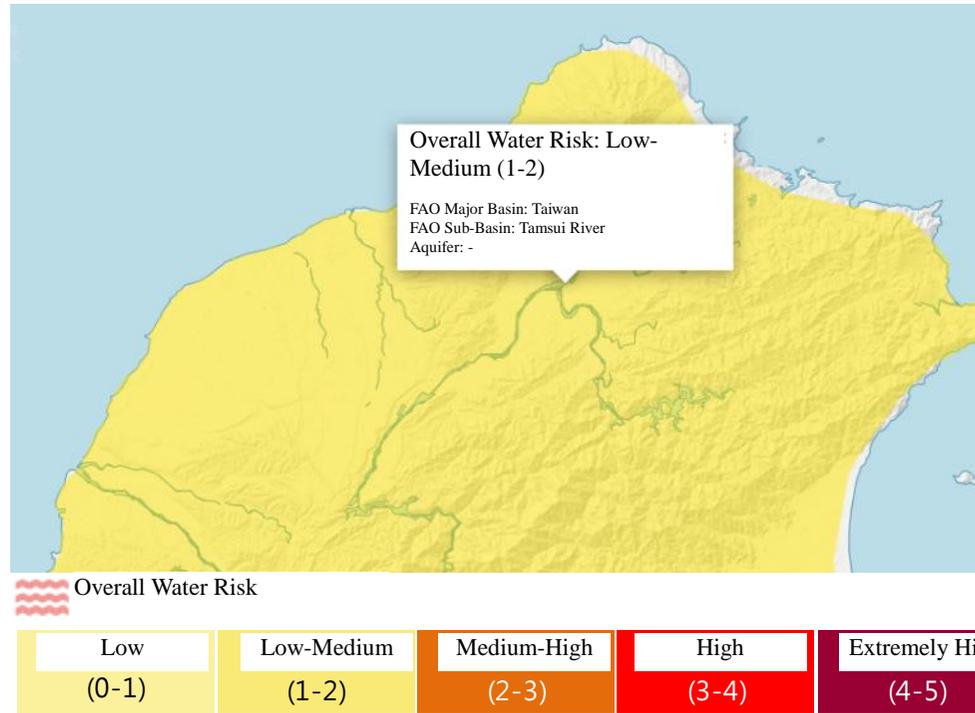




Regarding water shortage risk, comprehensive water resource risk analysis was conducted using the Aqueduct water resource tool developed by the World Resources Institute (WRI). Analysis results indicate that the Taoyuan area of Taiwan, where our company is located, is classified in the low to medium (1-2) water stress risk category.

TCCIP scenario analysis shows that under RCP8.5 scenario, consecutive dry days could reach 40 days by end of century. However, our facilities' water source is the Shihmen Reservoir catchment area with maximum water supply capacity exceeding 60 days. Additionally, on-site water storage tanks can supply the entire facility for 3 days. The facility's water shortage adaptation capacity is assessed as good, with low water shortage risk.





## 2. Water Use and Discharge Management

Our company's water supply comes from Taiwan Water Corporation's Pingzhen Water Treatment Plant, used for employee facilities, air conditioning, process water, and exhaust gas treatment. We continuously promote water conservation measures and regularly evaluate and review our water use impacts on water resources. Based on water resource risk assessment results, we establish relevant management targets and programs to reduce environmental impacts from water use at each site and maintain ongoing attention to water resource sustainability in our operational areas.

Domestic wastewater and production wastewater from all company facilities are properly treated through on-site wastewater treatment facilities to meet effluent standards before discharge into the industrial park's sewage system. Related controls include: Facilities Department oversight of proper wastewater treatment facility operations, semi-annual third-party wastewater quality sampling and analysis, and bi-monthly wastewater quality sampling and analysis by industrial park personnel to ensure wastewater quality meets discharge standards and prevent environmental impacts from wastewater discharge.



### 6.4.2 Water Usage Status

In 2024, our company's total water withdrawal was 81 thousand cubic meters, total water discharge was 33 thousand cubic meters, voluntarily disclosed wastewater discharge was 33 thousand cubic meters, total water consumption was 47 thousand cubic meters, and water intensity was 24.9661 metric tons per million NTD revenue.

#### - Water Withdrawal and Consumption

Item (Unit: thousand cubic meters)	2024	2023	2022
Surface Water	0	0	0
Groundwater	0	0	0
Seawater	0	0	0
Third-party water	80.915	77.374	77.199
Total Water Withdrawal	80.915	77.374	77.199
Total Water Discharge	33.529	32.409	35.555
Total Water Consumption	47.386	44.965	41.644

Note 1: Total water consumption = Total water withdrawal - Total water discharge  
Note 2: All categories are freshwater ( $\leq 1,000$  mg/L total dissolved solids). If non-freshwater sources exist, please provide additional explanation



- Water Withdrawal Status

Water Withdrawal Category (Unit: thousand cubic meters)	2024	2023	2022
Surface Water	0	0	0
Groundwater	0	0	0
Seawater	0	0	0
Produced Water	0	0	0
Third-party water (Tap Water)	80.915	77.374	77.199
Total Water Withdrawal	80.915	77.374	77.199

Note 1: Water withdrawal based on water bills.

Note 2: All categories are freshwater ( $\leq 1,000$  mg/L total dissolved solids).

- Discharge Status

Discharge Destination Category (Unit: thousand cubic meters)	2024	2023	2022
Surface Water	0	0	0
Groundwater	0	0	0
Seawater	0	0	0
Third-party water (Industrial Park Wastewater Operations Center)	33.529	32.409	35.555
Total Water Discharge	33.529	32.409	35.555

Note 1: All company wastewater is managed through the industrial park sewage system.

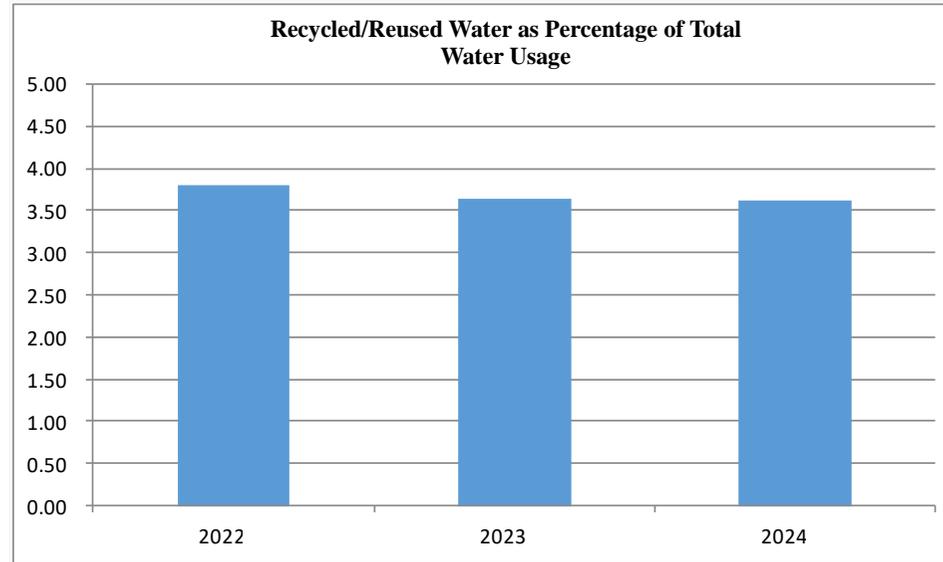
Note 2: All categories are freshwater ( $\leq 1,000$  mg/L total dissolved solids).

Note 3: Number of non-compliance events with discharge limits = 0.



### 6.4.3 Water Conservation Programs and Results

Our company established water resource recovery facilities during initial plant construction. In the pure water production process, reverse osmosis wastewater generates approximately 20 tons daily, with approximately 30% recycled and reused for cooling tower water replenishment. In 2024, based on process water usage, estimated recycled volume was 2,816 tons/year, accounting for approximately 3-4% of total water usage (see figure below).



### 6.5 Waste management

The Company has obtained a "Waste Disposal Plan" and established "Waste Disposal Procedures" in accordance with waste-related regulations, conducting waste management and treatment based on these documents. The objective is proper on-site storage and outsourced appropriate treatment of waste. After waste is generated on-site, the generating unit classifies it and places it in designated waste storage areas. Waste storage areas are categorized and stored separately according to employee domestic waste, general industrial waste, hazardous industrial waste, and recyclable resources. The Company then commissions legally certified removal, treatment, and recycling operators to properly treat/recycle the waste.

The Company's hazardous industrial waste undergoes mandatory annual testing as required by regulations. Testing categories include: waste liquids with flash points below 60°C, tested for flash point; arsenic and its compounds (total arsenic), arsenic-containing sludge, and arsenic-containing waste materials, tested for hydrogen ion concentration index, moisture content, and leachate extraction tests for total lead, total cadmium, total copper, total selenium, total chromium, hexavalent chromium, total arsenic, total mercury, total barium, total arsenic content, gallium, and indium; waste ammonia water, tested for hydrogen ion concentration index. Based on test results determining these wastes as hazardous industrial waste, all related controls are handled in accordance with hazardous industrial waste provisions under the "Standards for Storage, Removal, and Treatment Methods and Facilities of Industrial Waste." Waste has increased due to continuous expansion of new production capacity, but efforts are being made to plan for waste reuse wherever possible. The Company will continue discussions with vendors regarding possibilities for waste resource recovery in the future.



### 6.5.1 Waste Management or Reduction Targets

The Company has established a dedicated management unit following ISO 14001 management procedures to effectively monitor waste sources, generation, and management measures, while conducting detailed analysis and response to actual and potential impacts related to waste. The Company's waste management policy/reduction targets are currently none.

Regarding inputs, the Company primarily uses raw materials and packaging materials (such as pallets, cardboard boxes, plastics) provided by upstream suppliers, which may lead to waste generation during logistics and production processes; regarding activities, the Company's own operational activities, particularly during production processes, may generate hazardous waste; regarding outputs, total waste volume includes general waste and hazardous industrial waste, potentially impacting the environment. These impacts relate both to waste generated from the Company's own operational activities and are closely connected to waste generated by upstream suppliers in the value chain.

The Company has established a comprehensive waste classification and recycling system to maximize resource recovery efficiency, reduce dependence on natural resources, and optimize waste management processes.

For waste generated from its own operational activities and suppliers, the Company commissions qualified third-party processors for recycling and reuse, incineration (energy recovery), chemical treatment (acid-base neutralization), solidification, incineration, reuse, or other lawful disposal. To ensure third-party processors properly manage waste according to contractual and legal obligations, the Company conducts strict qualification reviews before cooperation, assessing whether they possess the professional capabilities and legal qualifications for waste treatment, and clearly specifies waste treatment standards and responsibilities through contracts. At least once annually, the Company dispatches audit teams to processor sites to inspect whether actual treatment processes comply with regulations and contractual requirements, ensuring proper waste disposal.

Regarding data management, the Company has established comprehensive waste data collection and monitoring processes, setting up recording systems from waste generation points to accurately track waste volume, types, and treatment methods. Monthly internal reviews ensure data accuracy and consistency, with quarterly management reports generated to analyze trends for different waste types, serving as the basis for improving waste management strategies.

### 6.5.2 Waste Generation Status

The Company's waste generated in 2024 includes: process waste consisting of arsenic and its compounds (total arsenic), waste liquids with flash points below 60°C (flammable industrial waste), solid waste that can ignite and cause hazards through friction, water absorption, or spontaneous chemical reactions at normal temperature and pressure (phosphorus-containing), waste liquids with pH values greater than or equal to 12.5 (waste ammonia water), waste optoelectronic components, scraps and defective products, LED wafer waste and powder. Other non-process waste includes general garbage from business activities, mixed plastic waste, waste wooden pallets, waste lubricating oil, waste plastics, waste plastic containers, waste paper, waste metals, waste wooden pallets, and waste activated carbon. Total volume was 320.86 metric tons, covering Pingzhen Plant and Pingzhen Plant II, with waste intensity of 0.099 metric tons per million NT\$ of revenue. Of this, 257.94 metric tons were hazardous industrial waste, accounting for 80.39%; 62.92 metric tons were non-hazardous industrial waste, accounting for 19.61%.

The Company's waste treatment methods include recycling and reuse, incineration (energy recovery), landfilling, chemical treatment (acid-base neutralization), and solidification.

Waste treated through recycling by the Company primarily includes waste liquids with flash points below 60°C (flammable industrial waste), recycled as raw materials; waste optoelectronic components, scraps and defective products, LED wafer waste and powder, recycled as raw materials; waste activated carbon, recycled as raw materials; general garbage from business activities, mixed plastic waste, and waste wooden pallets through incineration (including energy recovery); and recyclable resources reused according to announced regulations. In 2024, the total volume of waste disposed through transfer was 68.61 metric tons, with 1.77% of hazardous waste treated through recycling.

Apart from the above waste, other waste such as: process waste containing arsenic and its compounds (total arsenic) directly treated through solidification; solid waste that can ignite and cause hazards through friction, water absorption, or spontaneous chemical reactions at normal temperature and pressure (phosphorus-containing) directly treated through chemical methods; waste liquids with pH values greater than or equal to 12.5 (waste ammonia water) directly treated through chemical methods. The Company's total directly disposed waste volume in 2024 was 252.25 metric tons.



- Three-Year Summary of Industrial Waste Generation, Disposal Transfer, and Direct Disposal

Item (Unit: Metric Tons)	Type	2024	2023	2022
Generation Volume	Hazardous Waste	257.94	195.42	243.84
Generation Volume	Non-Hazardous Waste	62.92	35.29	41.06
Generation Volume	Total Volume	320.86	230.71	284.90
Disposal Transfer (Recycling) Volume	Hazardous Waste	5.69	5.81	11.24
Disposal Transfer (Recycling) Volume	Non-Hazardous Waste	62.92	35.29	17.10
Disposal Transfer (Recycling) Volume	Total Volume	68.61	41.10	28.34
Direct Disposal Volume	Hazardous Waste	252.25	189.61	232.60
Direct Disposal Volume	Non-Hazardous Waste	0	0	23.96
Direct Disposal Volume	Total Volume	252.25	189.61	256.56

Note 1: Classification of hazardous and non-hazardous waste is determined according to local regulations at each site.

Note 2: Inventory data source is from waste manifest declaration information

- Waste Directly Disposed by Disposal Operations

Item (Unit: Metric Tons)	Direct Treatment Methods	On-site Treatment	Off-site Treatment	Total
Hazardous Industrial Waste	Incineration (with energy recovery)	0	0	0
Hazardous Industrial Waste	Incineration (without energy recovery)	0	0	0
Hazardous Industrial Waste	Landfill Treatment	0	0	0
Hazardous Industrial Waste	Other Direct Treatment (Solidification)	0	252.25	252.25
Hazardous Industrial Waste	Total Volume	0	252.25	252.25



Item (Unit: Metric Tons)	Direct Treatment Methods	On-site Treatment	Off-site Treatment	Total
Non-Hazardous Industrial Waste	Incineration (with energy recovery)	0	25.13	25.13
Non-Hazardous Industrial Waste	Incineration (without energy recovery)	0	0	0
Non-Hazardous Industrial Waste	Landfill Treatment	0	0	0
Non-Hazardous Industrial Waste	Other Direct Treatment	0	0	0
Non-Hazardous Industrial Waste	Total Volume	0	25.13	25.13

- Waste Diverted from Disposal Through Recovery Operations

Item (Unit: Metric Tons)	Disposal Diversion Methods	On-site Treatment	Off-site Treatment	Total
Hazardous Industrial Waste	Preparation for Reuse	0	0	0
Hazardous Industrial Waste	Recycling	0	5.69	5.69
Hazardous Industrial Waste	Other Recovery Operations	0	0	0
Hazardous Industrial Waste	Total Volume	0	5.69	5.69
Non-Hazardous Industrial Waste	Preparation for Reuse	0	1.80	1.80
Non-Hazardous Industrial Waste	Recycling	0	35.99	35.99
Non-Hazardous Industrial Waste	Other Recovery Operations (with energy recovery)	0	25.13	25.13
Non-Hazardous Industrial Waste	Total Volume	0	62.92	62.92



## 7. Appendix

### Appendix I: GRI Content Index

#### GRI Content Index Description

Statement of Use	Visual Photonics Epitaxy Co., Ltd. has reported content for the period from January 1 to December 31, 2024, in accordance with GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

#### General Disclosures GRI 2: General Disclosures 2021

Number	Disclosure Item	Corresponding Sections	Page Number	Remark
2-1	Organization Details	1.2 About The Company	5	
2-2	Entities Included in the Organization's Sustainability Reporting	1.3 Report Information(1.3.3)	7	
2-3	Reporting Period, Frequency, and Contact Person	1.3 Report Information(1.3.2)	7	
2-4	Information Restatement	1.3 Report Information(1.3.4)	8	
2-5	External Assurance/Verification	1.3 Report Information(1.3.5)	8	
2-6	Activities, Value Chain, and Other Business Relationships	1.2 About The Company	5	
2-7	Employees	5.2 Talent Attraction and Retention (5.2.1)	53	
2-8	Workers Who Are Not Employees	5.2 Talent Attraction and Retention (5.2.1)	53	
2-9	Governance Structure and Composition	2.3 Board of Directors and Functional Committees (2.3.2)	12	
2-10	Nomination and Selection of the Highest Governance Body	2.3 Board of Directors and Functional Committees (2.3.2.3)	13	
2-11	Chair of the Highest Governance Body	2.2 Mechanisms for Promoting Sustainable Development (2.2.1)	9	
2-12	Role of the Highest Governance Body in Overseeing Impact Management	2.2 Mechanisms for Promoting Sustainable Development (2.2.2)	10	
		2.3 Board of Directors and Functional Committees (2.3.1)	11	



Number	Disclosure Item	Corresponding Sections	Page Number	Remark
2-13	Delegation of Responsibility for Impact Management	2.2 Mechanisms for Promoting Sustainable Development (2.2.1)	9	
2-14	Role of the Highest Governance Body in Sustainability Reporting	2.2 Mechanisms for Promoting Sustainable Development (2.2.1)	9	
2-15	Conflicts of Interest	2.3 Board of Directors and Functional Committees (2.3.2.4)	13	
2-16	Communication of Critical Concerns	2.2 Mechanisms for Promoting Sustainable Development (2.2.2)	10	
		2.3 Board of Directors and Functional Committees (2.3.1)	11	
2-17	Collective Knowledge of the Highest Governance Body	2.3 Board of Directors and Functional Committees (2.3.1.3)	11	
2-18	Performance Evaluation of the Highest Governance Body	2.3 Board of Directors and Functional Committees (2.3.1.2)	11	
2-19	Remuneration Policies	2.3.2.5 Compensation Policy	13	
2-20	Remuneration Determination Process	2.3.2.5 Compensation Policy	13	
2-21	Annual Total Compensation Ratio	2.3.2.5 Compensation Policy	13	
2-22	Statement on Sustainable Development Strategy	1.1 Message from Management	4	
2-23	Policy Commitment	2.1 Sustainable Development Strategy	9	
		3.4 Management of Material Topics	26	
2-24	Embedding Policy Commitments	2.1 Sustainable Development Strategy	9	
		3.4 Management of Material Topics	26	
2-25	Processes to Remediate Negative Impacts	4.3 Communication Channels and Grievance Mechanisms	34	
		5.2.3 Employee Communication	58	
2-26	Mechanisms for Seeking Advice and Raising Concerns	4.3 Communication Channels and Grievance Mechanisms	34	
2-27	Regulatory compliance	4.4 Risk Management (4.4.2)	37	
2-28	Membership of Associations	4.6 Participation in Various Associations and Organizations	40	
2-29	Approach to Stakeholder Engagement	3.1 Stakeholder Engagement	16	
2-30	Collective Bargaining Agreement	5.2.4 Collective Bargaining Agreement	59	



## Material Topic Disclosure

Number	Disclosure Item	Corresponding Sections	Page Number	Remark
GRI 3: Material Topics 2021				
3-1	Process for Determining Material Topics	3.2 Process for Determining Material Topics	19	
3-2	Material Topics List	3.3 Material Topics List	20	
<b>Business performance</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 201: Economic Performance 2016				
201-1	Direct Economic Value Generated and Distributed	4.1 Business performance	29	
201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	6.1 Climate change	65	
201-3	Defined Benefit Obligations and Other Retirement Plans	4.1 Business performance	29	
201-4	Financial Assistance Received from the Government	4.1 Business performance	29	
<b>Ethical Corporate Management</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 205: Anti-corruption 2016				
205-1	Operations Assessed for Risks Related to Corruption	4.2 Ethical Corporate Management (4.2.2)	33	
205-2	Communication and Training About Anti-corruption Policies and Procedures	4.2 Ethical Corporate Management (4.2.2)	33	
205-3	Confirmed Incidents of Corruption and Actions Taken	4.2 Ethical Corporate Management (4.2.2)	33	
GRI 206: Anti-Competitive Conduct 2016				
206-1	Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices	4.2 Ethical Corporate Management (4.2.3)	34	



Number	Disclosure Item	Corresponding Sections	Page Number	Remark
<b>Information security and customer privacy</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 418 : Customer Privacy 2016				
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	4.5 Information Security and Customer Privacy Protection (4.5.2)	39	
<b>Energy management</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 302: Energy 2016				
302-1	Energy Consumption Within the Organization	6.3 Energy Management (6.3.2)	71	
302-3	Energy Intensity	6.3 Energy Management (6.3.2)	71	
302-4	Reduction of Energy Consumption	6.3 Energy Management (6.3.2)	71	
<b>Water resource management</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 303: Water and Effluents 2018				
303-1	Interactions with Water as a Shared Resource	6.4 Water Resource Management (6.4.2)	76	
303-2	Management of Water Discharge-related Impacts	6.4 Water Resource Management (6.4.2)	76	
303-3	Water Withdrawal	6.4 Water Resource Management (6.4.2)	76	
303-4	Water Discharge	6.4 Water Resource Management (6.4.2)	76	
303-5	Water Consumption	6.4 Water Resource Management (6.4.2)	76	



Number	Disclosure Item	Corresponding Sections	Page Number	Remark
<b>Climate change adaptation and mitigation</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG Emissions	6.2 Greenhouse Gas Management (6.2.2)	70	
305-2	Energy Indirect (Scope 2) GHG Emissions	6.2 Greenhouse Gas Management (6.2.2)	70	
305-3	Other Indirect (Scope 3) GHG Emissions	6.2 Greenhouse Gas Management (6.2.2)	70	
305-4	GHG Emissions Intensity	6.2 Greenhouse Gas Management (6.2.2)	70	
305-5	Reduction of GHG Emissions	6.2 Greenhouse Gas Management (6.2.2)	70	
<b>Waste management</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 306: Waste 2020				
306-1	Waste Generation and Significant Waste-related Impacts	6.5 Energy Management (6.5.1)	79	
306-2	Management of Significant Waste-related Impacts	6.5 Energy Management (6.5.1)	79	
306-3	Waste Generated	6.5 Energy Management (6.5.2)	79	
306-4	Waste Diverted from Disposal	6.5 Energy Management (6.5.2)	79	
306-5	Waste Directed to Disposal	6.5 Energy Management (6.5.2)	79	



Number	Disclosure Item	Corresponding Sections	Page Number	Remark
<b>Product liability</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	4.7 Product liability	40	
416-2	Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services	4.7 Product liability	40	
<b>Talent recruitment and retention</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 401: Employment 2016				
401-1	New Employee Hires and Employee Turnover	5.2 Talent Attraction and Retention (5.2.1)	53	
401-2	Benefits Provided to Full-time Employees that are Not Provided to Temporary or Part-time Employees	5.2 Talent Attraction and Retention (5.2.2)	57	
401-3	Parental Leave	5.2 Talent Attraction and Retention (5.2.5)	59	
GRI 202: Market Presence				
202-1	Ratio of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	5.2 Talent Attraction and Retention (5.2.2)	57	
<b>Occupational health and safety</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 403: Occupational Health and Safety 2018				



Number	Disclosure Item	Corresponding Sections	Page Number	Remark
403-1	Occupational health and safety management system	5.1 Occupational Health and Safety (5.1.1)	46	
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	5.1 Occupational Health and Safety (5.1.1)	46	
403-3	Occupational Health Services	5.1 Occupational Health and Safety (5.1.1)	46	
403-4	Worker Participation, Consultation, and Communication on Occupational health and safety	5.1 Occupational Health and Safety (5.1.1)	46	
403-5	Worker Training on Occupational health and safety	5.1 Occupational Health and Safety (5.1.1)	46	
403-6	Promotion of Worker Health	5.1 Occupational Health and Safety (5.1.1)	46	
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Related to Business Operations	5.1 Occupational Health and Safety (5.1.1)	46	
403-8	Workers Covered by an Occupational Health and Safety Management System	5.1 Occupational Health and Safety (5.1.1)	46	
403-9	Occupational injuries	5.1 Occupational Health and Safety (5.1.2)	51	
403-10	Occupational Diseases	5.1 Occupational Health and Safety (5.1.2)	51	
<b>Talent cultivation and career development</b>				
3-3	Management of Material Topics	3.4 Management of Material Topics	26	
GRI 404: Training and Education 2016				
404-1	Average Hours of Training per Year per Employee	5.3 Talent cultivation and career development(5.3.1)	62	
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	5.3 Talent cultivation and career development(5.3.1)	62	
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	5.3 Talent cultivation and career development(5.3.2)	62	



## Appendix II: Climate-related Information

Item	Content	Corresponding Sections	Page Number
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	6.1 Climate change	65
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	6.1 Climate change	65
3	Describe the financial impact of extreme weather events and transformative actions.	6.1 Climate change	65
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	6.1 Climate change	65
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.	6.1 Climate change	65
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.	6.1 Climate change	65
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	6.1 Climate change	65
8	If climate-related targets have been set, the activities covered, the category 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.	No Use of Carbon Offsets or Renewable Energy Certificates (RECs)	-
9-1-1	Greenhouse Gas Inventory Information for the Past Two Years.	6.2.2 Greenhouse Gas Emissions	70
9-1-2	Greenhouse Gas Assurance Information for the Past Two Years	6.2.2 Greenhouse Gas Emissions	70
9-2	Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan.	6.2.1 Greenhouse Gas Management Strategies, Methods, and Targets	69



## Appendix III: Industry-specific Sustainability

### Sustainability Disclosure Standards - Telecommunications Network Industry

Number	Disclosure Indicators	Indicator Type	2024 Disclosure Status	Section	Page Number
1	Total Energy Consumed, Percentage of Purchased Electricity, and Renewable Energy Usage Rate	Quantitative	Energy consumption: 112,477.3980 GJ	6.3 Energy and Resource Management	71
2	Total water withdrawal and total water consumption	Quantitative	Total water withdrawal: 80,915 m <sup>3</sup> ; Water consumption: 47,386 m <sup>3</sup>	6.4 Water resource management	73
3	Weight of hazardous waste generated and recycling percentage	Quantitative	257.94 metric tons; 2.21%	6.5 Waste management	78
4	Description of occupational injury categories, number of personnel, and rates	Quantitative	Fall injury: 1 person / Improper movement: 1 person, representing 0.68% of total workforce	5.1.2 Occupational Injuries	51
5	Product lifecycle management disclosure: Weight of end-of-life products and e-waste with recycling percentage	Quantitative	End-of-life products and e-waste utilize offshore recycling and material recovery 2024 disposal volume: 4.49 metric tons	-	-
6	Description of risk management associated with critical materials usage	Qualitative description:	Implementation of safety stock and supplier audit management measures for critical raw materials including substrates	4.4.1 Risk Management Mechanism	36
7	Total monetary losses from legal proceedings associated with anti-competitive practices regulations	Quantitative	NT\$ 0	4.2.3 Anti-Competitive Conduct	34
8	Primary production volume by product category	Quantitative	Total wafer production: 372,232 units		-



## Appendix IV: Other Standards (SASB) Content Index

### Sustainability Accounting Standards Board (SASB) Standards

Disclosure Topic	Indicator Code	Disclosure Indicators	Type	Description	Page Number
Greenhouse Gas Emissions	TC-SC-110a.1	Total Scope 1 greenhouse gas emissions	Quantitative	602.4688 ton CO <sub>2</sub> e	70
		Total emissions from perfluorinated compounds		465.6780 ton CO <sub>2</sub> e	-
	TC-SC-110a.2	Discussion of long-term and short-term strategies or plans for managing Scope 1 emissions, emission reduction targets, and performance analysis	Qualitative	See 6.2.1 Greenhouse Gas Management Strategies, Methods, and Targets	69
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumption	Quantitative	112,477.3980GJ	71
		Percentage of total energy consumption from purchased electricity		100.0%	71
		Percentage of total energy consumption from renewable energy		No renewable energy used in 2024; renewable energy comprises 0% of total energy consumption	71
Water resource management	TC-SC-140a.1	Total water withdrawal and percentage from high water stress regions	Quantitative	Total water withdrawal: 80,915 m <sup>3</sup> ; percentage from high water stress regions: 0%	76
		Total water consumption and percentage from high water stress regions		Total water consumption: 47,386 m <sup>3</sup> ; percentage from high water stress regions: 0%	77
Waste management	TC-SC-150a.1	Hazardous waste generated from manufacturing and recycling percentage	Quantitative	Hazardous waste generated: 257.94 metric tons; recycling percentage: 2.21%	80
Employee Health and Safety	TC-SC-320a.1	Description of methods to assess, monitor, and reduce employee exposure to hazardous environments	Qualitative	See 5.1 Occupational Health and Safety Management	46
	TC-SC-320a.2	Total monetary losses from legal proceedings associated with violations of employee health and safety regulations	Quantitative	One violation of employee health and safety regulations occurred in 2024, resulting in monetary losses of TWD 120,000	38
Recruitment and Management of Global Talent	TC-SC-330a.1	Description of percentage of employees requiring work visas	Quantitative	Foreign employee percentage: 8.87%	-



Disclosure Topic	Indicator Code	Disclosure Indicators	Type	Description	Page Number
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue containing IEC 62474 declarable substances	Quantitative	Products do not contain IEC 62474 declarable substances	-
	TC-SC-410a.2	System-level energy efficiency of processors for: (1) Servers, (2) Desktop computers, (3) Laptops	Quantitative	Not applicable as a non-end-product manufacturer	-
Materials Sourcing	TC-SC-440a.1	Description of risk management approach for critical materials usage	Qualitative	Implementation of safety stock and secondary supplier management measures for critical raw materials including substrates	36
Intellectual Property Protection and Competitive Behavior	TC-SC-520a.1	Total monetary losses from legal proceedings associated with anti-competitive practices	Quantitative	No legal proceedings related to anti-competitive practices occurred in 2024; monetary losses: TWD 0	34
Activity Metrics	TC-SC-000.A	Total production volume	Quantitative	Total wafer production: 372,232 units	-
Activity Metrics	TC-SC-000.B	Percentage of production from owned facilities	Quantitative	100%	



# Appendix V: Assurance Provider Opinion Letter



## Assurance Statement

### Visual Photonics Epitaxy CO., Ltd. Sustainability Report

TUV NORD Taiwan Co., Ltd. (hereinafter referred to as TUV NORD) was commissioned by Visual Photonics Epitaxy CO.,Ltd. (hereinafter referred to as VPEC) to perform the 2024 Sustainability Report Verification (hereinafter referred to as Sustainability Report) in accordance with the AA1000 Assurance Standard Version 3 and the GRI Sustainability Reporting Standards (GRI Standards) and related assurance standards.

#### The Scope of Statement and Assurance Standards

- 1) The scope of assurance is consistent with the scope of disclosure in VPEC 2024 Sustainability Report, which covers the period from 1 January 2024 to 31 December 2024.
- 2) The verification of compliance with the AA1000 Principles of Accountability for VPEC bases on the AA1000 Assurance Standard, Third Edition, Application Type I that does not include verification of the reliability of the information/data disclosed in the report.
- 3) Sustainability Accounting Standards Board (SASB) Semiconductor industry sustainability accounting metrics.
- 4) The Sustainability Disclosure Indicators of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

#### Intended Users

The intended users of this statement are the stakeholders of VPEC.

#### Assurance Type and Level

In accordance with the requirements of the AA1000 Assurance Standard, Third Edition, Application Type I Moderate of Assurance Level.

#### Opinion Statement

VPEC refers to the GRI sustainability reporting and AA1000 accountability principles of inclusivity, materiality, responsiveness and impact. The sustainability report presents the commitment of top management, the needs and expectations of stakeholders. To achieve sustainability performance indicators by stakeholders' engagement.

We assure that VPEC refers to the SASB Semiconductor industry sustainability accounting standards to disclose relevant metrics

We assure that VPEC refers to the Sustainability Disclosure Indicators of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.



#### Methodology

The verification is in accordance with the above stated assurance standards and the TUV NORD Sustainability Report Verification Agreement.

Our verification includes the following activities:

- \* Collect objective evidence of relevant performance metrics, as mentioned in the report.
- \* Assurance of expectations of local or national regulations; international standards as set forth in public opinion and/or expert opinion are relevant to such general considerations.
- \* Document review records and report content assessment in the context of GRI criteria application requirements.
- \* Interviews with managers and related staff on issues of concern to the company's stakeholders.
- \* Interviews with personnel involved in sustainability management, information gathering and report preparation.
- \* Review significant organizational developments and review internal and external audit findings.
- \* Review AA1000 (2018) Principles of Accountability and other compliance requirements.

#### Conclusion

The results of the AA1000 accountability standard for inclusivity, materiality, responsiveness and impact in the report are set out below.

#### Inclusivity

VPEC identifies 6 stakeholders and their concerns via the questionnaire method, and decides materiality through stakeholder discussions, sustainability committees and experts. There are 11 material topics determined among the 21 sustainability topics including economic, governance, social, human rights and climate impact.

#### Materiality

VPEC refers to the GRI Standard, SASB Semiconductor industry sustainability indicators disclosure related metrics, The Sustainability Disclosure Indicators of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies to fully disclose the company's material risks and opportunities, taking into account the extent of impact on the company and prioritize the materiality of the report.





**Responsiveness**

VPEC Sustainability Report clearly describes the relationship between sustainability and organizational strategy and the performance metrics corresponding to the materiality and their achievement status and adequately addresses the main issues of concern to stakeholders.

**Impact**

VPEC Sustainability Report fully identifies materiality that reflect the significant economic, environmental, and social impacts on the organization. The company has established a robust process to monitor and measure the impact and establish short, medium, and long-term strategic planning through corporate governance.

**GRI Sustainability Reporting Standards**

VPEC Sustainability Report refers to the GRI 1 to GRI 3 Universal Standards and the GRI 200 Series, GRI 300 Series and GRI 400 Series topic standards, and meet the requirements for disclosure.

**Limitations**

The financial report of VPEC was certified by PricewaterhouseCoopers (PWC Taiwan), the accounting firm appointed by the company. The data of carbon emission verification was verified by SGS Taiwan, the third party.

**Independent Statements and Competence**

TUV NORD Group is a leader in the supervision, testing and certification. It operates businesses and provides services in more than 150 countries around the world. The services include management systems and product certification; quality, environmental safety, social and moral audits and training; corporate sustainability report assurance.

TUV NORD and VPEC are mutually independent organizations, and there is no conflict of interest with VPEC or any of its affiliates or interested parties when performing the verification of the sustainability report. Regarding the sustainability report of VPEC, TUV NORD bases on the VPEC verification agreement, and does not assume any legal or other responsibilities. VPEC is responsible for responding to any questions that intended users concerned.



The verification team is composed of experienced chief reviewers such as ISO 9001, ISO 14001, ISO 14064-1, ISO 14067, ISO 45001, SA 8000, ISO 50501, ISO 27001 etc., and has received the CSAP verification practice qualification certification of AA1000 AS v3 accountability training. The verification team bases on extensive knowledge and experience in the industry to provide professional advice in this assignment.

Jack Yeh  
General Manager



Date of Issuance: 2025.07.03

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