Operation and Governance

Sound operations and governance help facilitate effective business management and oversight mechanisms. They encourage companies to utilize resources efficiently, enhance performance, and boost competitiveness. This, in turn, enables business leaders to fulfill their responsibilities while safeguarding shareholders' legal rights and balancing the interests of other stakeholders.

8.1 Corporate Governance

8.2 Professional Ethics

8.3 Financial Performance

8.4 Tax Governance

8.5 Risk Management

8.6 Information Security Management

Evaluation score ranks in the top **6%-20%** of listed companies
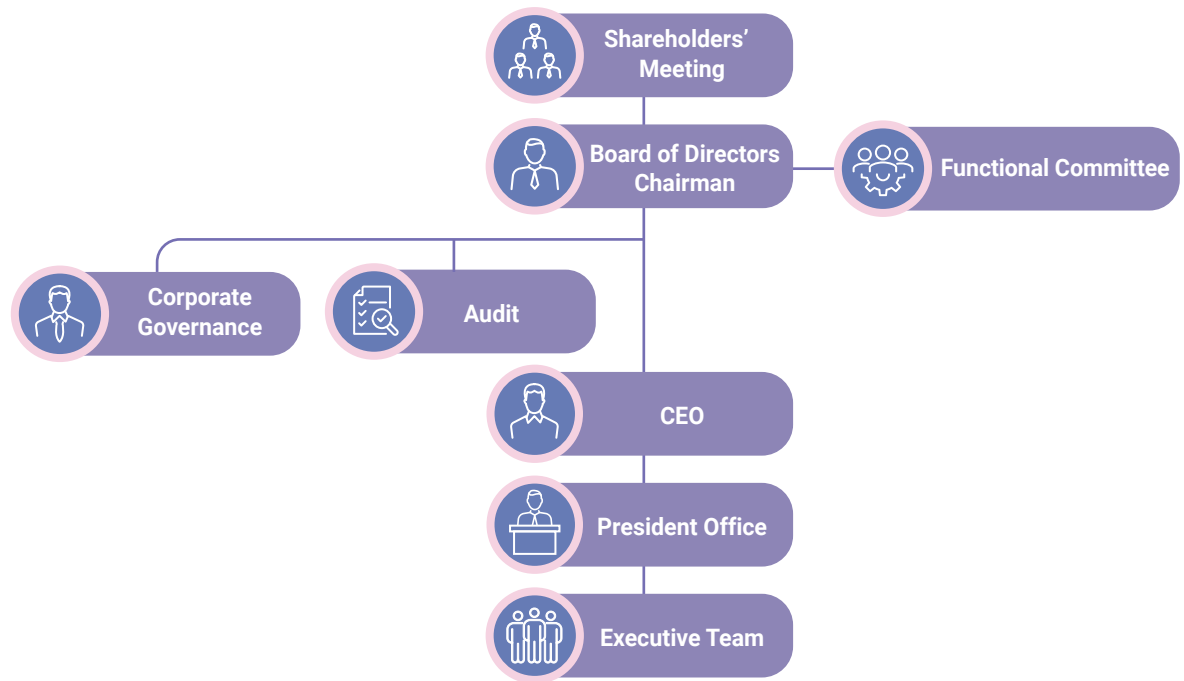
Corporate Governance

8.1 Corporate Governance

8.1.1 Structure and Operations of the Board of Directors

The Company's Board of Director is the highest-ranking governance unit of the Company. It directs company strategies, supervises the management, and bears responsibility to the Company and shareholders. According to our Articles of Incorporation, the Company shall have five to seven directors, who shall be elected by the shareholders'meeting from persons of adequate capacity to serve a term of three years. Their terms of service may be renewed if they are re-elected in the following election. The Company currently has 7 Directors, except for the Chairman, the other six Directors are not employed by the Company, which means that more than half of the Directors are not employees or managers of the Company. Besides, the Company has 4 Independent Directors who account for over one half of all Directors and each Independent Director meets the requirements of independence in relative regulations. What its more, there are no relations of spouses or relatives within the second degree of kinship between Directors. In sum, The Company's Board of Director has its independence.

To improve the effectiveness of corporate governance and decision making, the Company's Chairman/CEO Kuan Hsin has served concurrently as the President and conducted duties of the Chairman and the President according to the Articles of Incorporation. The Company's Chairman has always recused himself from the discussion of, and voting on the motion which involves his personal interest or interest of a company which he represents according to law. Please refer to Annual Report/Corporate governance Report/ Corporate governance for further information. Liability insurance is taken out by VisEra to cover the liability of its Directors and managers and to give them courage and make them have nothing to worry about when carrying out their tasks.

The Company's Board of Director has authorized its Audit Committee and Compensation Committee organized under it to repectively assist it to the fulfill its duty. Independent Directors serve as members of such functional committees and thoroughly discuss important issues before making suggestions to the Board of Director, for this will implement the spirit of coporate governance. Below is the structure of coporate governance.

The purpose of organizing the Audit Committee is to assist The Board of Directors to increase the performance of corporate governance, four Independent Directors serve as the member of such committee, their main duty includes: appointing and the dismissal of Certified Public Account (CPA) and its independence and performance, the appropriate presentation of financial statements, the control of existing or potential company risks, the supervision of the effective implementation of internal control, etc. Four Independent Directors also serve as the member of the Compensation Committee, the purpose of which is to periodically evaluate Directors and mamagers and determine their salary and remuneration. The information regarding the two committees of year 2024 is listed below:

Audit Committee

- Members: 4 Independent Directors including Laura Huang, Emma Chang, Peng-Heng Chang and Han-Fei Ling.
- Term of Office: From May 22, 2024 till May 21, 2027.
- 5 meetings convened in 2024, attendance rate 95%.
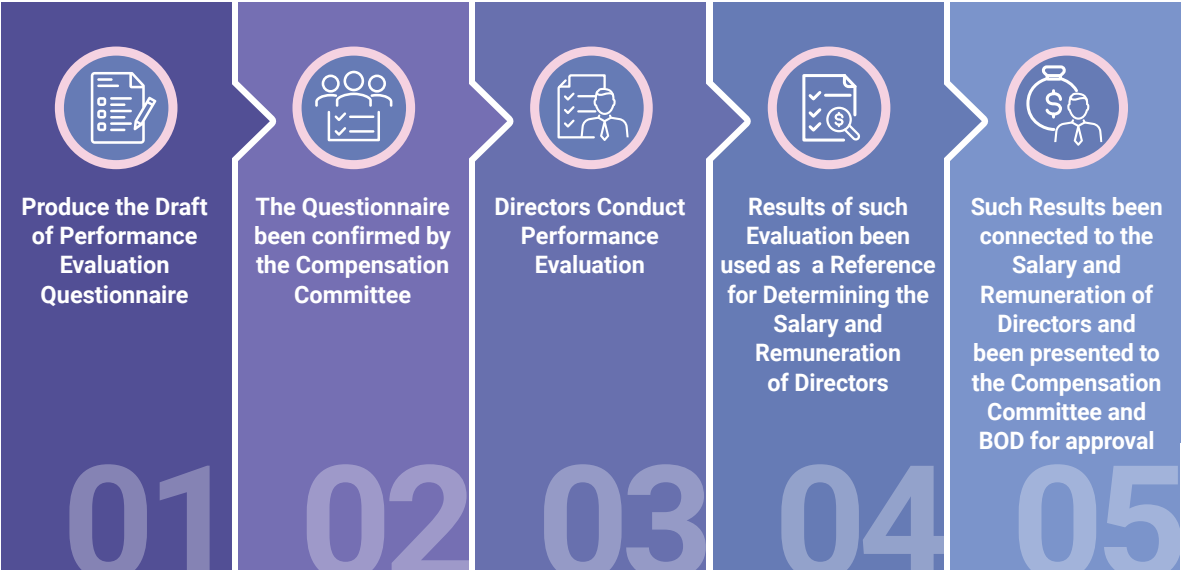
Compensation Committee

- Members: 4 Independent Directors including Laura Huang, Emma Chang, Peng-Heng Chang and Han-Fei Ling.
- Term of Office: From May 22, 2024 till May 21, 2027.
- 3 meetings convened in 2024, attendance rate 91.67%.

8.1.2 Diversity of the Board of Directors

According to the regulations in the "Corporate Governance Best Practice Principles" and the "Regulations for Election of Directors", board members must retain as a whole the knowledge, skills, and literacy required for executing their duties. The Company seeks to fulfill the ideals of corporate governance and requires members of the Board of Directors as a whole to possess eight major skills including business judgments, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decisionmaking. Please refer to Annual Report / Coporate Governance Report / Background information of directors, supervisors, the President, vice presidents, assistant vice presidents, and heads of various departments and branches.

8.1.3 Board Performance and Performance Evaluation

The Company conducts the performance evaluation by using questionnaires according to the "Self-Assessment or Peer Assessment of the Board of Directors" to increase the functions of the Company's Board of Directors and enhance the efficiency of operations. The scope of the evaluation covers the performance evaluation of the board as a whole, individual directors, and functional committees. The internal performance evaluation of the Board of Directors shall be conducted once every year. The performance evaluations of the Board of Directors shall be completed before the end of the first quarter in the following year. The implementation and results of the performance evaluation of the Board of Directors shall be reported to the board meeting and the meeting of compensation committee in the first quarter of each year and used as the basis for determining the salary and remuneration or the selection or nomination of Directors.

Produce the Draft of Performance Evaluation Questionnaire
01

The Questionnaire been confirmed by the Compensation Committee
02

Directors Conduct Performance Evaluation
03

Results of such Evaluation been used as a Reference for Determining the Salary and Remuneration of Directors
04

Such Results been connected to the Salary and Remuneration of Directors and been presented to the Compensation Committee and BOD for approval
**05**

The Company completed the self-evaluation of all Directors for the 2024 board performance evaluation in January 2025 and received 18 valid responses. The results included the board performance evaluation, performance evaluation of the members of the Board of Directors, and the performance evaluation of the functional committees. Self-evaluation of the performance of the Board of Directors as a whole averaged 4.92 points (with 5 points being the highest score). The self-evaluation of the performance of individual directors averaged 4.97 points (with 5 points being the highest score). In all aspects, the scores are improved from the previous year. Both indicate that the Board of Directors functioned well. The self-evaluation of the performance of the functional committees averaged 4.98 points (with 5 points being the highest score), indicating a high degree of independent directors' recognition for the operation of the Audit Committee and the Remuneration Committee. As to Board of directors' participation and implementation of ESG indicators, the self evaluation score of directors is 4.86 points, which will continue to improve the board's participation in issues related to the sustainable development of the Company. Please refer to Annual Report/Corporate Governance Report/ Corporate governance for further information.

To strengthen the functions of Directors, enhance the quality of supervision, and keep up with key trends such as corporate governance and sustainable development, VisEra notifies Directors to attend professional knowledge development courses organized by relevant institutions from time to time. The content covers corporate sustainability, artificial intelligence, tax governance, information security, etc. In 2024, the total number of hours for continuing education for all Directors was 66 hours, which has already exceeded the legally required number of hours and met the requirements specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". 100% were ESG related courses. Please refer to Annual Report/Corporate Governance Report/ Corporate governance for further information.

8.1.4 Conflicts of interest

VisEra implements numerous procedures to avoid conflicts of interest. When a Director or manager engages in acts within the scope of the Company's business for himself/herself or for others, he/she shall obtain prior approval from the shareholders' meeting or the Board of Directors, respectively, in accordance with the law and the "Regulations Governing Procedure for Board of Directors Meetings". In addition, the Company discloses related party transactions in the financial statements in accordance with the rigorous reporting requirements in the laws and regulations of the Republic of China.

94
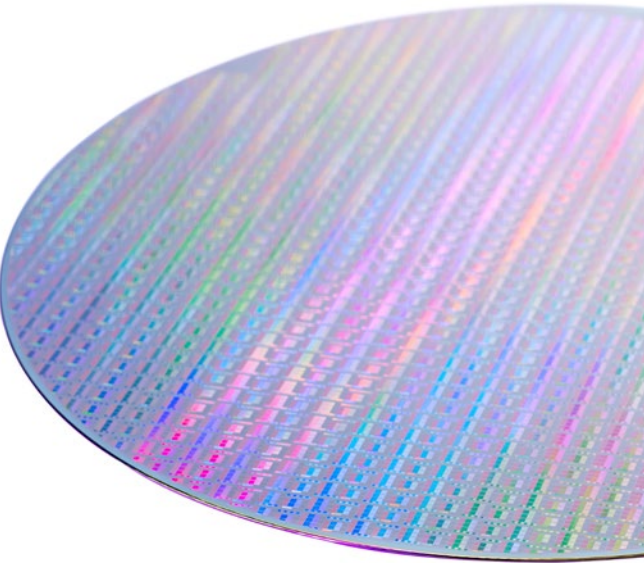
8.1.5 Remuneration Policy for Directors and Managers

The remuneration of the Company's directors and managers is calculated pursuant to the rules and conditions set forth in the Remuneration Committee Charter which is regularly reviewed and amended by the Remuneration Committee. The Director and manager's performance evaluation and remuneration packages are benchmarked and reasonably calculated against the common practices in the industry and taken into consideration individual performance, company operation status, and risk assessment considerations.

Remuneration Policy and Performance Evaluation for the Directors

Remuneration Policy	In accordance with Article 18 of the Company's Articles of Incorporation, a portion of current profits is allocated as compensation for directors and employees. Directors' compensation shall not exceed 2% of the total profits, and employees' compensation shall not be less than 1% of the total profits.
Remuneration System	The Director's remuneration is disbursed pursuant to the Company's Articles of Association and its calculation is directly correlated with the Company's annual operating results. The evaluation will take into account of the director's level of participation and contribution to the Company's operation, as well as their respective professional development. The Remuneration Committee periodically reviews the director's remuneration system by observing the"Regulations Governing Director Compensation, Remuneration, and Transportation Allowances" as the evaluation guideline. The remuneration proposal is submitted to the Board of Directors for approval and make report in the shareholders' meeting.
The Board's Performance Evaluation	The Remuneration Committee is responsible for discussing the evaluation criteria and formulating the assessment templates for the Board of Directors. A self-assessment is conducted during the first quarter of the following year. Furthermore, in line with the Company's commitment to ESG (Environmental, Social, and Governance), the Board of Directors also reviews its member's participation and implementation of ESG topics, which are included in the self-evaluation questionnaire to ensure meaningful involvement in sustainable development goals.

Remuneration Policy and Performance Evaluation for the Managers

Remuneration Policy	The Company's remuneration policy for the Managers aims to maintain market competitiveness, attract and retain top talent, and motivate the managers to achieve optimal short- and long-term performance within controllable risk parameters.
Performance Evaluation and Compensation Structure	Managers' remuneration structure is composed of fixed salary and variable incentives: • **Fixed Salary**: Salary is calculated based on the manager's main job function and the scope of the responsibilities. • **Variable Incentives**: 60% Incentive is calculated from the Company's annual operating performance (such as revenue, operating profit, earnings per share, and ESG sustainable indicators) and 40% from individual performance (including strategic targets, innovation, crisis management, etc.), together the Company offers a competitive and fair remuneration package. The manager's performance evaluation and remuneration package are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval. The committee and the board will undertake annual reviews and regularly amend the performance indicators. The performance indicators also incorporate sustainable development objectives and are aligned with the Company's material topics and long-term goals. In 2025, the Company will release a restricted stock plan for the managers and selected key talents. The percentage and quantity of shares to be vested annually by the employees will be calculated based on the Company's performance indicators which are composed of 45% business performance and 5% ESG outcomes, and individual performance indicators (50% total). • **Strategic Indicators**: Employee development, ethical conduct, risk management, regulatory compliance, etc. • **Sustainable goal Indicators**: Energy management, green manufacturing, diversity and inclusion in the workplace, responsible supply chain building, etc.
The Link Between Operational Performance and Future Risk	Pursuant to Article 6 of the Remuneration Committee Charter, the Committee is responsible for formulating and regularly reviewing the policies, standards, and structures of the performance evaluation and remuneration for directors and managers. The conclusions are submitted to the Board of Directors for approval to ensure that the remuneration system aligns with the Company's developmental needs and sustainability objectives. The Remuneration Committee conducts an annual review of the performance evaluation and remuneration policies, standards, and structures for directors and managers in the first quarter of each year. When calculating the remuneration for directors, the President, and Vice Presidents, the Company will consider future operational development and management risk to ensure a positive correlation between remuneration and the director/manager's performance in supporting sustainable development and risk control. Remuneration disbursement is subject to the Remuneration Committee's review and the Board's final approval.

For detailed information on the remuneration disbursement on the directors, the President, Vice Presidents, and employee bonuses allocated to the managers, please refer to the "Annual Report / Corporate Governance Report / Compensation paid to directors, supervisors, the President, and vice presidents in 2024" The manager's retirement and pension contributions are made pursuant to the relevant legal requirements and are consistent with all the other employees.

8.1.6 Conrete Results of Corporate Governance

VisEra appointed the head of legal affairs at the board meeting in the third quarter of 2021 and organized the interdepartment coporate governenace task force to review whether evaluation indicators were reached by department members respectively. Year 2023 was our first year to attend the Corporate Governance Evaluation and we ranked in the top 6%-20% of all listed companies. In 2024, we also attend the Corporate Governance Evaluation and still remained in the top 6%-20% of all listed companies.

8.2 Professional Ethics

"Integrity" is the most important core value of VisEra and the top priority in the Company's business philosophy. VisEra upholds integrity in all business activities and does not permit corruption or any form of fraud. The Company established the "Ethical Corporate Management Best Practice Principles" and "Code of Ethics" as the foundations for the Company's corporate culture for ethical management and healthy development. Ethical corporate management is implemented based on the regulations of the Company's internal control system. The Audit Department regularly audits the compliance of the accounting system and internal control system and reports results to the Board of Directors.

Professional ethics and legal compliance

VisEra has established the Company's professional ethics and legal compliance system based on honesty and integrity. The system includes the identification of laws, establishment of company regulations, thorough implementation, self-evaluation and review, open whistleblowing channels, and whistleblower protection. The management also holds themselves accountable for comprehensive topdown implementation. The Human Resource Department is the dedicated unit responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. It regularly reports to the Board of Directors (at least once a year) and implements comprehensive training and awareness campaigns for employees to continue to strengthen the corporate culture of integrity. We work with external customers and the supply chain to implement ethical corporate management in the industry for common growth and prosperity and become reliable partners.

VisEra does not permit any violation of professional ethics or related regulations. Any employee or manager who violates our ethical standards shall be subject to severe penalties in accordance with the Company's Rewards and Penalties Regulations regardless of their seniority. Penalties include dismissal and legal action will also be taken in the event of a violation of laws.

To increase employees' awareness of professional ethics and legal compliance, we provide every new employee with training on anti-corruption, professional ethics, and legal compliance. For current employees, we provided the "annual professional ethics and legal compliance" (0.5-hour online course). The content covers a variety of important compliance information, including ethics and anti-corruption, avoidance of conflicts of interest and reporting, prevention of sexual harrasment, export controls, personal data protection, and insider trading prevention. We offer a variety of training courses for each business function, including intensive face-to-face courses, face-to-face seminars as well as posters in plant areas, company internal website pages, and educational articles. The Company provides regulatory compliance guidelines and frequently asked questions for employees to obtain new knowledge of regulations at any time and strengthen their knowledge of various issues. As of 2024, 1,536 employees completed the annual training programs (the completion rate was 100%):

Mandatory courses for professional ethics and legal compliance in 2024

Employee	Number of Trainees that Completed Training	Training Completion Rate
Managers	175	100%
Professional staff	751	100%
Foreign migrant workers	255	100%
Technical personnel	355	100%
Total	1,536	100%

We also use the contractor conference to communicate the RBA Code of Conduct and key issues such as labor rights, environmental protection, and occupational safety to suppliers and share our experience. A total of 40 suppliers and 188 contractors attended the conference in 2024.

Anti-corruption

VisEra has a zero-tolerance policy for corruption and does not tolerate any bribery, fraud, extortion, abuse, misappropriation of company assets, or personal gain at the expense of the Company. The Company has established a comprehensive anti-corruption risk assessment system to identify regulations and classify corruption patterns. Through the internal audit mechanism, anti-corruption risk assessments were conducted for all sites including the Hsinchu Plant, Longtan Plant, and Zhongli Plant. In 2024, all were identified as low-risk. We established operating procedures and regulations for different businesses and require all employees to comply and implement the regulations. Plants and departments conduct annual self-evaluations and reviews and we establish smooth internal and external reporting channels and a whistleblower protection policy for early detection of anomalies and prevention of corruption. No significant corruption risks were found and there has been no incidents of corruption in recent years. Suppliers are crucial for the implementation of VisEra's professional ethics and legal compliance. We established the "VisEra Supplier Code of Conduct" for suppliers to understand and comply with VisEra's Code of Professional Ethics. We expand the core values of integrity across the supply chain in all business activities.

Political donations

The Company stated in the Ethical Corporate Management Best Practice Principles that the Company may not provide political donations. All donations or sponsorship provided by the Company must meet related regulations and internal operating procedures and the Company shall not surreptitiously engage in bribery.

Identification of laws and establishment of company regulations

VisEra continuously monitors changes in laws to evaluate the potential risks and impact of such changes on the Company. We also use the identification of regulations to review whether changes must be made to existing internal regulations and ensure the appropriateness and adequacy of related policies and regulations. In the past three years, VisEra did not commit any material violations of social or economic regulations. In 2023, there were a total of 3 violations, with a total penalty payment of NT$223,000. In 2024, there were no violations or penalty payments.

Note: VisEra disclosing threshold for significant violations is when a single fine reaches NT$ 1 million or more.

Whistleblowing and protection

VisEra heeds the feedback from both internal and external sources through a variety of reporting channels to protect the interests of stakeholders and the Company. We set up a reporting/complaint/ response channel on the internal and external websites to accept anonymous and named reports. The Human Resource Department processes the feedback and communicates it to the relevant department and top management based on its nature. The reports received in the Company's internal and external reporting channels are adequately recorded and tracked. The identity of the whistleblower is kept confidential to prevent retribution.

We assign a dedicated unit to investigate reported cases based on the nature of the case. We adopt a serious and prudent approach in handling these cases. For confirmed cases, we take legal actions including penalties for violations, termination of employment contracts, or necessary legal actions based on actual conditions. We use a variety of method for communication including announcements or communication seminars to increase employees' awareness and prevent the recurrence of similar cases.

Antitrust

We organize periodic and ad hoc training programs for the Fair Trade Act and antitrust laws to enhance employees' awareness of regulations. To address this issue, we recorded digital courses in 2022 and requested managers and personnel of related businesses to take the courses. The number eligible trainees were 44 and the completion rate was 100%. In 2023, VisEra updated the courses and such courses were continuously taken by relative sales managers and personnels to enhance their awareness of newly promulgated fair trade laws or relative regulations. Considering that relevant business managers and personnel have acquired sufficient antitrust knowledge after training in the previous two years, the training frequency will be changed to once every two years in 2024, so no new relevant courses will be offered in 2024. In 2024, VisEra was not involved in litigation pertaining to anti-competitive behavior and antitrust laws that were ongoing or concluded.

Classification of reported cases and data

VisEra Channel	2020	2021	2022	2023	2024
Feedback	0	2	2	7	6
General complaints	0	2	2	0	2
Illegal workplace infringement complaints	0	0	1	2	0
Sexual harassment complaints	0	0	0	2	0
Anti-corruption	0	0	0	0	1

Note 1: "Feedback" includes improvements or recommendations for issues involving employees' food, domicile, transportation, work environment, and work procedures. General complaints include employee benefits, personal rights and interests, administrative management deficiencies, and labor disputes.

Note 2: The above table shows the number of cases investigated and established. All cases were closed by the end of 2024.

Preface | Implementation of Sustainability Management | Role in Sustainability | Product Innovation | Responsible Procurement | Green Production | Employee Relations | Corporate Citizenship | Operation and Governance | Appendix

2024 ESG Report

Financial Performance

Financial Performance

Committed to increasing operating revenue and enhancing profitability to safeguard shareholders' interests.

Financial Stucture

Committed to maintaining a sound financial structure to achieve sustainable corporate development and deliver value to stakeholders.

Target Setting

	Results in 2024	2025 Target	2027 Target	2030 Target
Operating profit margin	-	> Industry average `New`	> Industry average `New`	> Industry average `New`
Debt-to-asset ratio	-	Ratio ≦30% `New`	Ratio ≦30% `New`	Ratio ≦30% `New`
Current ratio	-	Ratio ≧200% `New`	Ratio ≧200% `New`	Ratio ≧200% `New`

↑ Exceeded ✔ Achieved ▬ Missed Target

Communication Channels: Finance Department ESG@viseratech.com

Preface | Implementation of Sustainability Management | Role in Sustainability | Product Innovation | Responsible Procurement | Green Production | Employee Relations | Corporate Citizenship | Operation and Governance | Appendix
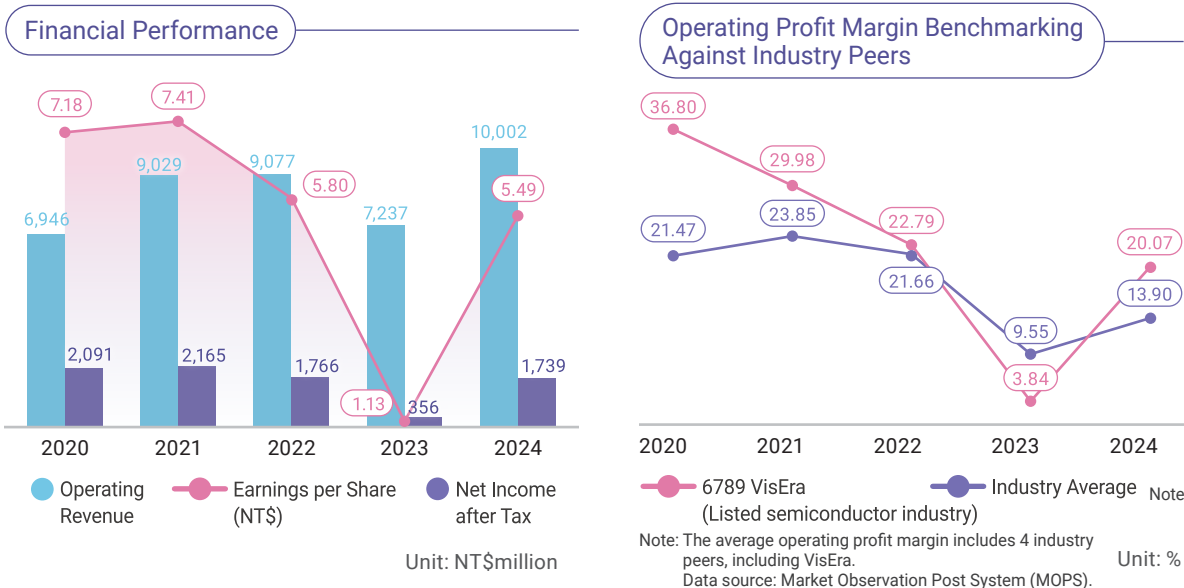
2024 ESG Report

VisEra

8.3 Financial Performance

As a publicly listed company, VisEra recognizes that its financial performance significantly influences stakeholder perceptions and confidence. VisEra is committed to increasing operating revenue, enhancing profitability, and maintaining a sound financial structure to safeguard shareholder interests and create value for stakeholders. The company also ensures transparency by disclosing financial information in accordance with legal requirements. To strengthen operational competitiveness, we continue to expand our product lines, explore new markets and applications, and broaden our portfolio of products and services to meet diverse customer needs. In 2024, our new product and application developments include AI, humanoid robotics, and silicon photonics technologies. Through advanced process technologies and flexible adjustment of our foundry portfolio, VisEra aims to increase its share in the high-end market, particularly in the 50MP and 200MP segments with a variety of pixel sizes, maintaining a leading position in the industry.
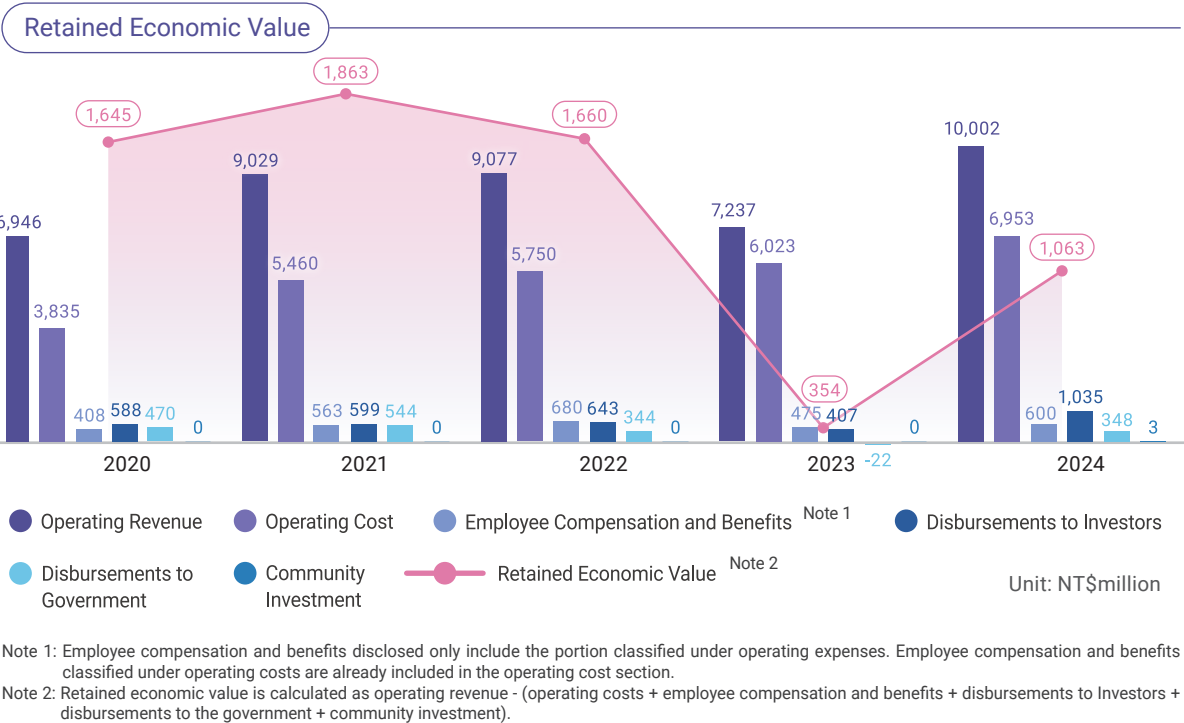
To minimize the negative impact of information asymmetry on investors, the company prepares and publishes prospectuses or annual reports in accordance with legal requirements, disclosing key operational decisions and financial information. In addition, investor conferences and shareholders' meetings are held to provide updates on the company's business performance and to respond to questions related to future outlooks. An Investor Relations section is available on the company's website in both Chinese and English, allowing shareholders and investors to access and download financial statements, annual reports, and key information related to business operations, financial performance, and corporate governance. The company also promptly discloses significant board resolutions and material information, and reports such matters to regulatory authorities in compliance with relevant regulations.

8.3.1 Financial Performance

In 2024, VisEra reported operating revenue of approximately NT$10 billion and net income after tax of around NT$1.7 billion, with earnings per share (EPS) reaching NT$5.49. The company's operating profit margin stood at 20.07%, surpassing the industry average, reflecting strong financial and profitability performance. We remain focused on strengthening our core competitiveness and creating new demand for customers. Our ongoing efforts aim to grow operating revenue and enhance profitability to protect shareholder interests and deliver long-term value.

Financial Performance

Operating Revenue | Earnings per Share (NT$) | Net Income after Tax

Unit: NT$million

Operating Profit Margin Benchmarking Against Industry Peers

6789 VisEra (Listed semiconductor industry) | Industry Average Note

Note: The average operating profit margin includes 4 industry peers, including VisEra.
Data source: Market Observation Post System (MOPS).

Unit: %

In accordance with the GRI Standards, the company discloses the generated and distributed direct economic value. In 2024, the retained economic value amounted to approximately NT$1.06 billion.

Retained Economic Value

Operating Revenue | Operating Cost | Employee Compensation and Benefits Note 1 | Disbursements to Investors | Disbursements to Government | Community Investment | Retained Economic Value Note 2

Unit: NT$million

Note 1: Employee compensation and benefits disclosed only include the portion classified under operating expenses. Employee compensation and benefits classified under operating costs are already included in the operating cost section.
Note 2: Retained economic value is calculated as operating revenue - (operating costs + employee compensation and benefits + disbursements to Investors + disbursements to the government + community investment).

8.3.2 Financial Structure

VisEra is committed to maintaining a sound financial structure to achieve sustainable corporate development and create value for stakeholders. In 2024, the company's debt-to-asset ratio was 26.98%, and the current ratio was 330.99%, reflecting a strong financial structure and good debt repayment capacity.

Financial Ratio (%)	2020	2021	2022	2023	2024
Debt-to-asset ratio	38.13%	40.91%	34.02%	33.95%	26.98%
Current ratio	169.28%	190.50%	365.12%	358.41%	330.99%

8.4 Tax Governance

VisEra supports tax policies that contribute to corporate innovation and economic growth, while also committing to transparency and sustainable development.

Tax Policy

01 All operations are conducted in compliance with relevant tax laws and regulations.

02 Transactions between affiliated companies are based on regular transaction principles and comply with the Transfer Pricing Guidelines promulgated by the Organization for Economic Co-operation and Development (OECD).

03 Financial reporting is transparent, and tax disclosures are handled in accordance with applicable regulations and standards.

04 Tax havens are not used for the purpose of tax avoidance, nor is tax planning conducted with such intent.

05 Profits generated by the company are not shifted to low-tax jurisdictions.

06 A relationship of mutual respect and trust is established with tax authorities, based on transparency and open communication.

07 The company considers tax implications in all major decision-making processes.

08 The operating environment is analyzed and tax risks are assessed through appropriate management mechanisms.

Tax Governance

To effectively manage tax risks, the Company adheres to internal control procedures to identify, assess, and manage tax risks arising from regulatory changes and business operations. Risks are appropriately measured, managed, and controlled. The Chief Financial Officer (CFO) bears ultimate responsibility for tax management. The Board of Directors appointed the Audit Committee to supervise the quality and integrity of the Company's accounting, audit, financial reporting procedures, and financial management. It regularly reviews major items such as the accounting policies and procedures, internal control system, compliance (including taxation compliance), and corporate risk management. The Company annually engages certified public accountants to review its tax information and ensures tax matters are duly reported through the annual tax return. The routine taxation, administration, and management are implemented by the Finance Organization. The Company also appoints qualified and experienced external taxation professionals to assist in fulfilling the Company's tax obligations.

Tax Performance

Since the Company's revenue is entirely generated in Taiwan, all income taxes are paid domestically. In 2024, the Company paid approximately NT$19 million in income taxes in Taiwan.

Unit: NT$million	2020	2021	2022	2023	2024
Net Income before Tax	2,555	2,704	2,100	315	2,074
Tax Expense (Benefit)	465	539	335	-41	335
Effective Tax Rate (%)	18%	20%	16%	-13%	16%
Income Tax Paid	125	586	537	173	19
Cash Tax Rate (%)	5%	22%	26%	55%	1%

The Company's effective tax rates in 2020, 2022, 2023, and 2024 were lower than the statutory corporate income tax rate of 20% in the Republic of China (Taiwan). This was primarily due to investment tax credits legally obtained under the Statute for Industrial Innovation and the Statute for Upgrading Industries, in recognition of expenditures related to R&D, smart machinery, 5G, and information security. In 2024, the Company experienced a significant increase in business operations compared to the previous year. However, the income tax paid in 2024 was based on the taxable income of the prior year, resulting in a notably lower cash tax rate compared to the previous year.

Risk Management

Risk Management Organization and Operations

Base on business continuity management(BCM), execute the risk and the risk scenario identification, evaluate the level of risks, and formulate the prevention and response measure.

Geopolitics

To active find a new market and customer to decrease some customers area market over-reliance. Broaden the composition of the products and services to satisfy more widely customer demands.

Target Setting

Production Interruption days caused by climate, disasters, and labor shortages.

Percentage of customers from single country.

Results in 2024	2025 Target	2027 Target	2030 Target
☑ **0** Day Target **0** Day	**0** Day	**0** Day	**0** Day
	Ratio ≦**30%** New	Ratio ≦**28%** New	Ratio ≦**26%** New

⬆ Exceeded   ☑ Achieved   ➖ Missed Target

Communication Channels: Resource Planning Organization, Business Development Department, Marketing Department   ESG@viseratech.com

100

8.5 Risk Management

VisEra is a global enterprise. Except to the internal business and activities, the domestic and foreign situations, the changed environment, there are potential relation to the enterprise operation. It is a significant issues that how to identify and repond before the risk happened and avoid the internal and external factors to impact the company operation.

8.5.1 Risk Management Policy and Strategy

VisEra upholds its corporate vision and sustainability commitments to the industry and society and established the Enterprise Risk Management (ERM) mechanisms. The Board of Directors established the "Risk Management Policies and Procedures" in 2021 and revised in August 2023.as the top guiding principles for the Company's risk management. VisEra established the "Risk Management Steering Committee" in which the President serves as the chair and the highest-ranking officer of the Resource Planning Organization serves as the Executive Secretary to take charge of the formulation of corporate sustainability development strategies and plans. We implement identification of risks and risk scenarios, risk level assessment, preventive measures, and contingency measures with business continuity management procedures. We also implement compliance management with specific actions and training exercises.

Enterprise Risk Management Strategy
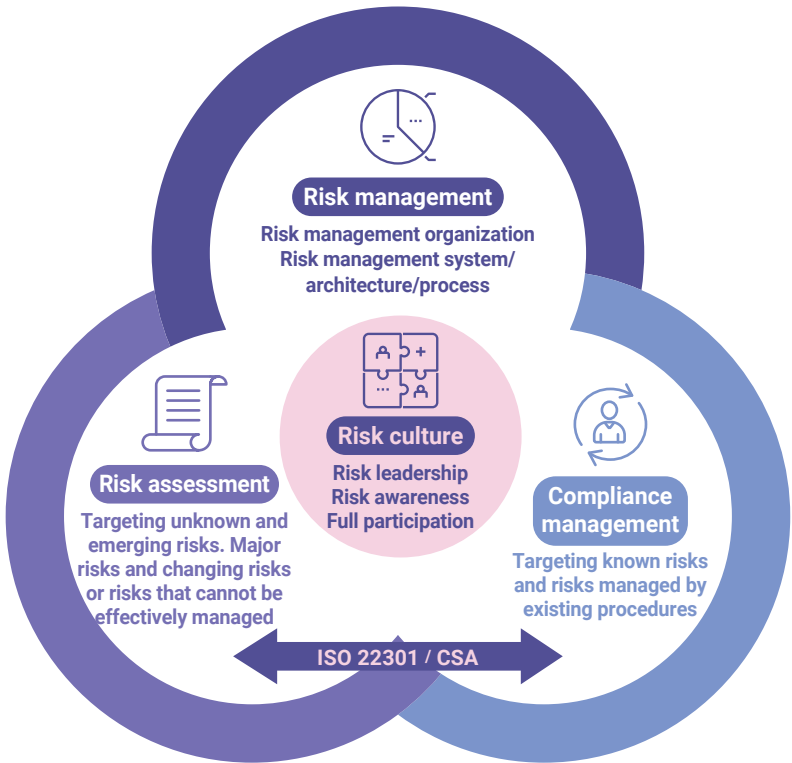
VisEra get the board of director agreement and announce to implement the policy of the enterprise risk management and operation continuance management.

The policy of the enterprise risk management

VisEra devoted to maintain an active and sound the enterprise risk management system to guarantee the company and interests of stakeholders. Goals are:

- Assuring the risk that the company faced and known and controlled the risk within the range of risk appetite and tolerance.
- Promote the enterprise growth and use the opportunities effectively and the strategies of the risk minimization and update the resourses distribution and priority.
- Create the company values.

VisEra execute the risk identification, evaluation, respond, supervision and censorship by the enterprise risk management structure and assist to make the full-information and thoughtful business decision for the manager classes to fulfill the company business strategies and targets.The ways for the structurize risk management cover:

- The culture of risk awareness.
- The risk governance.
- Integrate the procedure of the enterprise risk management.
- The cross-organization cooperation and improvement.

VisEra's related details of the enterprise risk management including organization structure and responsibility and procedure formulated in the the "Enterprise Risk Management Procedure."

VisEra audit committee should censor the enterprise risk management including risk management procedure and execution condition.

The risk management is responsibility of business team and whole employees. All employees have an ability of competent and responsible attitude in the range of the risk management.

The policy of the business continuity management

VisEra is the global enterprise and also an important role in the semiconductor of supply chain. For that, we build and devote to an active risk and crisis management system to guarantee VisEra and the main interest party including our customers. For VisEra business sustainable benefits, our business management plan cover:

- Keep pursuing the improving culture.
- The ability of responding the challenges effectively and flexibly.
- Active self review and regular drill to make sure the plan to execute effective and continue to progress.

VisEra insist on commitment that business do not interrupt, this is a responsibility of whole business team.

8.5.2 Risk Management Organization and Operations

The risk management operation

The Company's risk management organization consists of the Risk Management Steering Committee, Risk Executive Committee, and Risk Management Working Group. We use a management framework of risk identification, risk assessment, risk management, risk mitigation, risk response, risk monitoring, and risk reporting to define risk management priorities and risk ratings and adopt corresponding risk management actions. In 2024, 16 risk projects were identified during the reorganization, and 135 risk scenario responses were derived from the risk projects. A risk matrix (Risk Map) was used to evaluate the frequency of risk events and the severity of the impact on Company's operations. Define risk priorities and risk levels to adopt corresponding risk management strategies. Among them, six risk items are listed as major risks, including the continued risk to customer satisfaction caused by the production line operation, the large yield loss caused by the production line and suppliers, the order risk of geopolitical extension, stricter environmental requirements, fire risk management, and transformation risks during the ESG transition. We conduct training and exercises with risk scenarios, impact identification, development of prevention mechanisms, and response plans for accidents. The Risk Executive Committee oversees operations and conducts compliance checks to ensure that the significant risks are managed or mitigated.

To implement the risk management mechanism, the Board of Directors approved the revision of the "Risk Management Policy & Procedure" in 2023, which more clearly defines the company's role and implementation in corporate risk management policies and procedures. The Risk Management Working Group hold regular meetings to implement risk management mechanisms. Each department reviews the business continuity risks of its operations at least once each quarter, including the changes in risks and new or derived emerging risks to respond to overall external changes. They use the results to review response measures and specific actions. Risk Executive Committee reviews the risk management status and estimates the risk trends for the next quarter. Reports the risk management results to the Board of Directors once each year. The implementation status of risk management in 2024 was reported to the board meeting in the third quarter of 2024.

Note: organizational chart of the Enterprise Risk Management Task Force, please refer to the VisEra official website / Corporate Governance / Risk Management.

In order to reduce the impact on the company's operations when a crisis event occurs, enterprise risk management also conducts pre-crisis risk assessments for important crisis events, identifies feasible strategies to prevent crisis events, and formulates crisis handling procedures and recovery plans based on crisis events. For enhance the crisis management awareness and strengthen the risk management culture within VisEra, a risk management working group was established to deal with important crises such as fires, earthquakes, information system service interruptions, information security, supply chain interruptions, major yield losses, and water and electricity supply interruptions. Incidents strengthen risk assessment and crisis response drills, and use crisis response drills to review the integrity of corporate risk management and the effectiveness of risk control to continuously improve and reduce corporate risks.

In order to achieve the enterprise risk management goal of "0 days of production interruption due to climate, disaster, and manpower shortage factors", VisEra analyzes the production interruption that may result from supply chain management, and information security management, in 2024. In supply chain management, strengthen the selection of backup suppliers of key raw materials/parts and incoming materials/inventory management to ensure the stability of the supply chain, in terms of information security management, the six major aspects of cloud security, external network (Demilitarized Zone, DMZ) security, information security governance, office area security, data center security, and production line and supplier security are strengthened. Maintain the stability of the company and production operations. In 2024, productivity gradually increased, and production capacity drove growth. At the same time, efforts were made to strengthen the prevention of production disruptions, with a focus on operating continuity management exercises based on the production line. In response to the characteristics of production operations, two major fire risk prevention projects for production processes were implemented. Under precise risk prevention and control, VisEra successfully achieved its enterprise risk management goals for 2024. For the 2025 enterprise risk management plan, the company will continue to implement risk management workshops, deeply analyzing the impact of risk events on company operations, and strengthening the response to potential and residual risks.

The procedure of communicating major incident

VisEra has established a Business Continuity Management (BCM) system, fostering a culture of continuous improvement, enhancing the capability to effectively and flexibly respond to related challenges, and promoting dynamic self-assessment and regular drills. These efforts aim to ensure the effective implementation and ongoing improvement of the plan. Each relevant department identifies priority threats and vulnerabilities that may cause disruptions to their operations or services and conducts risk assessments. A Business Impact Analysis (BIA) is carried out to evaluate the risks of potential natural or man-made threats that could result in disruptions to the company's production or services. In accordance with the "VisEra Crisis and Business Continuity Management Procedure," when a significant crisis event is determined by the General Manager or a designated representative, a Crisis Management Team will be formed by the relevant units to implement countermeasures and concrete actions. This ensures the company is able to respond to internal incidents and address stakeholder concerns appropriately. The implementation results will be reported to the General Manager or the designated representative, who will then assess whether the incident has caused a material impact on operations and determine whether to report to the Board of Directors. In 2024, no significant potential negative events occurred within the company.

8.5.3 Establishment of Risk Culture

To effectively establish risk culture and increase employees' risk awareness, all new employees must complete the "ISO 22301 (Business Continuity Management System Overview)" online course within one week of reporting for duties. For internal auditors responsible for the Company's Business Continuity Management System, we provide the internal auditor courses for the ISO 22301 Business Continuity Management System or BCM/ISO22301 education and training.

In the 2024 annual management review meeting, the Risk Management Committee will arrange for risk management committee members of each department to share risk-related topics in accordance with their responsibilities, including sharing of continuous operation management drills, the impact of geopolitics on order and customer management, and ESG transformation risks. , competitive risks - new processes and technologies introduce risk management, etc. information security management and response, geopolitical risk analysis, R&D competitiveness risk analysis, earthquake disaster risk management and response, process heating tool fire risk management, etc. To strengthen the construction of risk culture, and gradually implement risk management culture in work through cross-department work sharing and discussions.

ERM Training Results in 2024

Topic	Trainee	Training hour	Number of people	Completion
ISO 22301 introduction	New employees	0.33 hr	213	100%
ERM Enterprise Risk Management	Risk Management Steering Committee Risk Executive Committee	2 hr	30	100%
ERM Workshop ERM Enterprise Risk Management pratices	Risk Executive Committee and members of Working Group	2 hr	36	100%

Note 1: The new employees of the training objects not include the technician and the regular contract personnel, the course of ISO 22301 introduction include the online exam and pass the exam to finish the training.

102

8.5.4 Geopolitics

In today's globalized business environment, geopolitical risks have become an important factor that companies cannot ignore. Geopolitical risks refer to the potential impacts on business activities due to changes in international political relations, policy changes, trade restrictions, etc. These risks may arise from international trade wars, sanctions, political instability, terrorism, etc., posing potential threats to a company's supply chain, revenue, brand image, and other aspects. Therefore, companies must consider geopolitical risks when formulating business strategies and take corresponding control measures to ensure business stability and sustainable development.

As a listed company, VisEra Technology. understands the importance of geopolitical risks to business operations. To reduce over-reliance on certain regional markets, VisEra Technology actively seeks new markets and customers and expands its product and service portfolio to meet broader customer needs. This not only helps to diversify risks but also enhances the company's competitiveness and market share.

In terms of geopolitical risk control, VisEra Technology is committed to regularly analyzing customer country distribution and formulating corresponding strategies to ensure diversified revenue sources. Specific measures include:

- Regularly monitoring customer country distribution to develop customers in diverse regions.
- Developing new markets and applications, etc.
- VisEra Technology monitors whether customers are on the trade entity control list through the business department's electronic industry chain assembly and OEM system and the legal department's export control blacklist comparison system, thereby reducing the impact of geopolitical risks on the company.

VisEra Technology has set clear goals to gradually reduce the proportion of customers from a single country. Achieving these goals will help the company maintain higher resilience and flexibility in the face of geopolitical risks and diversify risks. To ensure the achievement of these goals, VisEra Technology has established a comprehensive goal tracking mechanism, regularly analyzing customer country distribution and new customer development status, and confirming customer information in the electronic industry chain assembly and OEM system. Through a series of strategies and measures, VisEra Technology actively responds to geopolitical risks to ensure sustainable development. These efforts not only help to enhance the company's market competitiveness but also create greater value for all stakeholders.

Information Security Management

Information security protection measures

Build an information security management system that meets standards, and strive to ensure confidentiality, integrity, and availability, maintain the company's competitiveness, and protect customer confidential information.

Target Setting

Number of information security incidents

Completion rate of employee information security education and training

	Results in 2024	2025 Target	2027 Target	2030 Target
Number of information security incidents	☑ **Number: 0** **Target** **Number: 0**	**Number 0**	**Number 0**	**Number 0**
Completion rate of employee information security education and training	☑ **Completion rate 100%** **Target** **Completion rate 100%**	**Completion rate 100%**	**Completion rate 100%**	**Completion rate 100%**

⬆ Exceeded   ☑ Achieved   ➖ Missed Target

Communication Channels: Information Technology Department   ESG@viseratech.com
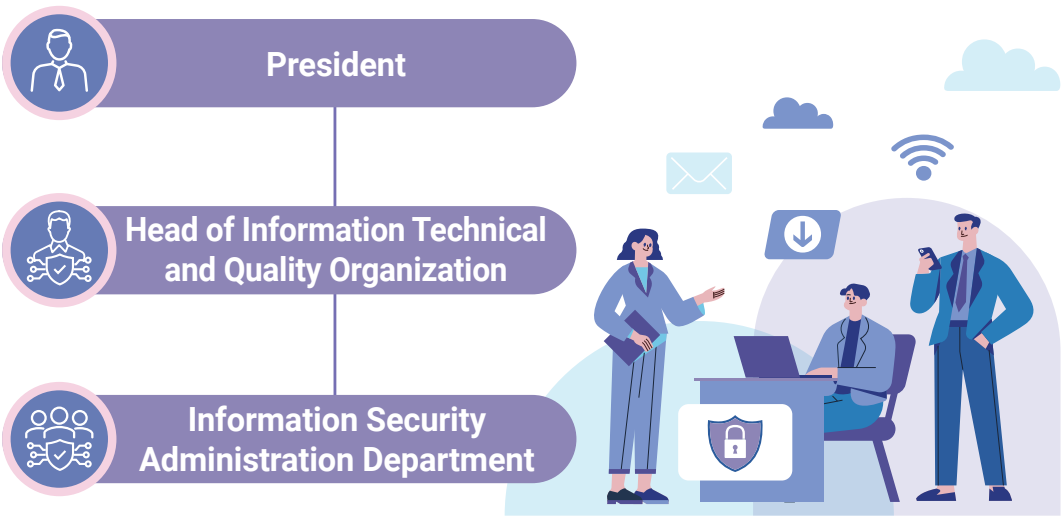
8.6 Information Security Management

VisEra established information security management regulations based on ISO 27001 standards. We are committed to promoting information security, protecting and maintaining customer design and related information, and continuous improvements to meet the following targets in the requirements of the Information Security Policy:

- Establish and implement the information security management system.
- Comply with regulations and the information security requirements in contracts.
- Assess risks and set targets and control measures to continuously improve information security.
- Promote information security requirements to employees and related parties.

8.6.1 Information Security Management Framework

To maintain the company's competitiveness and reduce the risk of operational disruptions, we ensure that our information systems meet the requirements of confidentiality, integrity, and availability. To enhance employees' awareness of information security, we have established the "Information Security Management Committee" to effectively implement information security operations. Dedicated information security officers and personnel have been appointed to lead, coordinate, supervise, and review all matters related to information and communication security management. An incident reporting and response organization has been set up to identify security risks and implement corresponding improvement measures. The Information Security Committee meets regularly, and the head of the IT department reports the outcomes of information security governance to the President every two months.

Structure of the Information Security Management

President

Head of Information Technical and Quality Organization

Information Security Administration Department

8.6.2 Information Security Protection Measures

To comprehensively strengthen information security, VisEra Technologies implements protection measures across seven key areas: cloud security, external network (Demilitarized Zone, or DMZ) security, information security governance, office area security, data center security, production line security, and supplier security.

To effectively manage cybersecurity intelligence, VisEra Technologies established a Security Operation Center (SOC) in 2020, operated by the Information Security Operations Department under the IT Division. In collaboration with leading domestic and international cybersecurity vendors and threat intelligence sources, the SOC provides real-time monitoring of internal security environments across various areas, including data centers, antivirus protection, internet access, operating systems, applications, and production line equipment. It proactively identifies security issues and implements corresponding countermeasures. VisEra also participates in the Science Park Information Sharing and Analysis Center (ISAC), collecting, sharing, and analyzing intelligence related to cybersecurity risks to critical infrastructure. This enables the company to stay informed of potential threats and vulnerabilities, apply necessary patches based on acquired intelligence, and mitigate the risk of major security incidents. Since its establishment, the SOC has continuously monitored internet traffic, gateway activity, server and endpoint usage. Any suspected external attack source IPs are immediately blocked. In 2024, the company continued to utilize Managed Detection and Response (MDR) services to monitor office computers and IT room servers for potential malware infections. By leveraging cloud-based machine learning technologies, the system has effectively detected and prevented the execution of malicious software. Since deployment, it has successfully blocked all medium- and high-risk malware, resulting in zero cybersecurity incidents in 2024.

In recent years, the frequency of state-sponsored cyberattacks and international Distributed Denial of Service (DDoS) attacks has increased. In response to these threats and regulatory requirements for DDoS protection, VisEra Technologies has implemented DDoS mitigation measures. These measures help reduce the attack surface on the internet, mitigate the impact of DDoS attacks, and ensure that websites and applications remain accessible and secure.

Aligned with the company's Confidential Information Protection Policy, the Confidential Information Protection Committee conducts an annual review, led by PIP Officers, to identify and classify confidential information and sensitive data such as personal information. Each department maintains dedicated folders for personal data with restricted access and encryption. PIP Officers perform quarterly self-audits to ensure proper protection of confidential and personal data.

Furthermore, to ensure business continuity in the event of natural disasters, human-caused incidents, or cyber threats such as malware attacks, the company has established an internal reporting procedure. This procedure is based on potential incidents such as earthquakes, fires, power outages, information system failures, environmental and safety incidents, or events that could impact the company's reputation. When a crisis occurs, employees assess the type and severity of the event's impact on operations and identify the appropriate first-line responders and reporting levels. If necessary, the incident is escalated to the General Manager, and emergency response measures are activated to minimize potential losses.

Preface | Implementation of Sustainability Management | Role in Sustainability | Product Innovation | Responsible Procurement | Green Production | Employee Relations | Corporate Citizenship | Operation and Governance | Appendix | 2024 ESG Report

VisEra

Top 10 Categories of Key Information Security Measures

Category	Measures	2024 Activities
Network Security Control	Defense in depth (multi-layer protection), Network isolation, Vulnerability scanning and remediation, Email and web-browsing protection, Automated network-threat detection, Automatic blocking of critical alerts	• Implemented a cloud-based DDoS protection solu-tion to create a more secure network environment. • Adopted SOAR (Security Orchestration, Automation, and Response) to handle specific abnormal events and safeguard network connectivity.
Asset Management and Data Protection	Systematic monitoring and analysis of hardware and software assets. Separation of corporate and personal device information. Maintenance of audit logs. Regional intelligent endpoint protection systems. Secure configuration management of system information assets.	Continuously implement document and email classification labeling control mechanisms to indicate confidentiality levels.
Access Control	Adhering to the principles of Need-to-Know and information classification control, achieve proper authorization with minimal risk while enhancing productivity.	Continuously implement identity authentication and authorization services, configure remote access controls, and establish a privileged account management system.
Computer Operation and Maintenance Security	Antivirus and malware detection for office computers. Server security management and control. Patch management and vulnerability remediation. Deployment of security agents on endpoints. Intelligent endpoint protection.	Continuously monitor the status of antivirus software and endpoint security agents, verify incidents, and ensure follow-up tracking is completed.
Personnel and Physical Security	Establish multi-layered physical security monitoring equipment and detection mechanisms. Security control technologies are integrated from the design and planning stages of new factory construction.	Continuously monitor the physical security of the data center and collaborate with the occupational safety unit to continually improve workplace safety.
Application Security	Application development risk assessment and vulnerability management. Integration of automated checks within the development process (DevSecOps). Deployment of automated scanning tools. Open-source software supply chain management.	The source code scanning system is used to complete the scanning of development code, achieving the annual objectives.
Information Security Incident Handling and Management	The 24-hour Cybersecurity Incident Response Center (CIRC) coordinates and oversees the identification of root causes for security incidents and the implementation of improvement plans. Incident reporting and management procedures are regularly tested through practical drills.	• Conducted tabletop exercises for information security incidents. • Continuously maintain cybersecurity insurance to reduce the risks associated with security incidents.
Supply Chain Security	Strengthen supplier information security management through four key aspects: establishing regulations, assessment mechanisms and collaboration, diversified promotion, and risk management.	Conducted on-site information security audits for three suppliers based on the 10 fundamental cybersecurity requirements.
Personnel Information Security Management and Awareness Training	Strengthen the cybersecurity team's expertise, personnel management, training programs, and social engineering exercises. Personnel must complete training courses before being permitted to work on-site.	• 359 new employees completed basic cybersecurity awareness training, with a 100% completion rate. • 1,428 employees completed online cybersecurity awareness training, with a 100% completion rate. • Conducted 12 cybersecurity awareness campaigns. • Carried out two social engineering drills involving 2,405 participants.
Information Security Assessment and Risk Management	Conduct information security risk assessments and automate security evaluation by monitoring key performance indicators, while deepening external experience exchange.	• Collaborated with external expert teams to conduct penetration testing and red-blue team cyber defense exercises, enhancing the effectiveness of cybersecurity monitoring and protection. • Achieved a third-party cybersecurity risk assessment score of 96, surpassing the semiconductor industry average.

Spotlight

Distributed Denial of Service (DDoS) attacks are a common form of malicious cyberattack, where attackers use multiple infected computers or devices (known as botnets) to send a large volume of traffic or connection requests to a target server or website. This overwhelms the target, causing it to malfunction or crash due to overload. The primary goal of a DDoS attack is to disable the target website's services, preventing legitimate users from accessing it, thereby disrupting business operations and user experience. To defend against DDoS attacks, a cloud-based DDoS protection solution has been implemented to safeguard network connectivity:

1. Traffic Filtering: Use traffic filtering technologies to identify and block malicious traffic. These technologies leverage machine learning algorithms to analyze traffic patterns and promptly intercept abnormal connection requests.
2. Distributed Architecture: Distribute traffic across globally dispersed data centers to reduce the load on any single server. During an attack, traffic can be spread across multiple locations, effectively reducing pressure on individual resources.
3. Automated Protection: Automatically activate protective measures upon detecting potential attacks, such as blocking suspicious IP addresses and rate-limiting connection requests. This automation improves response speed and reduces the time required for manual intervention.
4. Real-Time Monitoring and Reporting: Provide real-time monitoring dashboards that enable organizations to continuously view website traffic and security events, helping them stay informed about attacks and make timely adjustments.